

# LIBYA

Libya is not ranked in the 2020 *Index* because of the lack of reliable comparable data on all facets of the economy. Official government compilations of economic data are inadequate, and data reported by many of the international sources upon which *Index* grading relies remain incomplete.

Political instability, factional clashes, and security threats from domestic and foreign followers of the Islamic State have caused economic recovery and development in Libya to be fragile and uneven. The government faces the daunting challenges of disarming and demobilizing militias, enforcing the rule of law, and reforming the state-dominated economy. Power outages are widespread. Living conditions, including access to clean drinking water, medical services, and safe housing, have declined as more people have been internally displaced by civil war. These problems will likely persist until a permanent government is in place. U.N.-sponsored parliamentary elections to unite rival eastern and western factions may occur in 2020.

WORLD RANK: **N/A** | REGIONAL RANK: **N/A**  
ECONOMIC FREEDOM STATUS: **NOT GRADED**

## ECONOMIC FREEDOM SCORE

**N/A**

NOT GRADED THIS YEAR



WORLD  
AVERAGE

**61.6**

**61.8**

REGIONAL AVERAGE  
(MIDDLE EAST/  
NORTH AFRICA REGION)

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): N/A

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
6.5 million

**GDP (PPP):**  
\$74.7 billion  
17.9% growth in 2018  
5-year compound  
annual growth 1.7%  
\$11,469 per capita

**UNEMPLOYMENT:**  
17.3%

**INFLATION (CPI):**  
23.1%

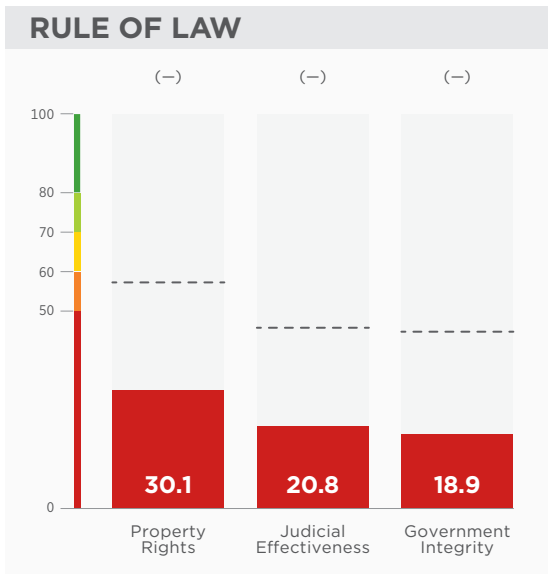
**FDI INFLOW:** n/a

**PUBLIC DEBT:** 4.9%  
of GDP

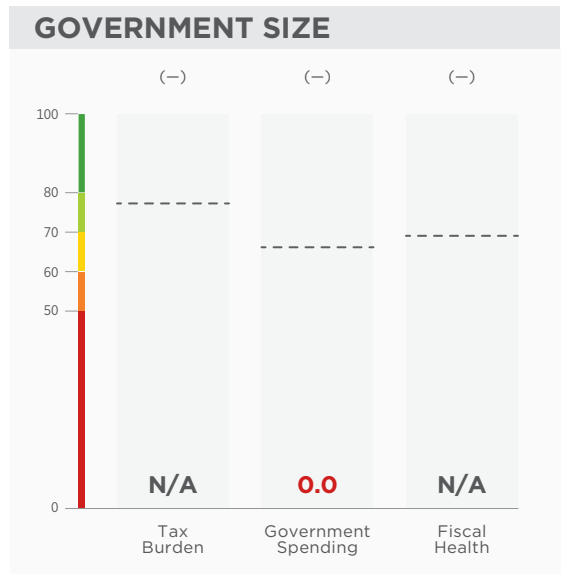
2018 data unless otherwise noted. Data compiled as of September 2019

**BACKGROUND:** Muammar Qadhafi seized power in 1969 and ruled as a dictator until he was overthrown and executed in 2011. Since then, the country has been engulfed in bitter factional infighting that has polarized Libyans along political, ethnic, tribal, and regional lines. In 2016, the U.N. brokered the establishment of a national unity government to replace two rival administrations, but unification of the country has not progressed since then to any significant degree. Oil and natural gas dominate the economy and provide almost all export revenues. Various militias, including the Islamic State in 2018, have attacked oil fields and seized oil infrastructure, threatening government control of oil and gas revenues.

