

The Role Of Foreign Investment In Economic And Social Development In Libya

Mustafa Khalifa Thawadi El. Hamoudi

Abstract: Investment is whether in local or foreign organization is the action Plan, split by various investment activities, The Libyan economy is among those economies that require this kind of foreign investment to achieve the desired economic goals, which are correlated with the objectives of the Libyan economic system for subsequent stages. Therefore it is important to study the trends and determinants of FDI in developing in general and in Libya in particular. This paper describes the role that could be played by investment foreign investment in economic and social development in Libya, pointing out the positive and negative aspects, and how to deal with each of them in proportion to the facts of the Libyan Economy needs. And in the light of the new economic orientation, in line with the political and economic developments in the international arena and foreign investment, and thus contributing to the expansion of the ownership base, and create job opportunities for citizen, in this study will follow the descriptive approach through the way ahead obtained from digital data from various sources, using the forms as required, and discussed this paper to, the definition of foreign investment, evolved of investment, determinants of FDI, motivated encourage foreign investment, history prospects for foreign direct investment in Libya, Barriers to foreign direct investment in Libya, Policies, strategies to support foreign direct investment in Libya, conclusions and recommendations.

Keywords: reform, foreign investment, economic, social development, Libya.

Introduction

Investment is whether in local or foreign organization is the action Plan, split by various investment activities, which require a huge burden, affect the environment and the surrounding community, the role that could be foreign investment in economic and social development play in any society is very important, the policy makers and academics often argue that foreign direct investment can have a significant positive impact on the host country, and could direct foreign investment will be a source of technology of high value, which can give the economy more growth, based on these arguments, in all countries, can increase the incentives to encourage foreign direct investment flows, foreign investment refers to investments that are made to obtain a lasting interest in an enterprise operating abroad, in other words, foreign direct investment is the international financial flow in order to control or participate in the management institution in a foreign country, foreign investment refers to investments that are made to obtain a lasting interest in an enterprise operating abroad, in other words, foreign direct investment is the international financial flow in order to control or participate in the management institution in a foreign country. This paper describes the role that could be played by investment foreign investment in economic and social development in Libya, pointing out the positive and negative aspects, and how to deal with each of them in proportion to the facts of the Libyan Economy needs.

And in the light of the new economic orientation, in line with the political and economic developments in the international arena, flying from the idea of economic globalization and foreign investment, and thus contributing to the expansion of the ownership base, and create job opportunities for citizen, in this study will follow the descriptive approach through the way ahead obtained from digital data from various sources, using the forms as required, and divided this paper to nine axes, the first, the definition of foreign investment, the second, evolved of investment, the third, determinants of FDI, fourth shows, motivated encourage foreign investment, the five shows, history prospects for foreign direct investment in Libya, came in six, Barriers to foreign direct investment in Libya, the seven shows, Policies, strategies to support foreign direct investment in Libya, eighth axis, conclusions and recommendations.

1- The definition of foreign investment.

Foreign direct investment (FDI) is an investment by the company or individual in another country, in the form of the establishment of a business or get business assets in the other country, foreign direct investment entity has been defined differently for balance of payments purposes and for studies of firm behavior. It has also been defined in different ways by different countries and the definition has changed over time, the definition of foreign direct investment as a capital flow and a capital stock has changed correspondingly. (Robert E. Lipsey, 2001). Investing in assets or items that are purchased in the hope that it will generate income in the future, to invest in economic terms, is to buy goods that are not consumed today but are used in the future to create wealth in the field of finance, and investment is a monetary asset that was purchased, with the idea of the asset will provide income in the future or will be sold at a higher price for a profit, the term "investment" can be used to refer to any mechanism used for the purpose of generating income in future financial sense, and this includes the purchase of bonds and equities or real estate ownership, in addition can be seen constructed or other facility used for the production of commodities as an investment building, and can also be seen to produce the goods needed for the production of

- *Mustafa Khalifa Thawadi El. Hamoudi*
- *Social Sciences Institute, Department of Business Administration, Kastamonu University, Kastamonu, Turkey. Mustafa6321@yahoo.com*

