GENERAL AGREEMENT

ON TARIFFS AND TRADE

RESTRICTED
C/RM/S/47
24 May 1994
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(94-0902)

COUNCIL

Original: English

TRADE POLICY REVIEW MECHANISM

TUNISIA

Report by the Secretariat

In pursuance of the CONTRACTING PARTIES' Decision of 12 April 1989 concerning the Trade Policy Review Mechanism (BISD 36S/403), the Secretariat submits herewith its report on Tunisia.

The report is drawn up by the Secretariat on its own responsibility. It is based on the information available to the Secretariat and that provided by Tunisia. As required by the Decision, in preparing its report the Secretariat has sought clarification from Tunisia on its trade policies and practices.

Document C/RM/G/47 contains the report submitted by the Government of Tunisia.

NOTE FOR ALL DELEGATIONS
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SUMMARY OBSERVATIONS

(1) The Economic Environment

1. Since independence in 1956, the Tunisian economy has undergone major structural changes. A poor agrarian economy in the 1960s, Tunisia experienced historically unparalleled growth in the 1970s, when surging petroleum revenue provided the State with resources and latitude to intervene extensively in economic activities. However, a severe balance-of-payments crisis in the mid-1980s, touched off by a collapse of oil prices, drought and falling receipts from tourism, revealed the structural vulnerability of the Tunisian economy. The crisis led Tunisia to change its development strategy, from socialist-style, import-substitution-based interventionism to a more market- and export-oriented policy.

2. Devaluation of the Tunisian dinar and an increase in interest rates in 1985 were the initial steps in Tunisia's Structural Adjustment Programme (PAS), launched in 1986. Under the programme, fiscal and monetary policies have been tightened; subsidies and price supports curtailed; State enterprises restructured and privatized; and controls on prices, interest rates, credit and investment have been progressively deregulated. Trade policy was changed to an outward orientation with a view to improving competitiveness; in this connection, high border protection was gradually, yet significantly, reduced. The ultimate aim of the new policy was to narrow the persistent investment-savings gap - the fundamental structural weakness of the Tunisian economy - by enhancing the productivity and competitiveness of the economy through more efficient resource allocation.

3. These reform measures have yielded positive results. Economic growth since 1987 has outpaced that of the earlier 1980s. The budget deficit has narrowed, while positive real interest rates have brought down domestic borrowing to a more sustainable level. Import liberalization has helped to ward off potential inflationary pressure stemming from progressive price deregulation. Exports have expanded much faster than in the preceding period, due to real exchange rate depreciation and the progressive reduction of anti-export bias.

4. However, import controls, justified by Tunisia under GATT's balance of payments provisions, still protect important sectors of the economy. Further liberalization is, therefore, needed to reduce remaining distortions to the efficient allocation of scarce resources. If accompanied by appropriate exchange rate and macroeconomic policies, this could eliminate the anti-export bias against tourism and broader-based, outward-oriented manufacturing and services sectors, paving the way for a longer term resolution of the external/internal imbalances in the economy.

(2) Tunisia in World Trade

5. Tunisia has always depended considerably upon foreign trade and investment; its domestic market is relatively small, it is close to its major markets and capital suppliers and has largely complementary patterns of comparative advantage with neighbouring countries.

6. Tunisia's merchandise trade is highly concentrated. The top three items, petroleum, clothing and chemicals (phosphates derivatives), account for two-thirds of exports, although recent structural changes in the economy have resulted in a sharp fall in petroleum, which has been made up by growth in clothing exports. Intensified outward processing activities in the clothing sector have been reflected in rapid growth of textile imports, which now account for one-fifth of the total. Services trade receipts have been consistently dominated by tourism revenue.

7. The geograph concentration of external trade is even str ger. The European Union, accounting for roughly 70 per cent of total trade in merchandise and services, is the major source of foreign investment in Tunisia. The lack of diversity in trade patterns adds to the vulnerability of the Tunisian economy to external factors, such as the current slowdown in European markets and fluctuations in world commodity prices.

(3) Trade Policy Framework

8. Tunisia's liberalization process has been supported by a strong administration committed to the new policy orientation. The Government of Tunisia combines presidential and parliamentary systems, with the President of the Republic as executive head of State. Legislative power is vested in the unicameral National Assembly (Chambre des députés). Economic policy in Tunisia is framed within five-year Development Plans and annual programmes (budgets économiques), each elaborated through co-ordination of public and private sector views and approved by the National Assembly. Liberalization of the economy constitutes the major tenet of the VIIth Plan (1987-91) and the current VIIIth Plan (1992-96).

9. Formulation and implementation of trade policies is under the responsibility of the executive branch. The key players are the Ministries of National Economy; Finance; International Cooperation and Foreign Investment; Agriculture; and Foreign Affairs. The Central Bank is also closely involved in policy formulation, particularly reflecting Tunisia's balance-of-payments concerns. State enterprises are instrumental in policy implementation. Consultation, formal and informal, with private sector associations is an integral part of trade policy formulation.

10. Tunisia remained under provisional accession status to the GATT for some 30 years. The policy switch to an export-oriented strategy added fresh impetus to the process of accession, which was eventually achieved in August 1990. Tunisia is a signatory to the Tokyo Round Agreement on Technical Barriers to Trade and the Arrangement regarding Bovine Meat, but not to the Multifibre Arrangement (MFA) despite the importance of its textiles and clothing sector. Tunisia intends to ratify the Uruguay Round Final Act and become a founding member of the World Trade Organization (WTO).

11. On the other hand, attempts to diversify the direction of trade through various preferential regional agreements have yielded limited trade expansion with African and Arab nations; the lion's share of Tunisian commerce continues to go to trans-Mediterranean trade, covered by the EC-Tunisia Co-operation Agreement of 1976, under which Tunisia receives EC preferences but grants the EC m.f.n. status. Recently, Tunisia began negotiations for a full free-trade agreement with the European Union.

(4) Trade Policy Features and Trends

(i) Recent evolution

12. Under its Structural Adjustment Programme, the Tunisian Government launched an ambitious trade liberalization plan, with the initial objective of removing all import restrictions by the end of 1991, while achieving uniform effective protection of around 25 per cent. Accordingly, tariffs were reduced and the coverage of import restrictions progressively reduced, starting with liberalization on goods not locally produced. The pace of reform slowed as the liberalization process moved into more sensitive areas of imports competing with locally produced goods; the initial completion date of 1991 was postponed to 1994 and the removal of non-tariff barriers was offset by the introduction of higher tariffs in the form of surtaxes (Provisional Complementary Duties or Droits Complémentaires Provisoires - DCP) introduced in 1991. In addition, the Government revitalized an anti-dumping and countervailing measures scheme which could be

used to limit possible adverse effects of the liberalization.

13. On the other hand, since the 1970s, the Tunisian State, conscious of the anti-export bias created by high border protection, has steadily extended fiscal and financial advantages to exporting activities. The authorities now recognize that import liberalization and a more neutral trade policy will render domestic production more competitive in the long run. However, pressed by balance-of-payments concerns, the Government continues to pursue an increasingly active export-promotion strategy, stepping up levels of assistance and strengthening effective protection for exporting enterprises.

(ii) Type and incidence of trade policy instruments

14. Tariffs, based on the Harmonized System schedule containing some 6,000 lines at the seven-digit level of the Harmonized System Classification, are now the major instrument of import protection in Tunisia. Despite the recent efforts for the reduction and rationalization, a legacy of high, escalatory tariff barriers persists across all sectors, with an overall simple average of 30 per cent and effective protection as high as 40 per cent. Provisional Complementary Duties (DCP), applied to more than 700 items at rates ranging from 10 to 30 per cent, increase the overall tariff average to 33 per cent and increase escalation of the combined import charges.

15. All Tunisian tariffs have ad valorem rates, except for variable levies introduced in 1990 on some livestock products. Tunisia currently applies m.f.n. tariffs to all countries regardless of their GATT status, except for those which enjoy preferential treatment. Tunisia's commitment in the Uruguay Round is expected to double the scope of bindings under the GATT, previously limited to one-sixth of total tariff lines.

16. Other import levies, namely the long-standing 5 per cent customs formality tax and a 5 per cent temporary surcharge introduced to finance the budget deficit caused by the Middle East crisis, were incorporated into customs tariffs in 1988 and 1994. The indirect tax system was significantly streamlined by the introduction of a value added tax in 1988, yet continues to include an important consumption tax, covering a wide range of goods, with rates varying from 11 to 470 per cent. These taxes are levied equally to domestic and imported goods.

17. Import restrictions, though substantially reduced in the last years, are maintained partly or fully for some 27 per cent of total tariff lines (defined at the 7-digit level). The authorities justify these restrictions on grounds of securing stable supply of basic commodities such as cereals, defending national security (as in the case of explosives) and controlling luxury consumption (for example, of gold and jewellery). Restrictions are also, however, extended to some major exported goods (e.g. olive oil, dates, almonds, textiles and clothing), passenger motor vehicles, and some electrical apparatus. These restrictions have been formally justified in GATT under the balance-of-payments provisions of Article XVIII:B.

