

Libya to Open Branch of Investment Firm in Brazil

Contributed by Alexandre Rocha
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The Libyan Arab Foreign Investment Company (Lafico), a state-owned company that controls Libyan government investment abroad is studying the establishment of a branch in Brazil.

The firm wants to create a holding to prospect and administer future company business in the country.

"The idea is to create companies turned to specific sectors, like livestock farming and tourism, and to seek investment projects," said the Libyan ambassador to Brazil, Mohamed Heimeda Matri.

The diplomat hopes that the operations begin before the end of the year. Although the sectors in which the Libyan government is going to invest have not yet been defined,

Matri stated that apart from agribusiness and tourism, the iron ore sector is also generating great interest.

"In Libya we have the greatest steel factory for the construction sector in Africa and we import the ore from Brazil. We are working on establishing partnerships with a Brazilian company that produces iron pellets," stated the diplomat.

Although Lafico does not yet have an office in Brazil, one of the projects of interest to the government of the Arab country has already started moving.

According to Matri, four months ago the Libyan state-owned company closed an accord with construction company Norberto Odebrecht for the execution of a viability study for the construction of an irrigation system in the northeastern Brazilian state of Bahia. The Brazilian company confirmed the signing of the agreement.

Lafico has shown interest in irrigation projects in the São Francisco River Valley at the beginning of last year, when company directors visited Brazil.

According to Matri, the decision of moving forward with this project took a long time to come true as the government was awaiting approval of the Public-Private Partnership Laws (PPP's) by the Brazilian Congress, which only took place in December 2004.

According to Matri, the deal involves an area of 90,000 hectares and investment of US\$ 450 million. He hopes that the viability study may be ready up to September.

The Libyan government is also interested in investing in Agriculture in the region. Investment in the aviation sector is being studied too.

Ever since the visit that President Luiz Inácio Lula da Silva made to Libya in December 2003, trade relations between Brazil and the Arab country have been growing in a significant manner.

Last year, bilateral trade between both countries (exports plus imports) reached US\$ 173 million, against US\$ 78.6 million in 2003, an increase of over 120%. Apart from that, at the beginning of this year, Petrobras won a tender for oil exploration on the Libyan coast.

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