other investment goods, choosing to continue further education can be considered an investment, since the goal is to increase knowledge and improve skills in hopes of producing more income. <http://www.investopedia.com/terms/f/fdi.asp>. It can also direct foreign investment is defined as capital investment or savings available in an economy, and by the people and projects that belong to this economy, in foreign economic activities, so that the investor the owner of all or part of the investment project, and controlled by a foreign investor often in project management and organization, and seeks to make a profit as a result of his investment, there are several other definitions of direct foreign investments Nord notably in the following: - the definition of the International Monetary Fund (FMI) and foreign direct investment, as that in which the investor 10 percent or more of the shares owned capital of a business, that this property was linked to the ability to influence in enterprise Manager, economic Cooperation and Development Organization definition (OECD) and foreign direct investment, that involves the investor owns the share of not less than 10 percent of the total capital or voting power. (Art Ridgeway, 2004). The definition of the United Nations Conference on Trade and Development (UNCTAD), foreign direct investment, as this investment, which involves a long relationship duration, reflecting the permanent and the ability of the interests of the administrative control of the company in the mother, who belong to the company invested the country, a company or productive unit in another country's country the future, definition of Raymond Bertrand (Bertrand Raymond) as a contribution of capital Foundation Foundation else, and this is done to establish a branch abroad or lifting of its capital, or a foreign institution Rebekah foreign partners, or is it a way to convert real resources and capital from one country to another, especially when the establishment of the institution. (Bilal Oeil, 2015). Foreign direct investment (FDI) is an investment in the business by an investor from another country, which has control over the company that has been purchased, the Organization for Economic Cooperation and Development (OECD) to determine control also owns 10% or more of the business. Companies that make foreign direct investment is often called multinational companies. <http://study.com/academy/lesson/what-is-foreign-direct-investment-definition-advantages-disadvantages.html>. Through these definitions is clear to us that investment is the sacrifices that would increase income and achieve actual addendum to the original capital by owning assets that generate revenue collection, the result of the sacrifice of the individual usefulness of current, to get them in the future even more to get through on the future financial flows, taking into account racist return and risk.

2- evolved of investment

Investment has witnessed a boom and widespread in the period of the industrial revolution in Aruba, albeit in a limited way in the seventeenth and eighteenth centuries, where she was (Amsterdam, and London) are experiencing active in financial transactions, which is one aspect of investment, and by employing those funds in several operations business, which contributed significantly to the establishment of a large and continuous investments outside of these countries, particularly some European countries through its colonies that were fertile ground for

those investments, during the period from 1800 m - 1913, private investment has witnessed a golden age, when the world was prevails where the free doctrine (Let him work), where he believes in freedom of economic activity, where the most important manifestations of trade and widely in that period, where no geographical boundaries interval between the states and territories of the role of the barriers and inhibitions, at that time was state intervention in economic activity in the minimalistic, limited to economic activities that paybacks weak does not encourage individuals to invest in it, or it risky, or political and colonial reasons, most Investments was in the form of capsular investments, through the main financial markets, as markets (London, Paris, Amsterdam) any of those markets, through which release operations, for a private or foreign public institutions, even in 1914, companies were more than 80% of investments British or French overseas is through the purchase of bonds or shares, while direct investment was done by the companies, and branches of the States colonial banks, which spread through the colonies, such as branches of Italian banks, which opened in Libya, during the boot Italian occupation and beyond .The international investment has witnessed a decline in the period between (1919 - 1945) during World War I and II, which eased the control of Europe in the world and the shrinking role of colonialism, which in turn led to the modification of the international investment trends, it has forced the war effort fighters to liquidate part of their assets operating abroad. Where Germany lost almost all possessions, and led the Russian Revolution in 1917, and the demise of the Ottoman Empire to the fading hopes of the French and the British and Belgians from the Russian and Turkish bondholders, the fourth British wealth and half French wealth abroad have been lost as a result, and those wars led to a shift in the sources of funding, so I took the United States the role of Britain and Europe, and has become the largest source of capital, and Germany became a net importer of capital after they are exporting, and since 1946 it has become a need to share capital, following Second World War, and the stability of the international situation, and featured many of the oil discoveries, which resulted in the availability of capital, for a number of countries that were one of the poorer nations, taking the capital is heading to richer countries. where he found safe haven after losing in his native oil developing countries, organisation for Economic Co-operation and Development, has confirmed that the 90% - 95% from the Middle East and North Africa capital, unexploited in investment operations in the absence of political stability, high taxes, lack of information, and the multiplicity of laws that represent the most important obstacles in front to attract investment foreign and domestic.

3- Determinants of FDI

A set of parameters or factors affecting the investment climate, political and economic climate, which depends to a great end to foreign investment and support the attraction, in order to serve the national economy and represents, had the subject of foreign investment interest many obstacles, researchers and scholars, in this regard tried many theories modeling your investment decision, to explore and learn the most important and specific handicapping him factors, and is famous Keynes, England economic, the first to draw