18. State-trading practices, which cover roughly 20 per cent of total imports and exports, remain as one of the most important trade policy instruments, although the recent liberalization has resulted in lifting of some State monopolies (e.g. on olive oil). On the other hand, countertrade operations, once frequently used in trade with former State-trading countries, have been totally eliminated.

19. Given the importance of the public sector in Tunisia, Government procurement could have a negative impact on trade flows. Tunisian legislation does not accord national treatment to foreign suppliers, but allows a 20 per cent preference for domestic suppliers. In addition, foreign suppliers are expected to

give as many subcontracts to Tunisian companies as possible. As for customs valuation and rules of origin, national legislation does not explicitly spell out detailed rules comparable to those set out in the relevant Codes of the Uruguay Round Final Act, viz., the Agreements on Implementation of Article VII and on Rules of Origin.

20. Export restrictions have also been substantially reduced. Textiles and clothing exports to the European Union are covered by a bilateral voluntary export restraint agreement concluded outside the framework of the MFA.

21. Tunisia extends a series of significant fiscal, financial and other assistance to exporting activities, without preference as to sector. However, tourism and textiles and clothing are the major beneficiary sectors. The Investment Incentives Code of 1993 has consolidated the range of tax allowances and duty concessions to investment in, and production by, export-oriented enterprises, defined as firms exporting more than 80 per cent of their output. Moreover, duty and tax concessions are available for many export-related activities, including production within a Free Economic Zone opened in 1992. The Central Bank also extends preferential discounting facilities for export credit, while State financed funds and a Government-controlled insurance company offer financial and technical assistance to exporters.

(iii) Temporary measures

22. With a view to limiting possible adverse effects of import liberalization, Tunisia introduced a Decree on anti-dumping and countervailing duties in 1993. The outline of the Tunisian régime generally follows the framework laid out in the current MTN Codes, and the Uruguay Round Final Act. Recently, provisions have been introduced for review procedures, under a new Law of March 1994. To date, no actions have been taken under the new Decree, despite marked interest by the private sector.

23. Tunisian legislation contains no specific safeguard provisions corresponding to Article XIX of the GATT.

(iv) Sectoral policy patterns

24. In recent years, Tunisia has intensified efforts to bring greater neutrality to sectoral incentives, which had long contained many distortive elements. State intervention, however, remains important across the board, although its objectives and styles differ considerably according to sector.

25. Agricultural production, particularly that of wheat, suffers from irregular rainfall patterns; Tunisia is a net importer of food products. Despite the high cost of protection, the achievement of self-sufficiency is considered to be of great importance in agricultural policy. High tariffs are maintained on virtually all agricultural products, including some major exports such as olive oil, dates and citrus. On the other hand, the coverage of import restrictions, price supports and input subsidies have largely been reduced to basic commodities. Reduction of price supports and subsidies is envisaged in line with Tunisia's commitments in the Uruguay Round, and should lead to a longer term rationalization in the sector. At the same time, Tunisia maintains more direct forms of intervention, including State monopolies and infrastructure investment.

26. With dwindling oil reserves, self-sufficiency has also become a focus in policies towards the mining and energy sector, whose main products are petroleum and phosphates. Tariffs in this area are relatively low and neutral, yet are combined with extensive price controls; and State enterprises are dominant in all stages of production and distribution. The sector, moreover, remains virtually untouched by the recent liberalization process.

27. The strategy of export-led development is most pronounced in the tourism and manufacturing sectors, particularly in the rapidly-growing textiles and clothing branch. While State enterprises and public investment in manufacturing are less widespread than in other sectors, tariffs remain high and escalatory, particularly for labour-intensive branches where Tunisia possesses comparative advantage. Effective tariff protection is further reinforced by the DCP, which is concentrated on finished and intermediate goods, as well as by tax and duty concessions accorded to raw materials imported by export-oriented enterprises.

(5) Trade Policies and Foreign Trading Partners

28. Unilateral liberalization has been the key feature of Tunisia's trade policies since the mid-1980s, with a view to accelerating the integration of Tunisia into the world economy and attracting increased foreign investment. Tunisia's full and active participation in the GATT and the Uruguay Round negotiation process, and its aim to become a founding member of the WTO, clearly correspond to such aspirations.

29. Tunisia's most recent policy priorities, however, have increasingly focused on two objectives: export promotion and the creation of a free-trade-area with the EU. Past import-substitution and export-promotion policies led to a seriously distorted, dualistic trade and production structure. Although liberalization of non-tariff measures and lowering of tariffs are reducing the extent of the distortions, Tunisia's trade policies still seem far from neutral, in particular where export and investment incentives are concerned. In the regional context, Tunisia's comparative advantage in labour cost and proximity to Europe is increasingly being challenged by other developing economies in Europe and Asia.

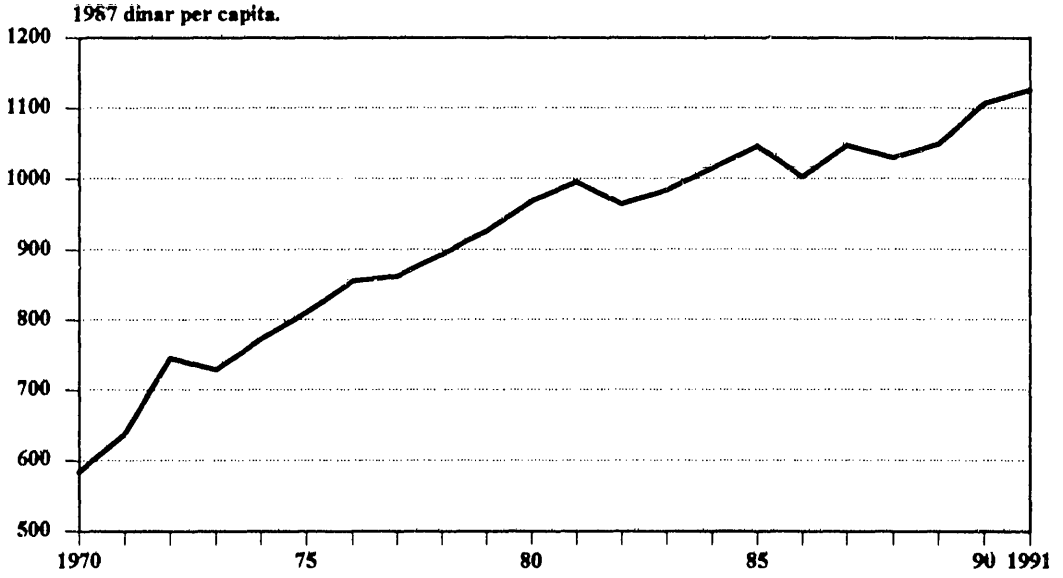
30. A durable solution to the present weaknesses of the Tunisian economy will be in the continuing improvement of productivity and competitiveness through more efficient resource allocation, assured by the further liberalization of the economy. In fostering closer links with the European Union through a free-trade area, Tunisia should not ignore the wider perspectives of trade liberalization within a multilateral framework; products competitive within a limited privileged zone, whether a country's border or a regional arrangement, are not necessarily competitive on world markets. Thus, the future of an outward-looking Tunisia extends beyond the frontiers of the Mediterranean into a wider multilateral world.

I. THE ECONOMIC AND TRADE ENVIRONMENT

(1) Major Features of the Tunisian Economy[1]

1. Tunisia lies on the northern coast of Africa, bordered on the west by Algeria and on the east by Libya. Its wedge-shaped territory of 163,610 square kilometres embraces some 8.4 million inhabitants (Table I.1). Arable land, which accounts for a third of the territory, is concentrated in pluvial coastal regions. Relatively modest natural resources (petroleum and phosphate) and population growth have not prevented this former French protectorate from achieving a steady increase in real per capita income since independence (Chart I.1).

Chart I.1
Real per capita income 1970-92 (National currency)



Source: World Bank, World Tables, 1993 (STARS version).

2. The Tunisian economy is highly dependent on external trade, with total trade in goods and services equivalent to 80 per cent of GDP (Chart I.2). This is partly related to the smallness of the domestic market, the importance of trade in services, and a pattern of comparative advantage which complements that of neighbouring countries. The slump in the share of imports in GDP from 1982 to 1987 appears to be mainly associated with the economic slowdown at that time.

[1]Besais (1984); Delmasure (1990); EIU (1992); Eggar (1990); Guen (1988); Hopkins (1989); IEQ (1991); JA (1993); MT (1992); Nabli (1989); Nsouli (1993); Radwan (1991); VIIIth Plan (1992); BCT (1993a).

