Brazilian Firm Builds Libya's International Airport and Plan Long-Term Stay

Contributed by Alexandre Rocha
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Brazil's construction company Odebrecht believes that Libya will maintain for many years its current growth potential, driven by the country's economic opening and oil exports. The Brazilian company, currently undertaking two large works in Tripoli, says that it is in the country to stay.

"Libya is a country that has much potential, one that is already being realized and will continue to be," said the CEO of Odebrecht in Libya, Daniel Villar, in an interview at the company's headquarters in Tripoli. "The country is on the opposite direction of the world crisis, it has accumulated lots of reserves and is not indebted," he added.

More than a good economic situation, Libya is in strong need of infrastructure work, after many years of economic embargo, which started being lifted early in this decade. There are opportunities available in construction of ports, railways, highways, sanitation, water supply, and real estate development.

"We can operate in all of those areas, we have knowledge and the company's head office authorization to operate in any sector," said Villar. The importance is such that the president of the group, Marcelo Odebrecht, was in Tripoli this week to meet with his employees and visit the sites, in a trip that coincided with the visit of president Luiz Inácio Lula da Silva to the country.

"Our focus is on executing those two projects well, and our expansion here will surely be natural," said Villar. According to him, the company's strategy is to have a good start in its new markets, set up a structure for supporting the projects and "establish the roots to be present for years and years."

And the ongoing enterprises are not small. The new airport involves the building of two passenger terminals to serve the local government's purpose of making Tripoli into an air transport hub, particularly for connection with Europa and the African countries. With that same goal, in 2001, the country created Afriqiyah Airways, an airline that serves destinations in those two continents.

The works, evaluated at US$ 1.35 billion, started one year ago and conclusion is scheduled for October 2011.

The other project is the third ring road in Tripoli, a city with intense traffic, like many other Arab capitals. The enterprise, which also started approximately a year ago, includes 24 kilometres of roads and should be ready by March 2011. Just to give an idea of the country's need for infrastructure, the project had already been designed 30 years ago, but only now is it being carried out.

The value is 458 million Libyan dinars, the rough equivalent of US$ 350 million. The contract also includes maintenance of already existing viaducts in the Libyan capital, so signs bearing the name of Odebrecht can be seen at various points of the city.

Odebrecht operates in two ways, among those permitted to foreign companies. In the case of the airport, the company's presence is direct, with no need for a local partner. It has a 50% share of the deal and is a partner with CCC, from Lebanon, and TAV, from Turkey, the latter of which specializes in building and operating airports. The two hold 25% each.

In the ring road, Odebrecht formed, alongside state-owned company UDHL, a joint venture named Libyan Brazilian Construction Development (LBCD), of which capital it holds 60%.

The company, according to Villar, started eyeing the North African market in 2003, but decided to become present and participate in tenders in 2006. The two contracts were signed in the second half of 2007.

"With oil production, the country accumulated a surplus and now it has funds for infrastructure. Libya needed that in order to increase its competitiveness," said the executive.

One sign is the fact that , after it entered the market, Odebrecht saw other Brazilian companies take interest in Libya. Company Queiroz Galvão is also undertaking construction work in the country, and Andrade Gutierrez has just obtained its first contract.

The economic opening also enabled companies to have easier access to inputs and labor force. "The opening process is running at full tilt. I see a very open country where almost everything can be imported, provided that cultural limits are observed," claimed Villar. In Libya, a Muslim nation, there is a prohibition against importing alcoholic beverages and pork, whose consumption is vetoed by religion.

According to the executive, products that may be imported range from food to equipment, and the tax burden is relatively low when compared to other countries in which the company is present.

He also said that the financial system is undergoing an opening process as well, and that the government now allows foreign private banks to acquire stakes in local institutions. The first to do so was the French BNP Paribas.

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