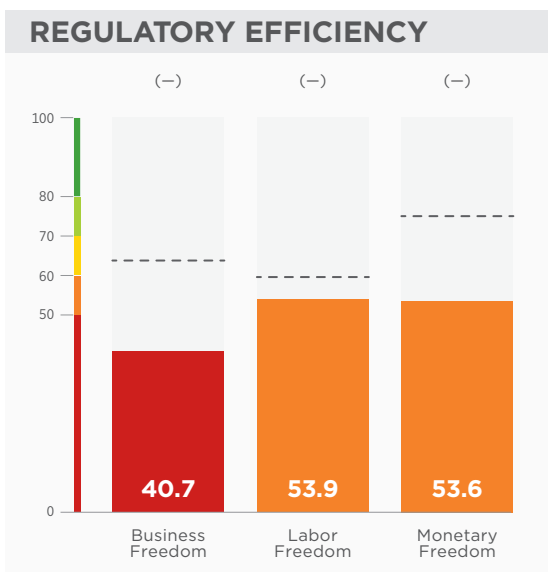
# 12 ECONOMIC FREEDOMS | LIBYA



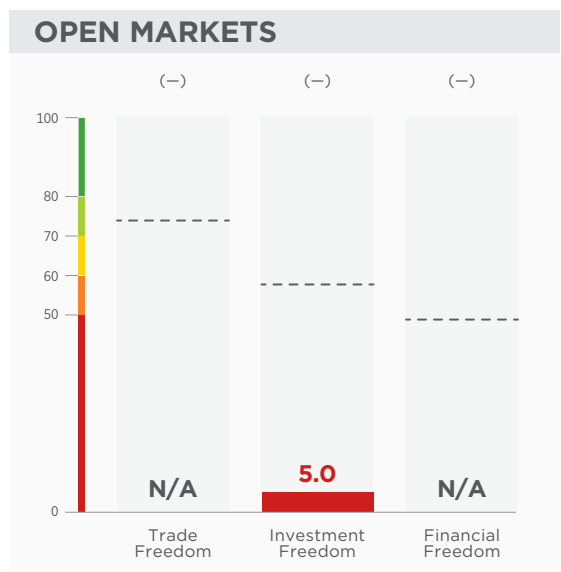
Although Libyans may legally own property and start businesses, property rights are not protected, and contracts are not enforced. Property may be seized arbitrarily. Militants have confiscated businesses and homes in Benghazi and other eastern regions. Without a permanent constitution, the role of the judiciary remains unclear. Corruption is pervasive, and a general lack of security hinders reforms.



The top income tax rate is 10 percent, but other taxes make the top rate much higher in practice. Taxation has not been enforced effectively for years. Oil and gas revenues have enabled government spending at a level equivalent to over 60 percent of total domestic output. However, an expansionary fiscal policy has led to significant budget deficits over the past years. Public debt is equivalent to 4.9 percent of GDP.



Ongoing civil war and political uncertainty make running a business in Libya a high-risk and difficult endeavor. Libya ranked 186th out of 190 countries in the World Bank's 2019 *Doing Business* report. The labor market remains destabilized. Subsidies amounting to 10.6 percent of GDP in 2019 are forecast to remain high in 2020 due to Libya's complex political economy, which delays needed reforms.



Tariffs on imported goods were abolished in 2005 and replaced by a 4 percent "port services tax." In general, political instability, exacerbated by ongoing security threats, continues to be a significant impediment to foreign trade and investment. Libya's financial infrastructure has been significantly degraded. Limited access to financing has severely impeded any meaningful private business development.