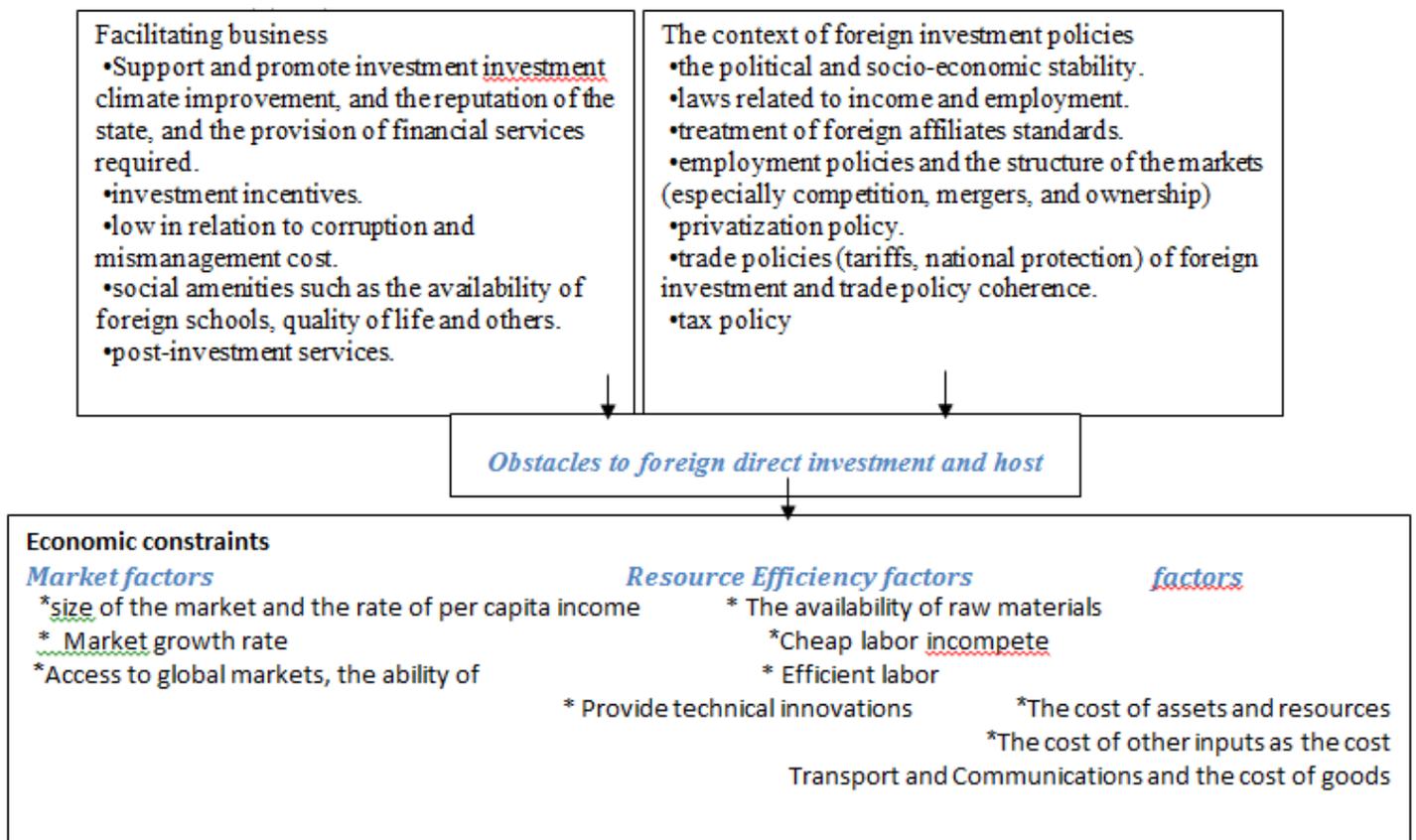
attention to the existence of an independent decision specializes in investing, in fact, that there is no agreed definition applies to all foreign direct investment types, so it can be through knowledge of the obstacles that trends and movements control, which resulted in the existence of many factors that affect the movement and concentration of foreign direct investment. (Schneider & Frey,1985). And if we consider that the process of attracting foreign investment, and the transition between states are subject to the laws of the world market (supply and demand), it can be foreign investors regarded as representing the demand side, their search for new locations for their projects, and that the host countries of these investments represents the supply side, by providing appropriate investment climate,

can on this basis to say the existence of three main adopted by foreign investors factors, the trade-off between the host countries for investment are:

1. The host state policies for investment.
2. Prior measures taken by host countries apply to encourage and facilitate investment.
3. Economic specifications of the host countries for investments.

Can be tailored investment barriers within the host countries three main headings: the context of FDI policies, economic constraints, and to facilitate the business, through the display in the following figure:

Figure (1): impediments to foreign direct investment and host countries.



The source:- Economic and Social Commission for Western Asia (ESCWA), *foreign direct investment and attract brown policies in the ESCWA region, the United Nations - New York, 2003.*

4- Motivated encourage foreign investment

The reception of foreign investment, and encourage their entry into the country, and employed in productive economic projects, not consumer projects marginal, and active participation in the management and decision-making, it would serve to make the best use of these investments, and contributes to the development of the national economy, Batalli the entry of investment to a foreign country should be after a good study, and direct service to the following objectives:

1. take advantage of advanced technology and good management and expertise in advanced countries, in terms of participation with foreign investment,

especially in some economic projects, which require expertise and technology are rare, that will work on the transfer of these technologies and managerial expertise, and employment and make use of them, including gaining national component more experience.

