

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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TRADE POLICY REVIEW MECHANISM

Trade Policy Review of Tunisia

Communication from the Discussants

Pursuant to the revised procedures for review meetings circulated in the communication from the Chairman of the Council dated 30 April 1993 (L/7208), the following are outlines of the main points to be raised by Mr. Jean Saint-Jacques (Canada) and Mr. Mehmet S. Onaner (Turkey) at the review of Tunisia to be held on 22 and 23 June 1994.

It is recalled that the discussants act in their personal capacity.

(a) Mr. Jean Saint-Jacques

1. Two mechanisms seem to prevail in Tunisia's trade policy, which is directed towards export promotion. The policy provides for specific measures to stimulate exports, accompanied by high protection levels in the export sectors (for example textiles and clothing). Are these high levels of protection in the export sectors an indication of a certain weakness in those sectors with respect to foreign competition?

2. Exports of textile products take place to a large extent under a processing regime. These processing operations tend to have few linkages with the rest of the host economy; moreover, they can be particularly vulnerable to any change in the price/quality relationship. Would a reduction in the incidence of protection not encourage Tunisian industry to adapt itself according to its real advantages in this sector?

3. Agriculture is characterized by high protection in the export sectors, and is subject to price regulation and State monopolies. Self-sufficiency is the Government's primary objective in this sector; however, in spite of the above measures and the considerable investments which have been made, it has not been possible to eliminate the agricultural trade deficit. Given that further efforts towards self-sufficiency would not only be incompatible with a liberal trade regime, but would also continue to direct investments towards less profitable projects, is such an objective possible or even desirable?

4. The Uruguay Round agreements will have an impact on Tunisian policy: for example, the Agreement on subsidies provides for the withdrawal of a number of export subsidies, while the Agreement on textiles provides for the elimination of textile quotas (which underpin the processing regime). Will current policies make it possible for Tunisian industry to diversify its production and outlets in order to become competitive not only on other export markets, but also within Tunisia itself? Would it not be wise to consider making a number of adjustments not only to trade policy, but also to certain macro economic policies, for example in respect of exchange rates?

(b) Mr. Mehmet Onaner

1. Share to foreign trade in the Gross Domestic Product.
2. Public sector's role in foreign trade.
3. Investment and trade policy priorities in sectors related to foreign trade, and privatization.
4. Tariffs and other levies and charges.
5. Import licensing.
6. The new Foreign Trade Regime of 1994.
7. Share of the European Union in Tunisia's trade and the prospects.