Table I.1
Basic economic and social indicators, 1975-92

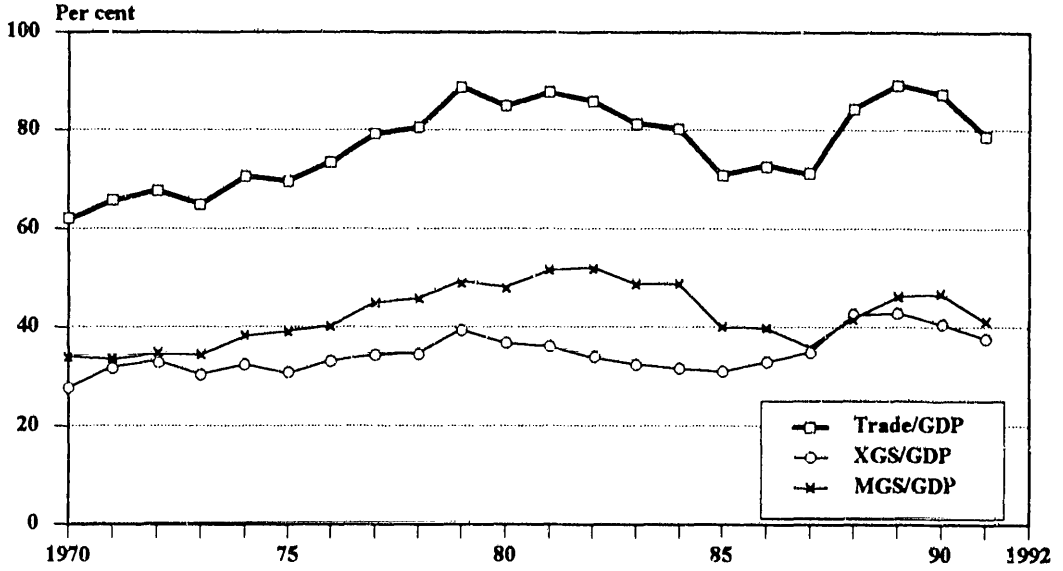
	1975	1980	1985	1990	1991	1992
Population (million)	5.6	6.4	7.3	8.1	8.2	8.4
- - Urban population (percentage)	47.6	52.2	53.0	54.3	55.0	...
- - Work force*	1.6	1.8	2.1	...	...	...
- - Female participation	16.0	21.0	23.0	24.4	24.5	24.6
- - Employment*	1.4	1.6	1.9	2.0	2.1	2.1
- - Birth rate	5.9	5.2	4.3	3.6	3.5	3.4
- - Infant mortality rate (per '000 live births)	100.8	72.4	54.8	44.4	38.0	41.0
Life expectancy	58.3	61.9	64.6	66.9	67.3	67.8
GDP at 1987 constant prices (US$ million)						
(a) at market prices	5,469.9	7,482.2	9,179.8	10,785.7	11,194.4	12,090.3
(b) at factor cost	4,831.1	6,472.9	8,035.5	9,439.6	9,820.5	10,600.1
GDP per capita (US$)	861	1,014	1,107	1,169	1,192	1,262
Share in GDP						
- - Agriculture	21.4	16.6	17.4	15.7	17.3	17.0
- - Industry	30.4	34.5	33.5	32.5	32.9	32.3
- - Manufacturing	9.7	12.8	14.4	16.8	16.8	16.9
- - Services	48.2	48.8	49.1	51.8	49.8	50.8
Annual growth rates of value added						
- - Agriculture	11.1	0.8	5.3	1.2	14.7	5.8
- - Industry	9.4	8.7	3.8	2.6	5.3	5.9
- - Manufacturing	10.9	11.9	7.0	6.5	4.1	8.0
- - Services	7.6	6.3	4.5	4.4	0.0	10.1
Share in employment*						
- - Agriculture	37.2	35.0	25.6	25.6	25.2	24.8
- - Industry	29.3	32.0	34.7	34.1	34.1	34.1
- - Manufacturing	17.2	19.0	19.9	19.9	20.1	20.3
- - Services	33.4	33.0	39.7	40.2	40.7	41.2
School enrolment ratios						
Primary school	97	103	116	116	...	...
- - Female	78	88	106	109	...	...
Secondary	21	27	39	45	...	...

... Not available.

* Government of Tunisia.

Source: World Bank, World Tables, 1993 (STARS version).

Chart I.2
Trade in goods and services as share of GDP, 1970-92



Source: World Bank, World Tables, 1993 (STARS version).

Growth and changes in economic structure (Chapter V)

3. Real GDP growth, which had been particularly rapid in the 1970s, slowed down in the 1980s (Table I.2). Manufacturing has been the fastest growing sector, increasing from 9 per cent of GDP in 1970 to 17 per cent in 1992 (Chart I.3), and employing around 20 per cent of the total labour force (Table I.1). Development of manufacturing has moved increasingly towards labour-intensive exports (e.g. clothing and leather goods) away from capital-intensive products, reflecting a trade policy switch from import-substitution to export-promotion. The growth of the manufacturing sector contrasts with a relative decline in mining. Based on Tunisia's important petroleum and phosphate deposits, the mining sector had been the top foreign currency earner in the 1970s. Following a decline in world prices and in national production, the relative importance of the sector has diminished in the 1980s. Agriculture has maintained its share of about one-sixth of GDP. However, improvements in productivity have led to contraction of employment, a massive rural exodus and the acceleration of urbanization, as well as a general increase in unemployment (Table I.1). Agricultural production generally suffers from extremely capricious rainfall although olive oil, less vulnerable in this respect, accounts for about one-sixth of output. This is the main reason for concern about national food security. In the services sector, commercial activities take up the largest share, while tourism is growing rapidly.

Table I.2
Economic performance

	1970-80	1980-85	1988	1989	1990	1991	1992	1993	1994
				Billion current dinar					
Gross Domestic Product**	...	...	8.7	9.5	10.8	12.0	13.7	14.8	16.6
annual growth rate average	16.7	14.3	8.6	9.7	13.3	10.9	14.7	8.1	11.5
				Real annual average growth in 1987 constant prices (per cent)					
GDP at market prices**	7.4	4.2	0.1	1.7	7.8	3.8	8.1	2.6	6.1
Agriculture, value added**	5.9	5.3	-25.8	10.9	35.2	14.3	6.6	-7.0	5.1
Industry, value added**	9.0	3.8	2.3	13.9	0.3	5.9	5.8	1.4	7.2
Manufacturing, value added**	11.4	7.0	6.5	26.5	1.8	4.0	8.3	2.7	7.5
Services, etc., value added**	7.0	4.5	9.7	-5.8	7.0	-2.8	12.8	7.0	6.6
				Per cent of GDP					
Resource Balance**	-6.9	-14.6	-0.2	-5.4	-6.6	-4.6	-5.5	-5.0	-5.4
				Real annual average growth in 1987 constant prices (per cent)					
Exports of Goods & NF Serv.**	10.5	0.6	21.4	5.7	2.7	-3.7	11.3	4.5	7.3
Imports of Goods & NF Serv.**	11.3	0.5	16.1	17.7	5.8	-6.8	13.1	5.0	6.3
				Real annual average growth (per cent)					
GDP deflator	8.7	9.7	8.3	7.3	5.8	6.9	5.8	...	...
Consumer Price Index	6.1	9.6	6.4	7.4	6.8	8.2	5.4	...	...
Money M1*	17.3	16.7	21.3	2.9	4.8	-0.3	7.0	7.0	7.5
Money plus quasi-money*	19.1	17.0	19.1	16.8	7.3	5.7	11.0	10.5	11.3
				Per cent					
Central Bank discount rate*	...	...	9.25	...	...	...	...	...	...
Money market rate*	- -	- -	9.15	9.40	11.53	11.79	11.73	10.48	...
Deposit rate*	...	4.23	7.37	...	...	...	...	...	...
Lending rate*	...	8.41	9.87	...	...	...	...	...	...

... Not available.

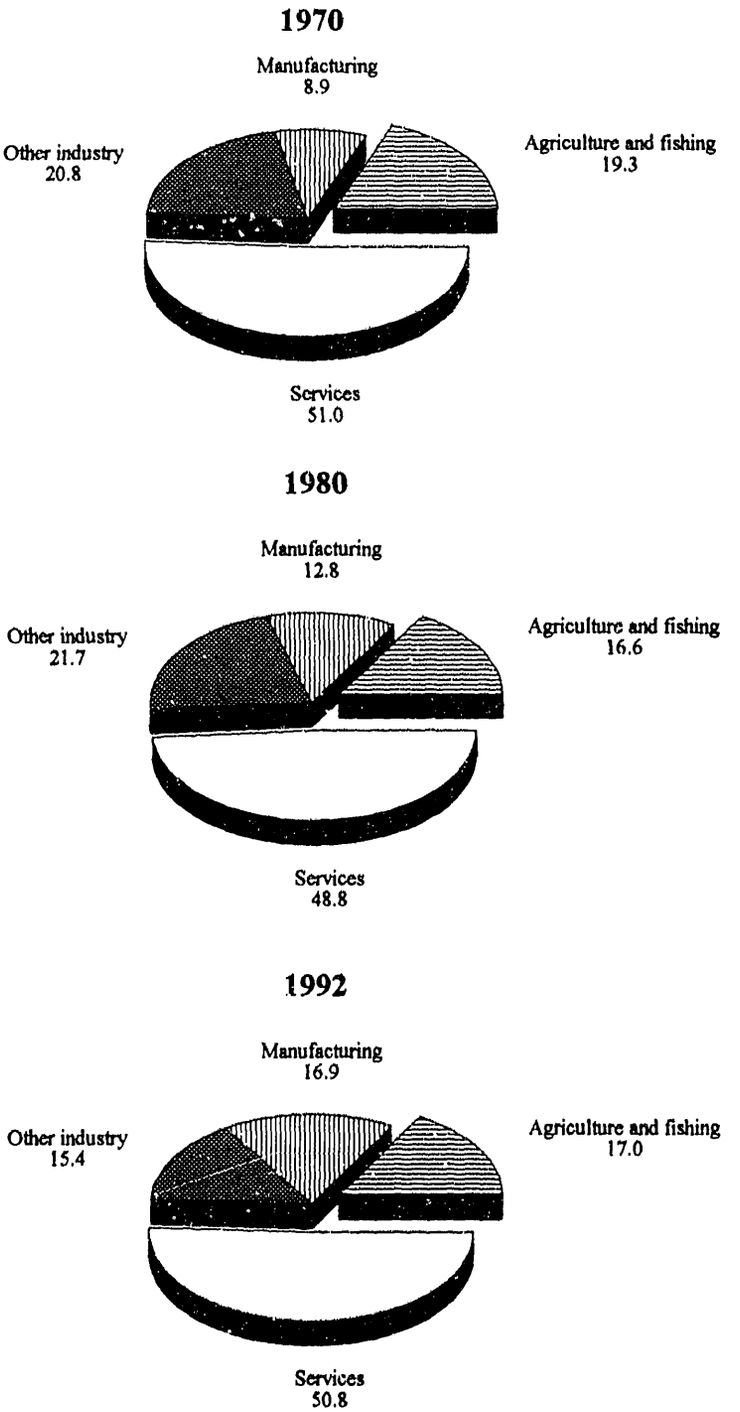
** Since 1987, Government of Tunisia.
* IMF, International Financial Statistics, Yearbook, 1993.

