Libya

The Mediterranean's New Green Steel Supplier

Tosyali SULB's new Benghazi plant and private port are being developed to produce low-carbon iron and steel and open a new European supply corridor.

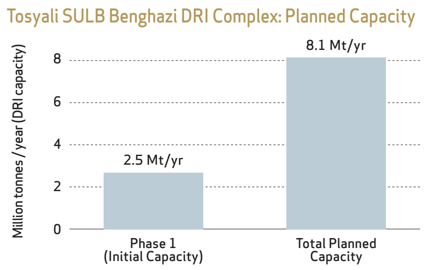
By Tatiana Bhai

The Libyan economy once again signals its boom potential. Government expenditure, private sector participation and increasing foreign direct investment (FDI) drive growth. The hydrocarbon sector remains the primary constituent of gross domestic product (GDP), standing at approximately 65 percent by official estimates, and oil exports still comprise around 97 percent of national income, but projects to foster sustainable growth are prioritized. Government spending fuels non-hydrocarbon GDP expansion which is expected to continue at a rate of 5 to 6 percent per annum (IMF 2025). FDI figures show an 18.7 percent growth rate from 2024 to 2025 (UNCTAD 2026). Libya holds Africa's largest foreign exchange reserves: over $84 billion at year end 2025 (World Bank). Public expenditure has however expanded beyond sustainable levels. Deficit financing drives rampant inflation. Causing political, security and financial uncertainty, deal-making to consolidate government administrations continues, no unified military command exists in Libya's west and the Libyan Dinar has been devalued twice since April 2025.

Benghazi has enjoyed rapid development momentum since 2024.

The political split persists between Tripoli's internationally recognized Government of National Unity and a rival Government of National Stability (GNS) in Benghazi, but economic trends are relatively uniform. The two governments continue to be heavily involved in the economy, but local private sector participation is encouraged. Economic diversification to transition from heavy dependence on oil is a priority. Foreign firms enter the market in joint ventures with local companies. The state no longer monopolizes such partnerships, as it did before 2011, now allowing private local investors to do business with prominent international firms including in strategic national projects, such as in industry.

Libya's attractiveness as a hub for export-oriented manufacturing is long established given low input costs for energy and labor, an abundance of natural gas and the transport savings and reliability afforded by the country's central geographical location, with almost 1,800 km of Mediterranean coastline, only 120 km from Italy at the closest crossing and immune to stoppages in the Strait of Hormuz or Suez. A partnership capitalizing on these attributes is between Turkey's green steel leader, Tosyali Holding and Libya United Steel Company for Iron and Steel Industry (SULB), managed by Libyan industrialist, Ahmed Gadalla, whose businesses also comprise cement and oil refining investments. They have embarked on establishing the world's largest direct-reduced-iron (DRI) complex in Benghazi, Tosyali SULB, with an 8.1 million tonne capacity. "We invested as Libya is strategically positioned to become a key supplier of DRI to Europe and to support local construction," Gadalla said.



Tosyali SULB is being developed into the world's largest direct-reduced-iron producer.

DRI is a low-carbon iron produced by reducing iron ore by contact with hot hydrogen and carbon monoxide gases. In steelmaking, it serves as a greener alternative to high-carbon pig iron. DRI production is itself a more energy-efficient process of making steel inputs, running on natural gas or hydrogen rather than coal, producing reduced carbon emissions. Upon completion, Tosyali SULB will create a brand new segment of local industry, generate 4,000 jobs and build Libyan capacity in the production of green iron and steel. Its relevance is also regional, as a supplier of affordable, low-carbon DRI to Mediterranean and European markets, providing the inputs EU steel producers need for their own low-carbon transitions. European steel mills are facing a costly upheaval to meet demanding new climate rules, central among them being the Carbon Border Adjustment Mechanism, the EU's system for taxing carbon on certain imports. EU steelmakers must decarbonize while struggling with structural challenges such as high energy costs and growing import competition. Tosyali SULB will provide new low-carbon DRI capacity on Europe's doorstep and its output can aid decarbonization efforts.