2. Providing job opportunities for citizens in the projects that are investing in, and thus the state avoids the problem of unemployment.
3. Export Development with the available output in the projects for investment, and thus contributing to the diversification of income sources.

4. Provide the needs of the country's goods and services locally, thereby reducing the volume of imports from outside the borders, and this would provide hard currency.
5. creating competition between domestic investment and foreign investment, would national component earns more experience in the management of economic projects, and gives a high-level national production of quality.

5- History and prospects for foreign direct investment in Libya

Foreign direct investment history in Libya come back to me late nineties and early 2000, in Libya, many attempts for the political system and economic reform began, and characterized these reforms on the preliminary economic liberalization in stages, as well as participating encouraging investors from the local and foreign private sector in economic activity, has been developed these attempts mainly in order to encourage foreign direct investment attraction, so the Libyan authorities have adopted a number of measures resulting from reforming the political system and the economy in Libya policies, in order to encourage foreign investors to invest locally in Libya, through the privatization of a large number of public institutions, in addition Libya began to update the legislation system, through the development of new laws that aim to encourage and attract foreign direct investment, to the Libyan economy (Al-Buthe and Milner, 2008). Foreign direct investment (FDI) affect economic growth in many aspects, proven over the years in many of the studies of foreign direct investment, contributing to the promotion of growth and economic development of host countries, and productivity growth, the growth of labor force participation in the production process wages and rehabilitation, and the export volume of the host countries and other growth, it is also known that the international investments have a significant role in the transfer of technology, and to encourage research and innovation and the generation of economic progress (Scutaru, L. (2015).The variety in financial instruments and assets (as discussed by Erdogan, 2006) had led to diversification in a bunch of global financial indicators and the investors began to have difficulty in analyzing which direction they should follow due to continuous updating of several markets (as discussed by Tolga, 2011). This means that the timing is also important in the presentation of financial statements, (as discussed by Erdogan Murat, 2002) Fiscal policy has an impact on investment in economy. Libyan's economy suffering from a fluctuation in the flow of FDI during the last decade . However, hampered by the continued lack of economic and political stability to attract FDI, these efforts despite the fact that foreign direct investment levels began to rise compared to the previous contract, generally provided most of the foreign direct investments in the field of oil & natural gas, as well as the manufacturing sector in the Libyan economy, so despite a decline in foreign direct investment in the Libyan economy levels at the beginning of the last decade, however, the levels rose near the end of the last decade, despite the fact that this was shut down later in the year 02.17.2011 / uprising I saw the ouster of Gaddafi and kill him, marking the beginning of a new political era, led by the National Transitional Council (NTC), this means that the

reforms that he had started a liberalization of the economy, was in the right direction, although it did not last long, Libya has the chance to let go its past and renew the infrastructure for its economy, but it should also continue the commitment of doing comprehensive repair to make its full potential when the transparency helps to stop the uncertainty or the investor confidence and helping, with attracting skilled immigrant which mostly needed by the country, plus attracting the foreign experiences an foreign investment. Where he was arranging to Libya to receive foreign direct investment, between 2000-2006 was 12 out of 22 Arab countries, it came in report Arab Investment Guarantee. Corporation, for the year 2012-2013 that the order of Libya, 14 out of 22 Arab. (El. Hamoudi, 2016). Libya is one of the most developing countries, which has the best chance to benefit greatly from foreign direct investment, as it has a proper and different geographical natural sources and foreign direct investment levels rose significantly in Libya after oil was discovered in 1958, but the adoption of the socialist system, after 1969, have negatively impacted on the foreign direct investment, but fell sharply until mid-2000, when foreign direct investment levels began increased after the suspension of economic sanctions, in addition to the adoption of economic liberalization policies, moreover economic sanctions on Libya by the United States government in 1982 and 1988 respectively, as well as economic sanctions by the Security Council of the United Nations on Libya in 1992, it is among the factors other key irrespective of their economic policies, which dramatically reduced foreign direct investment levels, and imposed these sanctions because of Libya's participation in terrorist activities, as well as the production of weapons of mass destruction, these sanctions are strongly affected the Libyan economy, which led to economic contraction in all sectors economic. Thus as early as 2000, the Libyan government's attempts to rid the previous economic position has begun through policies that have liberalized the economy as well as reduce or eliminate most of the barriers to attracting investment to develop.