Note: 1993 estimates, 1994 forecast.

Source: World Tables, 1993 update (STARS version 2.5, April 1992 and Government of Tunisia).

Chart I.3
Sectoral distribution of GDP, 1970, 1980 and 1992

Per cent



Source: World Bank, World Tables, 1993 (STARS version).

Development of economic policies

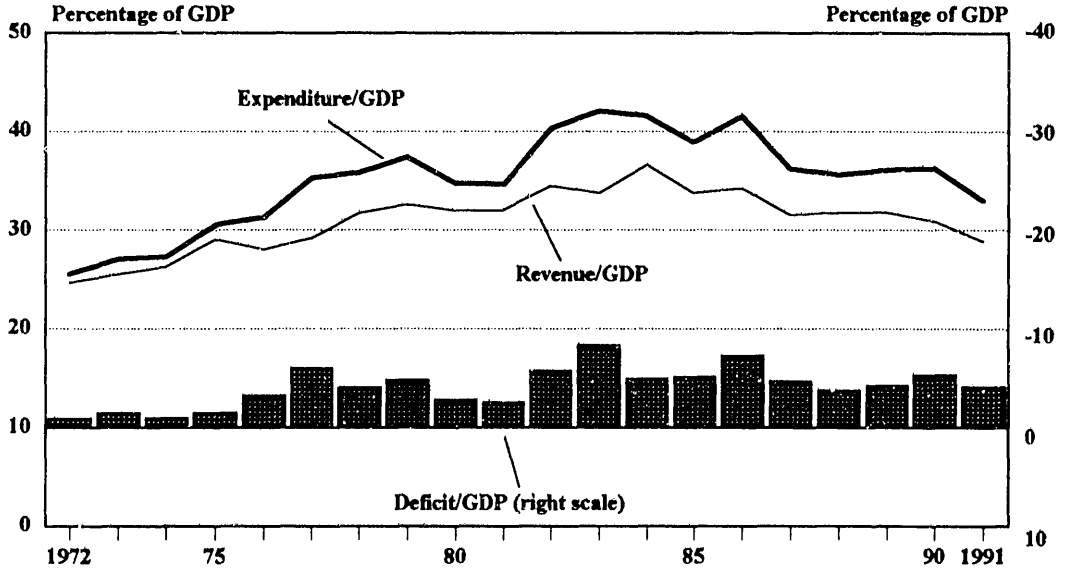
4. In the three decades since independence, Tunisian economic policy has shifted from a State-led socialist-style development strategy toward a more liberal, market-oriented policy. The Government first announced a policy change in the early 1970s, after disappointing economic performance in the 1960s when import-replacing heavy industries were developed and agriculture was placed largely under cooperative management. Under the new approach, laid out in the IVth Development Plan (1973-76), policy was re-oriented towards liberalizing the economy, increasing the rôle of the private sector and attracting foreign investment. A major instrument of this policy was the Investment Law of 1972, which sought to reinvigorate the private sector through investment incentives for both domestic and foreign investors (Chapter III).

5. A comprehensive transformation towards a more outward-oriented approach was delayed when the surge of petroleum revenue in the early 1970s provided the Government with resources and latitude to intervene extensively in the country's economic activities. The 1970s turned out to be a period of an emerging "*Etat providence*", where the Government controlled virtually every walk of economic life: the State budget expanded rapidly to nearly 40 per cent of GDP (Chart I.4). The Government, together with some 500 public enterprises scattered throughout the economy, c[illegible]ut more than half of total domestic investment, and private investment was also under the tig[illegible]vision of the State. The monetary authorities kept tight control on the volume and direction of credit, as well as interest rates. Extensive trade and exchange restrictions were maintained and trade was dominated by State trading enterprises. Price controls and subsidies pervaded all sectors of the economy at both production and distribution stages. Consequently, by the end of the 1970s, the economy was beginning to show signs of structural imbalance.

6. However, this period bequeathed an important positive legacy in social development, focusing on four pillars of development.[2] The first was investment in education, where some 40 per cent of the State budget was spent annually; this resulted in a significant rise in school enrolment and a fall in illiteracy, and was a key investment in the most valuable element for the country's development, human resources (Table I.1). The second pillar was birth control: population growth was brought down from nearly 3 per cent in the 1960s to a manageable level of around 2 per cent by 1990, despite a decrease in the mortality rate. Thirdly, considerable public investment was devoted to development of the agricultural infrastructure, leading to considerable gains in productivity, even though self-sufficiency has not been achieved and production remains highly variable. Lastly, the focus on housing policy improved housing standards considerably; today, more than 70 per cent of Tunisians own their homes.

[2]JA (1993).

Chart I.4
Share of the Central Government in GDP, 1972-91



Source: World Bank, World Tables, 1993 (STARS version).

(2) Recent Economic Developments

(i) Structural imbalance and the crisis of the mid-1980s

7. In the mid-1980s, the economy, buoyed by petroleum revenue, became overheated and encountered a serious external crisis. For decades, a structural current account deficit had been an abiding feature in Tunisia's balance of payments (Table I.3 and Chart I.5): the deficit in merchandise trade was only partly compensated by receipts from invisibles (such as tourist revenue and remittances from workers abroad). In the early 1970s, the deficit was generally held within manageable levels, because of increasing petroleum revenue; however, declines in world prices for olive oil and phosphates in the period 1976-78 caused a sharp increase in the deficit. The collapse of petroleum prices in the mid-1980s, as well as falling petroleum production and bad weather, touched off a serious deficit, revealing the structural vulnerability of the Tunisian economy to external shocks (Chart I.6). In 1984, the trade deficit reached some US$1.2 billion and the current account deficit ballooned to 10 per cent of GDP. Total external debt approached a critical level and foreign exchange reserves were severely run down (Tables I.3 and I.4). With the deterioration of internal and external balances in 1986, the Tunisian economy recorded contraction of more than 1 per cent in real terms for the first time in 13 years (Table I.2).

Table I.3
Balance of payments, 1980-92
(US$ million)

	1980	1985	1988	1989	1990	1991	1992	1993
Current account balance	-361	-587	216	-123	-474	-468	-945	
Merchandise trade balance	-980	-866	-1,097	-1,208	-1,678	-1,199	-2,044	
Exports, f.o.b.	2,158	1,700	2,399	2,931	3,515	3,696	4,033	
Imports, f.o.b.	3,139	2,567	3,496	4,139	5,193	4,895	6,077	
Net services balance	477	333	1,148	865	881	641	1,059	
Unrequited transfers and other income	143	-53	164	221	323	91	39	
Capital account balance	369	389	199	194	381	336	983	
Direct investment	235	114	63	74	76	122	374	
Portfolio investment	15	30	5	-6	2	19	46	
Other	119	237	131	126	303	195	563	
Errors and omissions	69	-19	27	-5	-31	77	59	
Overall balance	76	-225	441	65	-123	-55	97	
Memo: Current account balance as percentage of GDP	-4.1	-7.1	+2.1	-1.2	-3.8	-3.6	-6.1	
Exchange rate (Dinars per US$)	0.41	0.83	0.86	0.95	0.88	0.92	0.88	
Reserves in months of imports	2.3	1.1	3.1	2.8	1.8	1.9	1.6	

Source: International Monetary Fund, International Financial Statistics

Table I.4
External debt, 1980-92
(US$ million and per cent)