Founders Ahmed Gadalla and Fuat Tosyali (right to left).

Tosyali SULB's power station will supply electricity to Benghazi.

"DRI is recommended for use by EU steelmakers and demand for it is high so we'll export our production to meet it," said Tosyali SULB's General Manager, Nader Elgehawe, a civil engineer who teaches on the environmental impacts of transportation.

Beyond Europe, Tosyali SULB will also position Libya as one of the world's major DRI suppliers. It will import iron ore and export DRI via its own port in Benghazi's Julyana Free Trade Zone, Libya's newest one-stop shop for investors where companies can set up free of local red tape or taxes on items produced for export. 16-meter-deep berths there accommodate formidably sized tankers to facilitate the DRI mega-complex's high export volumes. The Zone also affords it significant cost savings with tugboats, qualified seamen and a world-leading Navis terminal operating system available to optimize all port and cargo operations.

> "Tosyali invested in Libya because the country is strategically positioned to become a key supplier of DRI to Europe and to support local construction."
> Ahmed Gadalla, Chairman of Tosyali SULB

"We are also establishing our own power station to support our project in Phase 2," adds Elgehawe. "With a capacity of 1320 megawatts (MW), it will connect to the local grid. Our plant will consume up to 700MW. The remaining electricity generated will be used by Benghazi; a win-win project for us and the city." For the local market, Tosyali SULB will produce steel rebars, wire rods and spiral pipes using an electric arc furnace, requiring less energy and creating a lower carbon footprint than traditional steelmaking.

Ahmed Gadalla looks forward to the positive knock-on effects of his investment. "The chairman's vision was one of lasting, positive impacts on Libya," says Elgehawe. "The project supports GDP expansion and diversification, employment, skills development and local business growth. Transport and hospitality businesses will particularly flourish as the factory generates year-round demand. Beyond the oil sector, Libya consumes more than she produces so, the move towards production and industrial development represents a significant, positive shift."

Tosyali SULB began constructing in 2025 and is already over 40 percent complete.

Local Dynamism

In Benghazi, where Tosyali SULB is located, cranes and trucks busily swing to and fro to complete a plethora of projects to expand, modernize and reconstruct local infrastructure. The GNS is delivering new projects rapidly especially since the establishment of a new National Development Agency (NDA) in 2024, focusing on infrastructure and service investments. The Agency alone has 200 new projects in its portfolio. They adhere to projected timelines and the international standard specifications with which they were planned. Five new urban transit bridges opened in Benghazi this May. Structural upgrades of key municipal health centers completed in July. The Agency's endeavors add to those of other eastern government bodies funneling funds into development. Transportation projects are enhancing Libya's potential as a major commercial gateway between Africa, Europe and Asia, including state-of-the-art new port and airport facilities. Benghazi's old harbor is being reinvented as a larger marina. Julyana Free Zone, opened in 2024, has enhanced maritime trade and joined the Mediterranean market when most other ports on the sea were near full capacity. Approaches come in from major maritime transporters such as France's CMA and Italy's MSC desiring a presence there to build new regional hubs for their operations. The Zone's adjoining land hosts projects such as an oil derivatives refinery. "We see particular interest from investors in industrial projects and we haven't undertaken any promotion yet," says Captain Ahmed Elamami, the Free Zone's chairman. "Companies come to us."

The new Benghazi International Airport, a major regional transit hub ready in 2027, can handle 15 million passengers. Sports infrastructure, greatly neglected prior to 2011, is being transformed and expanded. Improved water supply and waste treatment are on track. More road projects are planned within Libya and to link the country to its neighbors, improving regional connections between African countries and the Libyan coast.

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Eastern government investments are not limited to Benghazi. In Dernah, they have reconstructed the city after 2023's devastating flood. Further east at Tobruk, NDA investments center on water supply, wastewater treatment and a new sports city. Further west and south, the Agency's completed and ongoing projects in Sirte and Sebha range from pristine airports, education and medical facilities, the latter attracting patients from neighboring Egypt and Tunisia, more stadiums, roads and bridges, housing, utilities, public services, agriculture, free-trade and industrial zones. The projects serve Libya's Vision 2030, a GNS strategy for rebuilding infrastructure, developing human capital and attracting international investment.