6- Barriers to foreign direct investment in Libya

The volume of foreign investments is still below the level of ambition, and not commensurate with the elements of investment available potential energy untapped in the Libyan economy, adding that most foreign investment is concentrated in the oil and gas sector, as for the manufacturing sector, which relies heavily upon the construction of a variety of production base contribute to the diversification of sources of national income, the contribution of foreign investment is limited, with the exception of some of the key projects is still very limited, but that some areas, through the foreign direct investment, in serving field. (as discussed by Tahir & Kizgin, 2013). When it was in the historical stages for the foreign direct investment and the different degree of the political and economic conditions which affect to the size, nature and structure of the foreign investment, such as tourism and services land and sea transport, and although it is promising areas, the share of foreign investment is still low, and Batalli it requires the identification of the reasons for the actual reality of the investments and the available

potentials to attract investments, can identify the causes in the following points:

1. The lack of clarity of investment opportunities for foreign investors.

It is still dominated by foreign investors, that the best and only investment in Libya is to invest in the field of crude oil and gas extraction, to the extent that we find with him that there is no need for any kind of promotion to attract more foreign capital to invest in this sector, despite efforts being made by the state, for the preparation and promotion of some of the investment opportunities available in the field of manufacturing industries, but there is still a lack of clarity of the opportunities feasible in this area for the foreign investor, due to insufficient promotion in these projects, and the advantages and facilities provided by the State in this regard, it is also noted in spite of the importance of focusing on the promotion of projects in the field of manufacturing, but the promotion of investment opportunities in the tourism and transport services ports and fisheries areas did not receive enough attention, which can be of the Libyan economy has a comparative advantage.

2. The lack of information.

Can not be foreign investors on investment, in a country were not to have accurate and reliable information about the investment climate in the host country, so the states in a bid to attract foreign investment, took the subject of the information is particularly important and is working to increase and the multiplicity of channels, particularly With the technological revolution and globalization that prevails in today's world, the foreign investor is interested get an accurate and clear information make investment decisions, and although the official authorities in Libya are trying to provide some data and information, they remain below the required level, and hence the need for data and information accurate and up to date, about the investment opportunities available in many economic sectors.

3 .Local market

The domestic market size of which are based on more than 6 million people, despite the rise in consumer purchasing power, but it is difficult as it was to establish some projects (especially medium and heavy industrial projects) size and economic depending on the local market alone in the conduct market their products, and if there were no opportunities for these industries to export its products to other countries, it would be an obstacle to attracting foreign investments to contribute to the establishment of these industries.

4. Employment

The Law No. (5) for the year 1997 would encourage foreign capital investment as amended by Law No. (7) of 2003 and its implementing regulations, and the law (9) of 2010, required the investor to provide job opportunities for local workers, and work to train and give them the skills and technical expertise, it has consequent rise in wages compared to local employment and exotic, the foreign investor that intends employments, which may lead to a foreign investor reluctance to invest in Libya.

5 And there is a market for securities sophisticated.

The lack of a market for securities sophisticated in Libya is one of the factors that hinder the process of attracting foreign investments, so that there is a market for securities linked to global markets, through a network of information that would lead to an increase necessary for the process of investment and financial flows

6. Obsolescence of regulations or lack thereof.

Not kept pace with many of the systems the structural changes that have occurred in the Libyan economy, during the last period, not to mention the changes that have occurred in the global economy, Libya and is looking to attract more foreign investment, it is necessary to keep abreast of regulations and global economic shifts, especially after the establishment of the World Trade Organization, so there is a need to develop many of the relevant laws, as a system of work and salaries, for example, as well as there are some related to the economy in general and foreign investment, in particular, the activities you need to prepare and study, such as foreign investment law.

7. Administrative regulation.

Characterized by administrative procedures are complex and the multiplicity of laws and regulations sometimes conflicting, difficult to identify them, add to that the incompetence of some of the workers in the administration, and sluggishness in the performance of their duties and the proliferation of bureaucracy and administrative corruption, which means the need to enter a deep administrative reforms, especially with regard to the institutions that have to do foreign investment.

7- Policies and strategies to support foreign direct investment in Libya.

There are many factors that lead to the success of the policies and strategies to support foreign direct investment in Libya, and most important of these factors include:

1. The existence of the will at the top of the political, legislative and executive levels.

It will provide the highest political, legislative and executive levels: The availability of this will the key factor for the success of this strategy, provided that this will be translated into legislative and executive steps as a prelude to increase the flow of foreign investment .For the legislative level should develop appropriate laws for such a flow, primarily the protection of intellectual property laws, and laws to promote competition, and corporate laws, and the laws of liberalization of trade and capital, and the laws of privatization and others, it is these laws that provide safety and security for foreign investors that the investments were protected guaranteed by the laws set by the legislative authorities and not just measures that could change at any time, and that these laws demonstrate the commitment of the state to its highest level implementation and a clear strategy to attract foreign investment, and at the executive level, the State must ensure the transfer of this legislation to the operational procedures to facilitate the flow of foreign investment and protect, should these laws and procedures are clear and stable be, and provide the necessary

transparency that encourage foreign investor, must also be approved and implemented economic policy stable College, so that control of the level of inflation with a stable exchange rate, after it has been edited to reflect the purchasing power of the local currency, leads to achieve these objectives to reduce the risks they may be exposed to foreign direct investment, which contributes to support the flow of these investments.