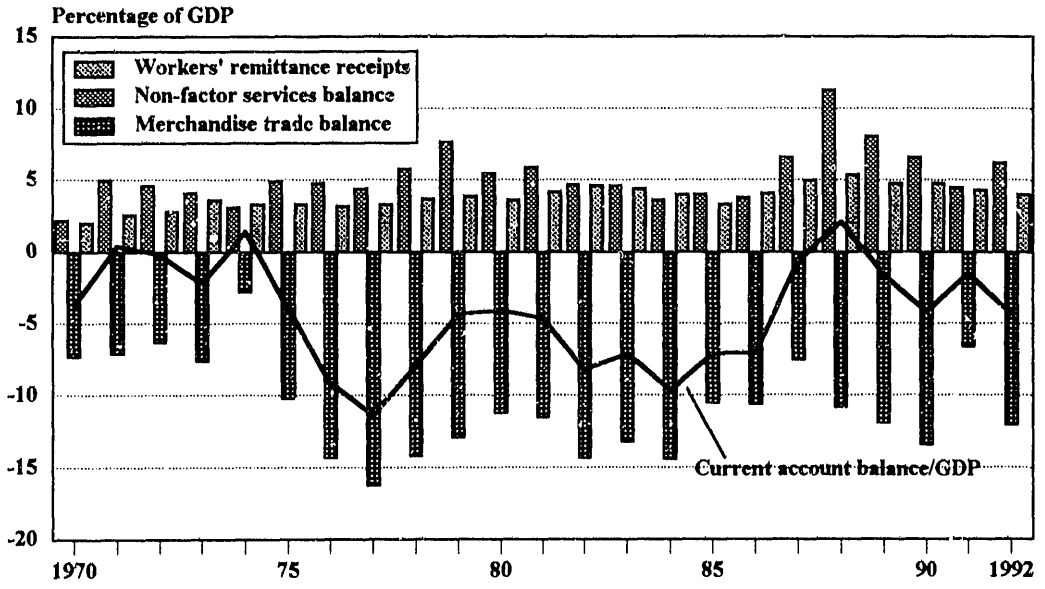
	1980	1982	1985	1987	1988	1989	1990	1991	1992
Debt by categories (US$ million)									
External debt, total (EDT)	3,526.4	3,771.8	4,883.7	6,778.5	6,770.9	6,940.2	7,712.6	8,296.0	-
Long term debt (by debtor)	3,390.1	3,635.5	4,700.4	6,523.7	6,436.3	6,564.5	7,077.5	7,626.1	-
Central Bank, incl. IMF credit	251.5	220.3	369.2	780.5	769.1	739.0	663.3	743.5	-
Central government	1,718.4	1,917.9	2,609.4	3,679.2	3,844.3	4,121.1	4,642.4	5,059.0	-
Rest of General Government	-	-	-	-	-	-	-	-	-
Non-financial Public Enterprises	1,074.0	1,198.7	1,319.8	1,659.4	1,411.3	1,297.8	1,340.9	1,317.3	-
Private sector, incl. non-guaranteed	346.2	298.6	402.0	404.6	411.6	406.6	430.9	506.3	-
Short term debt	136.3	136.3	183.3	254.8	334.6	375.7	635.1	669.9	-
Total debt service (TDS)*	545	563	746	1,105	1,058	1,104	1,419	1,374	-
Memorandum:									
EDT/(XGS) %	100.3	125.6	180.9	200.7	159.6	154.9	147.5	167.8	-
EDT/GNP %	41.6	48.1	61.6	74.0	70.3	71.6	64.0	66.1	-
RES/EDT %	16.7	16.1	4.8	7.8	13.3	13.9	10.3	9.5	-
TDS/XGS %	15.5	18.8	27.6	32.7	24.9	24.6	27.1	27.0	-

\- No variable for this entry.
* World Bank, World Debt Tables 92-93, Vol. 2.

Note: XGS: Exports of goods and services; RES: International reserves.

Source: World Tables 1993 (STARS version 2.5).

Chart I.5
Components of the current account, 1970-92



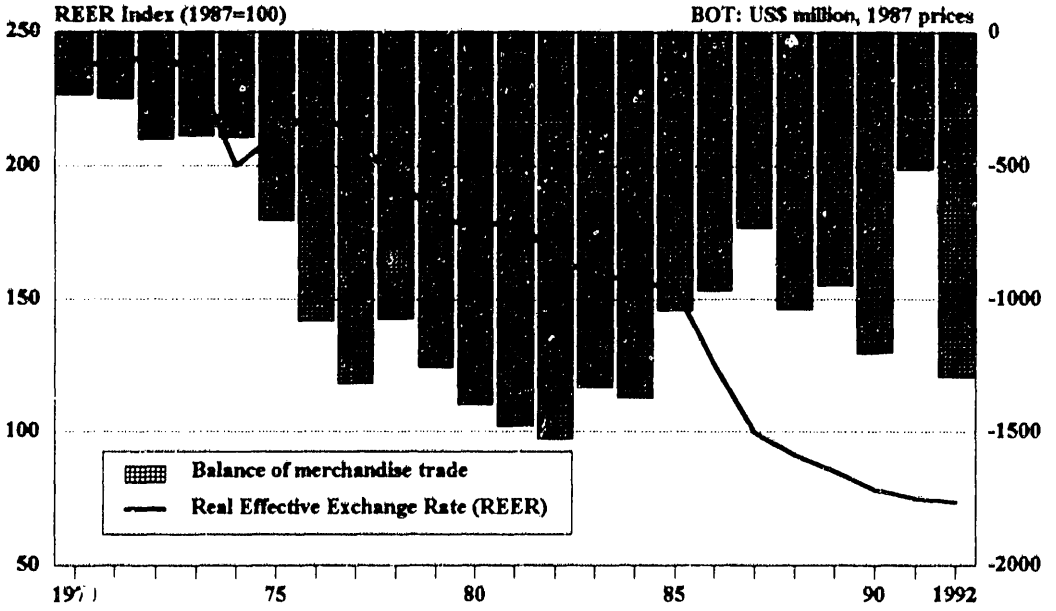
Source: World Bank, World Tables, 1993 (STARS version).

8. The long-term external imbalance reflected the domestic investment-savings imbalance, created and aggravated through the 1970s by a combination of macroeconomic mismanagement and distortive structural policies (Chart I.7). An expansive fiscal policy had widened the fiscal deficit and eroded public savings. An increase in budgetary spending was the inevitable consequence of a sizable inefficient public enterprise sector and widespread price supports and subsidies. Fiscal revenue stagnated, not only because of falls in oil revenues after 1974, but also because of attenuated private sector activities and tax evasion, induced by a complicated fiscal system with numerous loopholes. Monetary policy had likewise been expansive in that interest rates, particularly preferential rates for investment in priority sectors[3], had long been repressed. Resulting negative real interest rates (Chart I.8) discouraged savings and elicited over-investment through excessive credit creation, widening the I-S imbalance.[4] The associated steady depreciation of the real effective exchange rate could not offset the structural trade imbalance (Chart I.6). The low interest rates also adversely affected commercial banks' balance sheets, and extensive State control on credit also delayed the development of money and capital markets, which would otherwise have contributed to the enhancement of savings and its more efficient use.

[3]The priority sectors included export activities, small- and medium-scale enterprises, agriculture, tourism and decentralization. The preferential rates were generally more than 2 percentage points below normal lending rates (BCT, 1993b).

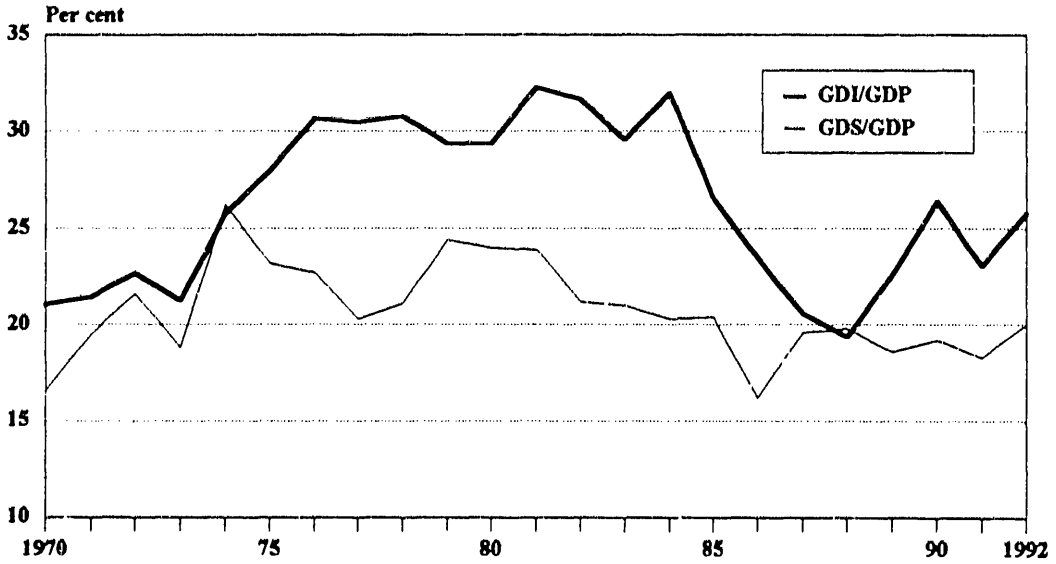
[4]Delmasure (1990); Ghorbel (1989); Nabli (1989); Nsouli (1993).

