LIBYA

Libya is not ranked in the 2022 Index of Economic Freedom because of the lack of reliable data. Official government reporting of economic data is insufficient, and data reported by many of the international organizations on which Index grading depends are incomplete.

The lack of societal stability has resulted in wide swings in rates of economic growth. Political volatility and lax security are expected to persist to some degree for several more years. A backdrop of ongoing instability, security threats and military conflict, capital flight, and oil production problems presents extreme challenges to any government that seeks to implement a coherent policy to enforce the rule of law and reform the state-dominated economy.

IMPACT OF COVID-19: As of December 1, 2021, 5,466 deaths had been attributed to the pandemic in Libya, and the government’s response to the crisis ranked 111th among the countries included in this Index in terms of its stringency. The economy contracted by 59.7 percent in 2020.

**BACKGROUND:** Muammar Qadhafi seized power in 1969 and ruled until he was overthrown in 2011. Since then, bitter factional infighting 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 civil war, foreign intervention, and the 2019 offensive of Commander Khalifa Haftar disrupted unification of the country. An October 2020 cease-fire agreement cleared the way for Abdelhamid Dbeibah's election as interim prime minister by Libyan delegates at a U.N.-sponsored conference in February 2021. Dbeibah is tasked with implementing a U.N.-brokered political road map that includes elections in December 2021. Oil and natural gas dominate the economy and provide almost all of Libya’s export revenues.

### Economic Freedom Score

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<th>World Rank</th>
<th>Regional Rank</th>
<th>Economic Freedom Status</th>
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**ECONOMIC FREEDOM SCORE**

**Quick Facts**

- **Population:** 6.9 million
- **GDP (PPP):** $39.2 billion
- **GDP Growth:** -59.7% growth in 2020
- **5-year compound annual growth:** 5.6%
- **Per Capita Income:** $5,893
- **Unemployment:** 19.4%
- **Inflation (CPI):** 22.3%
- **FDI Inflow:** $18.4 billion
- **Public Debt:** 11.3% of GDP

**Recent Freedom Trend**

- **Not Graded**

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Foreign investors may not own land or property in Libya. Although Libyans may legally own property and start businesses, property rights are not protected, contracts are not enforced, and the role of the judiciary remains unclear. Corruption is pervasive among government officials, and opportunities for graft and criminal activity abound in the absence of functioning fiscal, judicial, and other institutions.

The top individual income tax rate is 10 percent, and the top corporate tax rate is 20 percent. In practice, however, the effective enforcement of taxation has been impeded by political and economic instability in recent years. Government spending has amounted to 94.5 percent of total output (GDP) over the past three years, and budget deficits have averaged more than 30 percent of GDP. Public debt is equivalent to 11.3 percent of GDP.

Largely nonexistent contract enforcement and a critical lack of transparency or accountability mechanisms make business freedom abysmal in Libya. Labor laws do not protect workers in practice. There is a skills mismatch with the types of educational degrees held not matching what employers are seeking. The government subsidizes utilities, oil and gas, agriculture, construction, real estate development and manufacturing, and the corporate economy.

The combined value of exports and imports is equal to about 110 percent of Libya’s GDP. Political instability, exacerbated by lingering security threats, is a serious impediment to foreign trade and investment. The financial infrastructure has been significantly degraded by unstable political and economic conditions. Limited access to financing severely impedes any meaningful private business development.