2. Determine economic objectives to be achieved from the flow foreign investment.

Represent incentives to increase the flow of FDI economically and financially burdensome, and then must be economic returns for this more than the financial burden flow, This is the burden of exemption from taxes and fees and providing other financial facilities, as a financial loss to the national exchequer, and therefore the final gains this flow must outweigh the losses, but there is no need to support this flow, and should be the goals set clear and specific, whether it is an increase in exports, or to satisfy the local market, or increase economic efficiency, or investment and exploitation of natural resources, and the purpose is to identify the quality of the appropriate foreign investment to achieve all these goals, foreign direct investment, which aspires to satisfy local market needs different from that which seeks to increase exports, both of which differs from that which is aimed at the exploitation of natural and other resources, and specify the target of FDI inflows lead to determine the incentives provided so as not to be the year of an abstract goal, but heading to the quality of investment, which is intended to flow in accordance with the declared goal of economic, thus achieving the target at the lowest possible cost to the public treasury.

3. Be the policy foreign direct investment to support of complementary policy to support domestic investment, especially the private sector and not competing or conflicting with it.

That means looking at the flow of foreign investment as a temporary process while increasing domestic investment in quantity and quality, and so can lead the process of economic development, as the total dependence or near-total direct foreign investment creates risks to the national economy, especially in the case of the local and global economic crises, and the it should be that foreign direct investment support coherent strategy be with the local support investment strategy, so as to reduce the long term and remain in a narrow and limited boundaries in the field of technology transfer, for example, requires that non-discrimination in dealings between foreign direct investment and domestic private investment, both in terms of cuts customs or tax or the provision of financial and other facilities, which means that foreign direct investment support policy must not lead to the escape of domestic investment, but is working to increase this investment so that the final outcome is an increase in domestic investment and not vice versa.

4. Find the close integration between the branches of foreign companies and equipment domestic production.

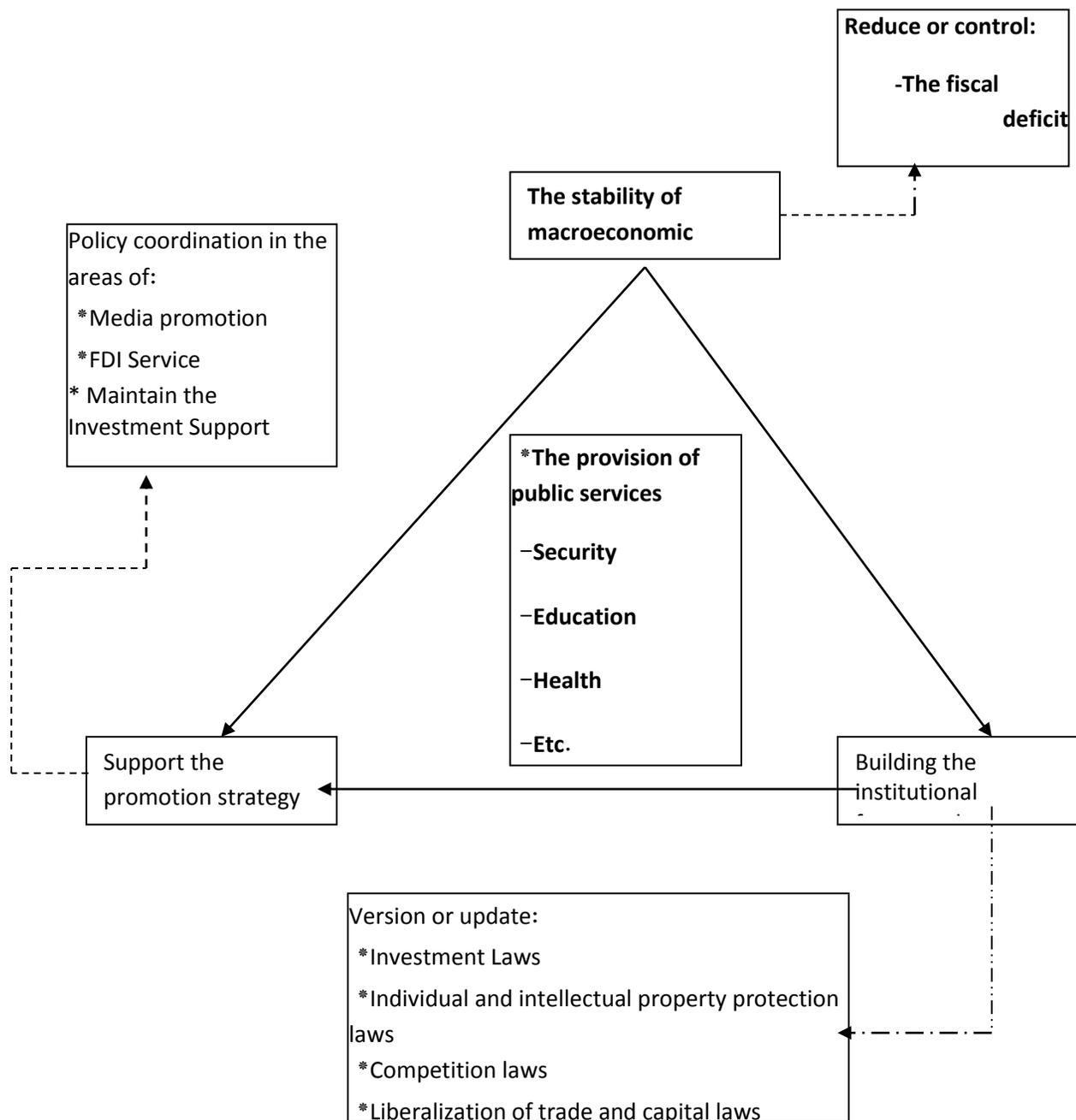
Can not for the flow of foreign direct investment, succeed in achieving the objectives of economic development in Libya, but if there is a link between production units local, and foreign direct investment, local production units of modern technology and means of production and management of advanced is the main factor in achieving the positive impact of the flow foreign direct investment, which is to increase the efficiency of the factors of production as a result of the application of the latest production methods and advanced technology.