Chart I.6
REER and balance of merchandise trade 1970-92



Source: Based on data in UNSTAT Comtrade database and World Tables.

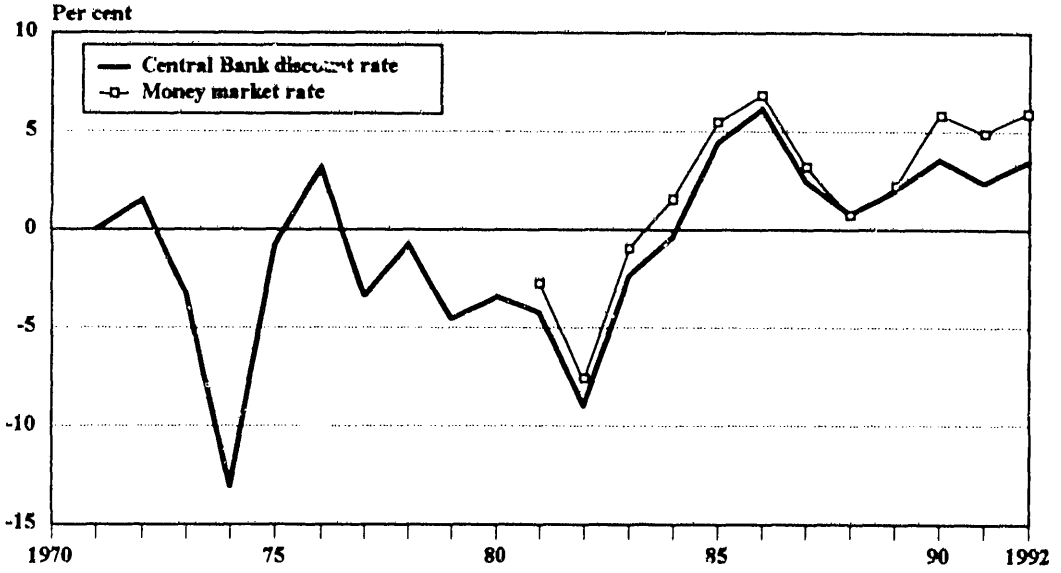
Chart I.7
Investment-savings, 1970-92



Note: GDI = Gross domestic investment; GDS = Gross domestic savings.

Source: World Bank, World Tables, 1993 (STARS version).

Chart I.8
Interest rates in real terms, 1970-92



Source: GATT Secretariat estimates, based on data from IMF, "International Financial Statistics Yearbook 1993" adjusted by the GDP deflator.

9. A restrictive trade policy was maintained, justified in GATT by Tunisia since its provisional accession under the balance-of-payments provisions of Article XVIII:B. There was little incentive to improve productivity and promote more efficient resource allocation. Pervasive price controls and subsidies not only added to the burden on the State budget, but also distorted efficient resource allocation by failing to send out correct price signals to markets, hindered productivity gains in the private sector by limiting competition, and hence dragged down private savings.

(ii) The economy under the structural adjustment programme (1986-93)

10. Confronted by the crisis of 1986, the Government announced a wide-ranging structural adjustment programme, whose main points were tight management of domestic demand; the promotion of exports; the reduction of border protection; and the adoption of supportive social measures. The programme was carried out with financial support from the IMF and the World Bank.[5] The new policy direction was incorporated into the VIIth Plan (1987-91) and was later extended in the VIIIth Plan (1992-96).

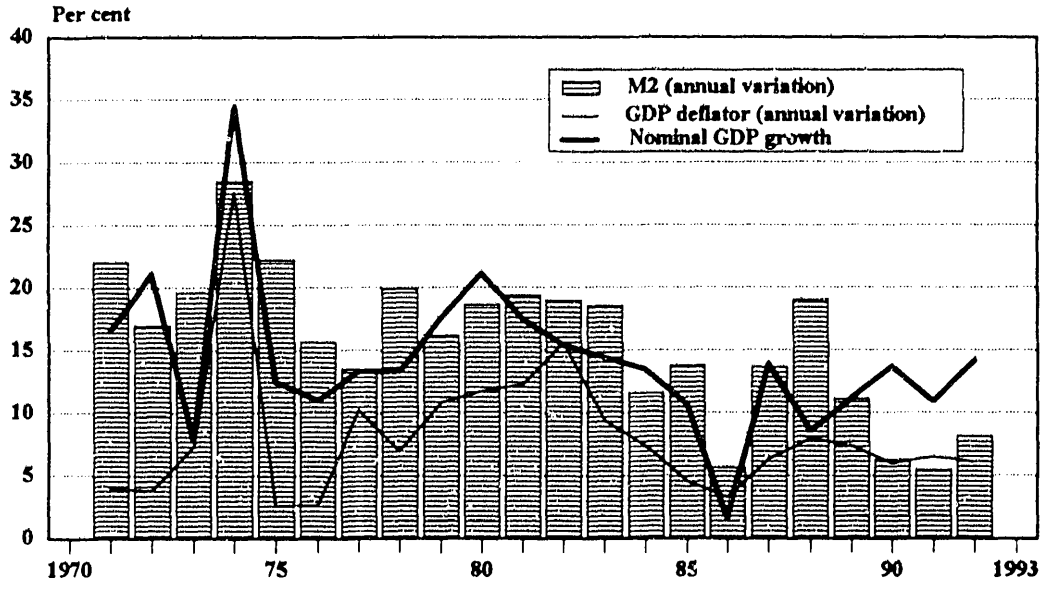
11. At the heart of the whole reform process were the concepts of "*désétatisation*", or the liberalization of the economy towards a more market-oriented structure and "*ouverture sur l'extérieur*", or the opening-up of the domestic economy to the international world through the liberalization of trade, foreign investment and foreign exchange and through the promotion of export.

[5]Hopkins (1989).

Fiscal policy and private sector reform

12. As a key element in redressing the internal and external imbalances, fiscal policy was tightened. Expenditure was squeezed by curtailing transfers to public enterprises (which involved the restructuring and privatization of a number of such enterprises), a freeze in civil servants' wages and cuts in price supports and subsidies. On the revenue side, the fiscal structure was largely streamlined by the introduction of a value-added tax in 1988 and new personal and corporate income taxes (1990), which made up for losses in petroleum revenue and custom duties. The new Investment Incentives Code of 1993 also aimed at rationalizing fiscal expenditure (Chapter III). As a result, the long-term trend of increasing public spending was finally reversed and the deficit was narrowed to near 2 per cent of GDP in 1993, despite drought and the Middle East crisis. In response to the latter crisis, however, the Government introduced temporary surcharges on imports from 1991 onwards (Chapter IV).

Chart I.9
Monetary aggregates and GDP growth, 1970-92



Source: World Bank, World Tables, 1993 (STARS version); BCT (1993b).

Monetary policy and financial deregulation

13. In support of their more stringent fiscal policy, the authorities also tightened monetary policy while pursuing financial deregulation. After the increase of interest rates in 1985, which pushed up real interest rates to positive figures, the authorities proceeded to liberalize deposit rates, to phase-out preferential lending rates and to loosen credit control on banks. With the objective of developing the money market, the authorities launched a set of new financial instruments, including commercial paper (1988), certificates of deposit (1988) and Treasury bills (1989). As a consequence of this range of actions, the growth of broad money (M2) has been contained below nominal GDP growth since 1989 (Chart I.9). Concomitantly, investment was also held at a more sustainable level, while private savings increased, offsetting a decline in public savings.

Trade policy and price deregulation

14. The fiscal and monetary reforms of 1986 were accompanied by a comprehensive trade liberalization programme (Chapter IV). The scope of import restrictions was progressively reduced (although over 25 per cent of tariff lines were, in 1993, still fully or partially covered by import restrictions justified by Tunisia on balance-of-payments grounds); tariffs were lowered and tariff dispersion was narrowed. The simultaneous emphasis placed on export promotion resulted in the strengthening of financial and technical assistance for exporters as well as fiscal incentives (e.g. investment incentives, free trade zone scheme). On the other hand, to mitigate effects of the reduction in the use of non-tariff measures, provisional complementary duties of 10 to 30 per cent were introduced in 1991, while in 1993 new anti-dumping and countervailing duty decree was introduced (Chapters III, IV).

15. The import liberalization helped to ward off inflationary pressures arising from domestic price deregulation. The deregulation was led by agricultural price liberalization, progressively moving to wholesale and retail prices for manufactures. By 1993, nearly 90 per cent of production and some 70 per cent of distribution were freed from price controls. Moreover, a domestic competition law was introduced in 1992 (Chapter IV).

Exchange rate policy

16. Tunisia's exchange rate régime is based on a managed float.[6] Until recently, the exchange value of the Tunisian dinar was determined by the Central Bank weekly in accordance with a relatively sizable basket of currencies, involving some 20 currencies of trade partners as well as traditional competitors (e.g. Turkey, Morocco).[7] Since 1986, the authorities have engaged in an active exchange rate policy, with the view to improving the competitiveness of Tunisian exports. The real effective exchange rate of the dinar, which depreciated slightly during the first half of the 1980s, was reduced in 1986 and 1987 by more than 30 per cent (Chart I.6). The authorities, however, recognize two major constraints to such a policy: inflationary pressures caused by price deregulation and growing external debt service. Since 1988, the real exchange rate has shown a slight appreciation trend, reflecting increases in interest rates.