The rapidity of the projects' progress would be remarkable for any country but stands out in a nation which suffered two decades of stagnation-inducing government austerity policies before development restarted in 2006, only to be hindered by inefficiencies until Libya's revolution broke out in 2011. In 2014, Benghazi faced destruction as the Libyan National Army (LNA) fought to purge Islamist extremists from the territory. LNA forces have since brought security to the east of Libya.

"The Libyan British Business Council (LBBC) has taken two delegations to Benghazi, in 2023 and 2024," said Peter Millett, LBBC chairman and a former U.K. ambassador to Libya. "There was much development going on as well as a clear determination from the authorities to use their ability to bring peace and security to deliver benefits to Libyan citizens. We plan to take another trade delegation to Benghazi in October."

When it comes to security today, the consolidation of eastern-based military might under the unified command of the LNA enhances the region's stability relative to Libya's west where militias, a hangover from 2011, form fragile alliances to keep the peace, sparking sporadic conflicts as they compete for influence. Eastern security has contributed to growth and improved travel advice relative to western Libya, where only Tripoli and Misurata enjoy reduced warnings.

"The security situation is more straightforward in the east as there is one military hierarchy rather than multiple ones," observes Millett. "For almost a decade, the east of Libya has been relatively secure. Improved U.K. Foreign Office travel advice has now been extended across the east from Benghazi to beyond Dernah."

Foreign investors desiring a foothold in eastern Libya are obliged to adhere to regulations from both sides of Libya's jurisdictional divide to ensure their contracts are enforceable. They receive licenses from Tripoli's Economy and Trade Ministry but procure local permits from administrative organs under the eastern authorities. The way is eased by the presence of competent local partners and strong political will to see investments advance.

Benghazi International Stadium hosted African qualifiers for the 2026 FIFA World Cup.

Julyana Free Zone is a new conduit for foreign direct investment.

"We work under Libyan Investment Law Number 9 of 2010 but when practically establishing Tosyali SULB, most of our licenses to build and operate on our selected location as well as environmental permits were issued by the eastern government," explains Elgehawe. "The eastern Ministries of Power and Environment, the Labour Office, the municipality and landlords authority came together to consult with us and also conducted a survey to ensure locals accepted the project. The smooth consultations exemplified strong political will to foster a climate conducive to business. The bureaucracy that held back projects in the past is gone. Our project was only conceived in 2024, began constructing in 2025 and the entire plant is already over 40 percent complete."

"Challenges have not stymied investment," observes Ahmed Gadalla. "Foreign investors already present in Libya appreciate the business community here has the depth of local knowledge required to navigate inherent complexities. Foreign firms need only be equipped with the right local partner and long-term vision."

"Business opportunities and potential rewards are significant," says Millett, "but when it comes to investing outside the oil and gas sector, British and European companies are still very wary given political, security and economic uncertainty. When in Benghazi, we were told most investment was from Libyan sources though there was much involvement by companies from other countries."

"Those already here are enjoying the greatest opportunities while gaining the long-term partnerships to maintain a leading market position for years to come," says Gadalla. "Those seeking perfect clarity before investing here will find their competitors have beaten them to it!"

As developments advance rapidly, it is the improved mood of the people that strikes Benghazi locals and visitors most. It is the effect of progress on the energy of the city's inhabitants, particularly on young people aged 15 to 24 who make up over 50 percent of the population. The atmosphere is one of hopes being realized, infused with a vibrancy not witnessed in Libya since the 1980s. ■

TOSYALI SULB is being built as the world's largest direct-reduced-iron plant. Located in Europe's front yard, with our private port on the Mediterranean's maritime highway, our easy shipping and competitive costs will keep Europe building strong while decarbonizing from 2027.

EUROPE'S CLOSEST NEW SOURCE OF GREEN STEEL INPUTS

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