5. Linking the flow policy FDI, with general economic policy of the State.

State means the foreign direct investment policy support should be no isolated from the macroeconomic policy, and this requires identifying sectors in which the state would like to FDI attraction, and the objectives to be achieved in each sector and the required means and strategy attract investment to these sectors, as it requires the identification of economic sectors, that the economy has a comparative advantage will help the success of this policy at the lowest cost, especially if limited foreign direct investment on these sectors directed, which means adopting a policy takes into account the quality of foreign direct investment, and not only the amount of foreign direct investment, to be lured to maximize the positive effects on the national economy, and at the lowest cost to the public treasury.

6. Improve the overall investment climate and create opportunities for investment can attract FDI.

Improving the investment climate in Libya requires the stability of macroeconomic policy, including monetary and fiscal stability policy, inflation control, and create opportunities for investment, including speeding up the privatization program, will support the country's efforts in the success of its policies to attract direct foreign investment for the national economy. And Figure (2) shows the basic components of a plan to attract and support foreign direct investment.

Figure (2) Essential components of a plan to attract and support foreign direct investment

The source:- Economic and Social Commission for Western Asia (ESCWA), foreign direct investment and attract brown policies in the ESCWA region, the United Nations - New York, 2003.

7. Know the motives that foreign direct investment seeks to achieve even the focus is on one or more of these motives.

There are three basic motivations represent the most important foreign direct investment motives:

The first is to capitalize on the available natural resources in the host country, and this includes all kinds of resources, including oil, natural gas and others.

The second motivation is the search for new markets, either in order to promote exports of the countries that is home to this investment, or the establishment of branches of industries in the host to satisfy the local market countries,

and supports the promotion of exports or the establishment of production units in the host country, primarily on the cost of production of hand on the export cost of the host country to the State of the market on the other hand, in countries that follow the import substitution policy seek foreign direct investment to the establishment of branches of production in the host country, for the purpose of circumventing the restrictions imposed by the host country on these imports, which, while in countries that follow the policy liberalization of imports and foreign investment has been heading to the export of the State Headquarters to the host country, where the cost is the main factor that decides to adopt any of the approaches.

The motive third of foreign direct investment to seek to improve the competitive opportunities for its products on a global level, by reducing the cost of production through the distribution of production units or a portion of them in low-cost countries, especially regarding the cost of labor in the presence of skilled and relatively cheap in the host countries labor, compared to the state headquarters which are often developed nation, and most important industries that have adopted this approach to the automotive industry and electronics industry.

8. Provide an investment map and clear for the most important projects put forward for foreign direct investment and the sectors covered, the objectives deliverables available to service these investments.

This means, that the foreign investor definition of the most important opportunities size, and key sectors, to be development knowledge the most important component of the state must be provided for foreign direct investment, in order to support this flow, and is the investment maps a key element in the state's efforts, to promote the increased flow of FDI, as these efforts include the conclusion of bilateral, regional and international agreements to facilitate the flow of foreign investment by providing facilities, most notably the abolition of double taxation and facilitate the transfer of profits and capital, etc., and holding exhibitions that show the investment opportunities and incentives and services available to service these opportunities.

9. Promoting human development through attention to the education sector in line with market demands, trained in various disciplines of employment.

Plays the provision of trained manpower and relatively cheap compared with those of the neighboring countries, a key role in increasing the flow of FDI to Libya, where he represents a skilled labor an important element of the cost of production, and thus of foreign investment, especially that investment, which aims to compete in local markets, as it seeks to reduce this cost by several of the most important means of providing skilled and relatively cheap labor, and the state should concern education and training system in line with local market requirements on the one hand and foreign direct investment on the other.