17. In the wake of the assumption in 1993 of obligations under Article VIII of the IMF, the authorities established an exchange interbank market in March 1994. Exchange rates are now set daily by the market, where a dozen local banks participate.[8] However, the Central Bank, which retains the power to intervene in the market, continues to set its own reference rates, based on the market rate and taking account of macroeconomic objectives.[9]

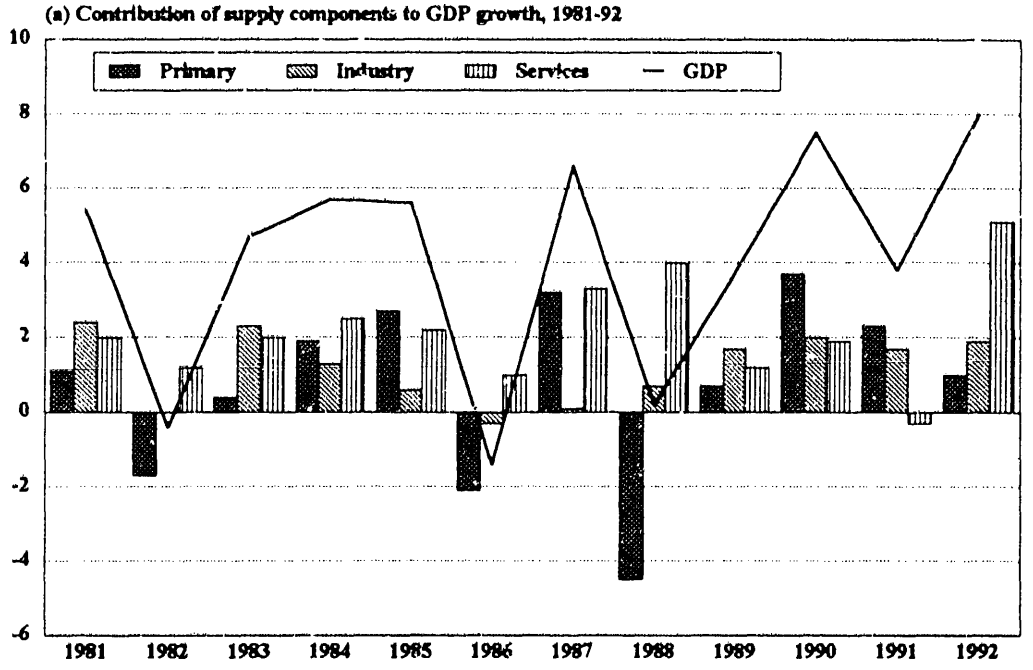
[6]IMF (1993).

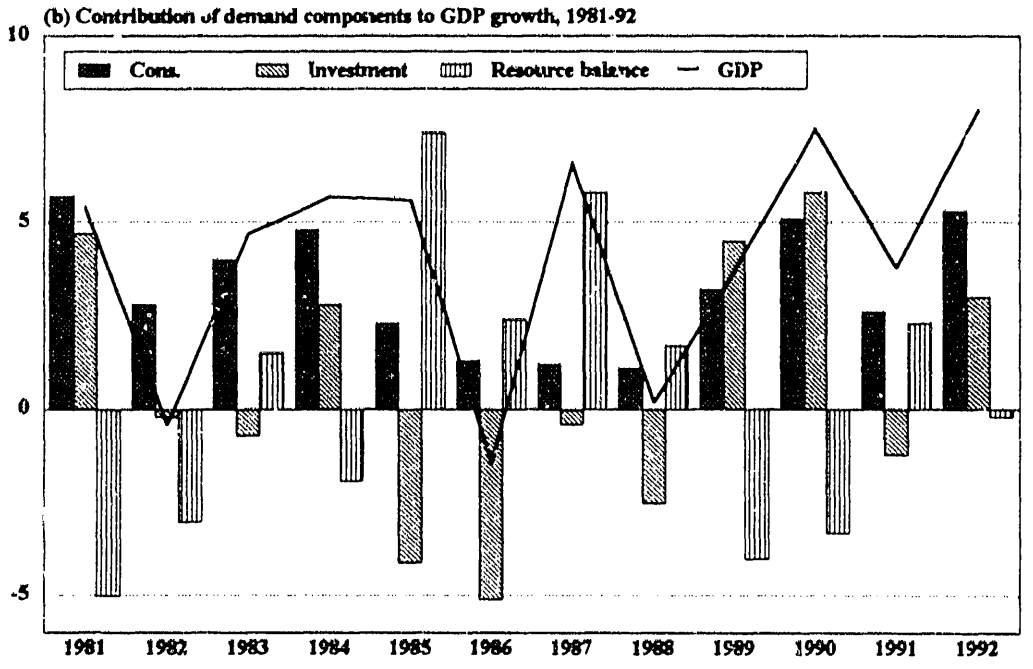
[7]Tunisia applies a single rate for all external transactions.

[8]Reportedly, offshore banks may enter the market for resident operations only (MEED, 11 March 1994).

[9]AED, 28 March 1994; JAE No. 177 (March 1994); MEED, 11 March 1994.

Chart I.10
Selected indicators of macroeconomic development, 1981-92



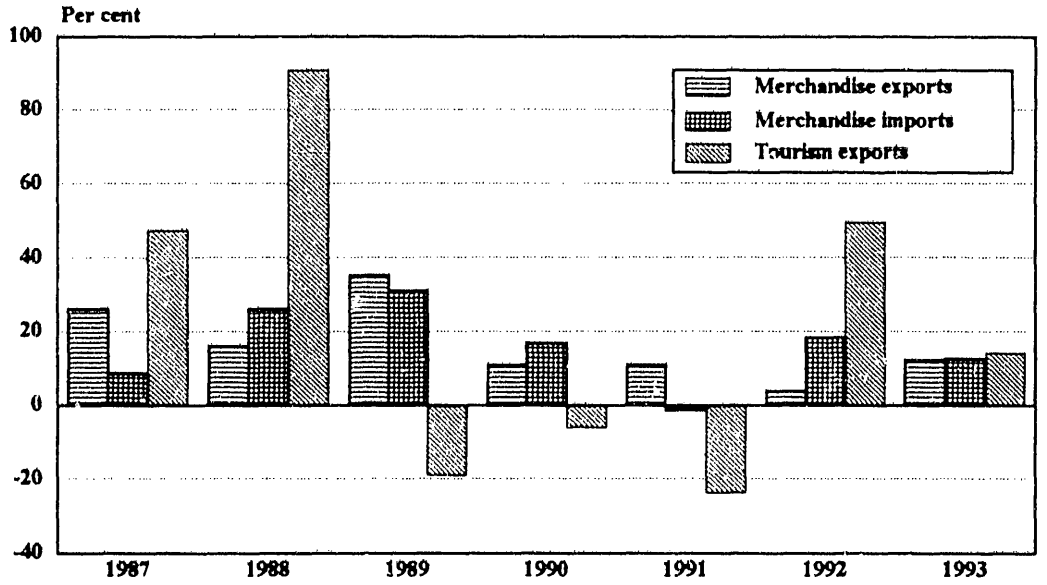


Source: World Bank, World Tables, 1993 (STARS version).

Recent economic performance[10]

18. Tunisia's economic performance since 1987 has been generally positive, albeit exhibiting some unevenness due to two successive years of drought (1988-89), the Gulf crisis (1990-91) and a record crop in 1991-92 (Table I.2, Chart I.10(a)). Real GDP grew at an annual average rate of around 5 per cent. The lowest growth (0 1 per cent) was recorded in 1988, when agricultural value-added contracted by more than 25 per cent. A continuous decline in the mining sector has been more than offset by increases in the manufacturing and tourism sectors; these sectors have largely benefitted from the depreciation of the dinar and an economic boom in major export markets during the late 1980s. In spite of the adverse impact of drought and price deregulation, the prudent monetary policy, aided by import liberalization, has managed to confine inflation to a moderate level of around 7 per cent, as measured by the Consumer Price Index (CPI).

Chart I.11
Annual growth in exports and imports, 1987-93



Note: 1993 estimate.

Source: Government of Tunisia.

19. However, the vulnerability of Tunisian economy does not seem to have been completely overcome. For example, despite massive investment in infrastructure, agricultural production remains highly dependent on good rainfall. Private savings still fall short of covering the desired level of investment, and foreign investment does not appear yet to have fully responded to new opportunities. While Tunisia succeeded in overcoming high dependence on petroleum, alternative exporting activities have been concentrated in sectors where the demand is not necessarily stable nor secured, or where competitiveness is still being developed (e.g. textiles, tourism). These weak points are mirrored in

[10]VIIIth Plan (1992); Budget Economique 1994 (1993).

recent trends in the balance of payments. The current account has remained in deficit, except in 1988 when import growth was slowed by a down-turn in the domestic economy. In that year exports also benefitted fully from the depreciation of the dinar, growing export markets and an exceptional gain in tourism revenue. However, overall the growth of merchandise imports surpassed that of exports during the period 1987-92 (Table I.3, Chart I.11).