10. Preparation of a plan to promotion to foreign direct investment.

The promotion plan consists of three phases that include **:First** publicity and promotion, including participation in international conferences and exhibitions, and meetings with investors and the conclusion of agreements with various countries; and include the **second** phase of the creation of the investment, including the creation of opportunities and favorable, and encouraging investment in sectors that can attract foreign investments to it, by building institutions and issuing laws encouraging direct investment, the **third** phase represents the preservation of existing investments, by providing the necessary modern infrastructure and other services, services that promote the survival of these investments and not to escape, thus encouraging the arrival of additional investment thanks to the ongoing efforts to serve these investments, it should be noted that this campaign

promotional must include all relevant sectors, including the private sector, and various means of media and commercial offices abroad, etc. in addition should the data and information investment and maps detailed, illustrating data figures on the national economy, and key sectors and growth rates, the size of available allocated and other investments, that these efforts be under the supervision and coordination of a specialized body such as the investment Promotion Board, or the Ministry of planning, or any other point of the material, human and legal possibilities that allow them to obtain data and information and coordination with various other sectors are available.

8- Conclusions and Recommendations:

8.1- Conclusion.

The paper focused on the description of the direct foreign investment environment, the Libyan economy, so as to find out the factors influencing this environment, and thus propose policies that help improve the climate to attract FDI inflows to the Libyan economy .It turns out that Libya suffers from low in the volume of foreign direct investment in various economic sectors, and to correct this situation should be taken several actions at the level of the stability of macroeconomic policies, and improve the legislative framework in order to support the flow of these investments to reach the desired size, which is consistent with the economic potential of the Libyan economy, some reforms that emerged from local priorities focused mostly on the stability of economic policy, and issuing and amending some related to foreign direct investment laws have been implemented, but this process of reform was based on sequential steps, and was not within the ever comprehensive program timeframe specifically, as the privatization program is still moving slowly despite the emergence of some of the negatives such as overstaffing problem, he would keep some sectors far from the post of foreign investment, may also play a role in reducing the foreign direct incoming volume of investments to Libya, so the expansion Base of foreign direct investment in important sectors such as oil post, infrastructure, tourism, education, manufacturing, marine and land transportation, and others will have a positive impact on the overall economic activities .I also played some of the non-economic factors, disabled role in the flow of foreign direct investment, and come in the forefront of the administrative complexities that impede investors' business and raise the cost of investment, which will reflect negatively on the size of the flow of these investments, and despite the existence of commitment at the highest political and economic levels, the problems appear at the lower levels of the administrative structure, which hinders the efforts of the State to increase the volume of direct foreign investments in various economic sectors.

8.2- Recommendations

Below we offer some recommendations that may help in pushing the movement of foreign investment and activation of their contribution to economic development, which are as follows:

1. Work on the revision and updating and amending some laws and legislation to keep pace with the

requirements of the next stage, given their importance in increasing the trust and confidence of investors, in addition to a pledge not to inflict any damage as a result of existing investments alterations to laws and legislation.

2. Confirm the concept or go out policies, and focus on promoting the projects and industries that rely on neighboring markets, and some other overseas markets in the discharge of its products and services, so as to overcome the problem of limited domestic market with regard to the establishment of some large-scale projects.
3. A comprehensive and realistic investment plan for all investment activities, including manufacturing projects based on the use of local resources and raw materials, particularly oil and natural gas and their derivatives, and therefore there will be a comparative advantage in the establishment of these projects, which constitutes an incentive for foreign capital to participate, as well as achieving front and rear integration between local industries, which supports the structure of the industrial architecture of the Libyan economy.
4. Work on the unification of the institutions and stakeholders of foreign investment issues under one umbrella to ensure unite their efforts and prevent a multiplicity of regulatory bodies, and donors for licenses, thus simplifying the procedures for obtaining approvals and licenses, registration of projects and reduce the cost of these procedures.
5. Strengthening the judicial system, and give greater confidence to work through the establishment of commercial and financial specialized courts, leading to expedite the transmission of disputes related to foreign investment when its existence issues.
6. Encourage the establishment of forward and backward linkages between enterprises and local industries on the one hand and FDI projects on the other hand, as this has the benefits of mainstream skills and technology on these projects and industries.
7. The need to give the recipe to continue to promote foreign investment program, which aims to identify investment opportunities and benefits provided to them and promising industries and attracting foreign direct investment.
8. Continue to work on basic infrastructure development, roads, communications, transportation, electricity, energy and other networks, because of its importance in promoting and improving the business environment and attract foreign investments to the Libyan economy.
9. Intensify cooperation with international and Arab organizations efforts, which have a role in the promotion of investment projects operations, and to provide investment services such as the International Guarantee Agency of the World Bank investment, and the Arab Institution for Investment Guarantee, as well as device advisory services for foreign investment of the International Finance Corporation and the World Bank, in addition to the

establishment of and activating the role of commercial representation offices, and embassies in various countries around the world.

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