(3) Composition and Direction of Trade

(i) Merchandise trade

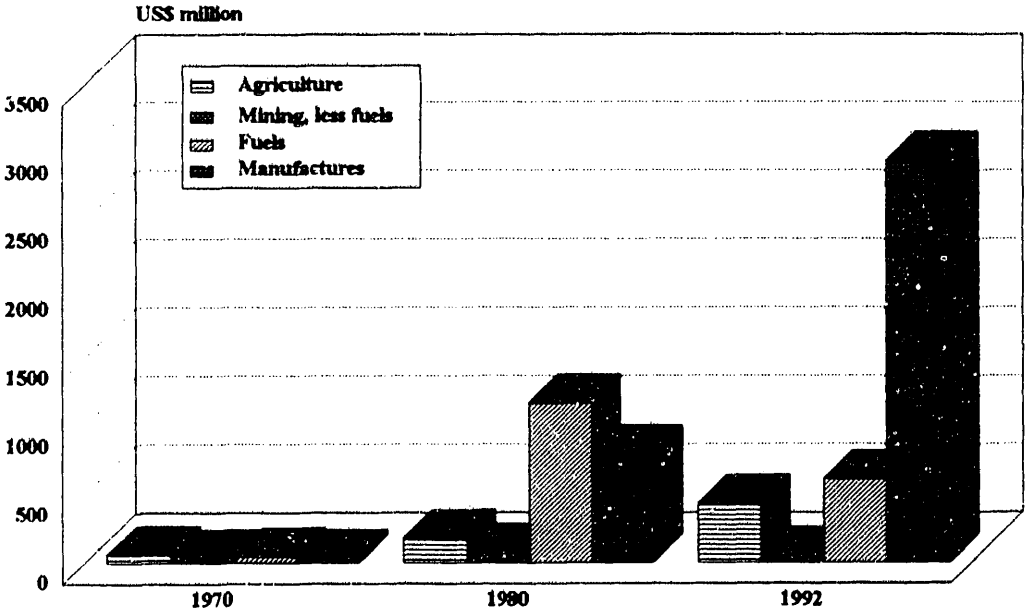
Commodity pattern of trade (Chart I.12 and Tables AI.1, AI.2)

20. Tunisia's exports grew more than ten-fold between 1970 and 1980, before falling sharply in the first half of the 1980s. This fluctuation was attributable to mining products (petroleum and phosphates); fuels increased from less than 30 per cent of total exports in 1970 to more than 50 per cent in 1980, then plummeted to 15 per cent by 1992. The commodity trade pattern of exports has undergone dramatic changes in the last two decades. While agriculture lost its relative weight in total exports, clothing took over the rôle of the country's leading exporting sector in place of petroleum; the share of clothing exports jumped from below 1 per cent in 1970 to nearly 40 per cent in 1992. Chemical products, which include derivatives of phosphate, remain the second most important manufacturing export, with the export value remaining stable in recent years. In sum, manufactured products now account for more than 70 per cent of total exports, compared to only 20 per cent twenty years ago.

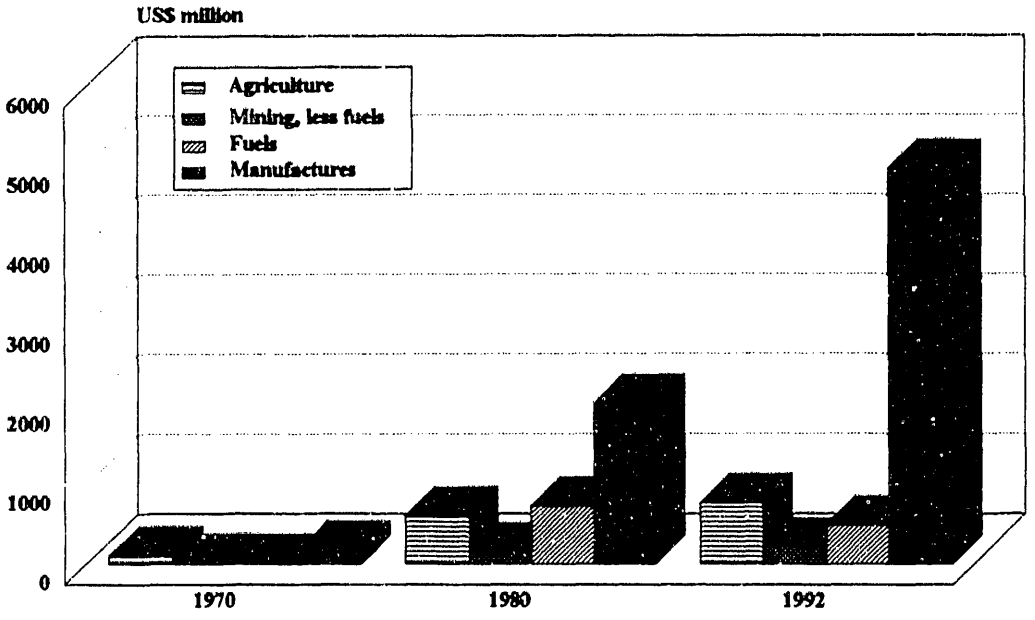
21. A less dramatic picture emerges for Tunisia's import pattern. Despite improvements in domestic agricultural production, food imports continue to account for 10 to 20 per cent of total imports; the surge in food imports during 1988-89 was due to the drought. The share of fuels, mostly refined petroleum products, in total imports declined from 20 per cent in 1980 to less than 8 per cent in 1992. On the other hand, industrial development and the expansion of domestic consumption has induced a continuous increase in imports of manufactured goods. Although the composition of imports is quite evenly diversified, a rapid growth in textile imports (e.g. woven fabrics and cotton), linked to growth in clothing industry, is significant: textile imports, which accounted for 7 per cent of the total in 1970, reached about 15 per cent in 1992.

Chart I.12
Composition of trade, 1970-92

(a) Exports



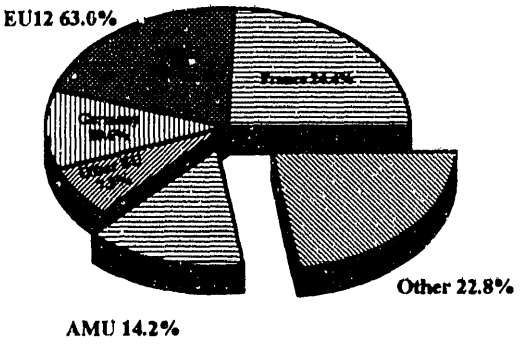
(b) Imports



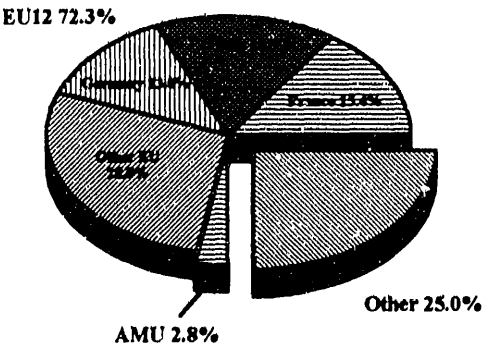
Source: UNSTAT, Comtrade database.

Chart I.13
Direction of exports, 1970-92

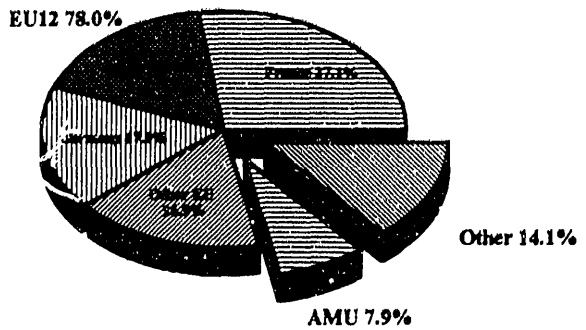
(a) 1970
US$305 million



(b) 1980
US$3,509 million



(c) 1992
US$6,432 million

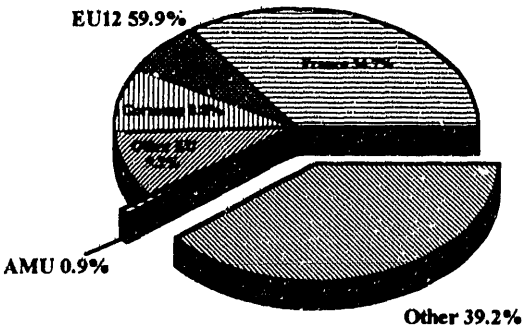


Note: Germany includes the territory of the former German Democratic Republic.
AMU (Arab Maghreb Union) consists of Tunisia, Algeria, Libya, Mauritania and Morocco.

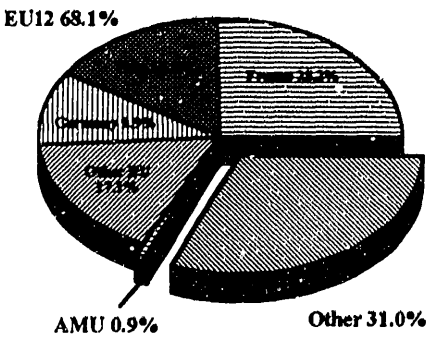
Source: UNSTAT, Comtrade database.

Chart I.14
Origin of imports, 1970-92

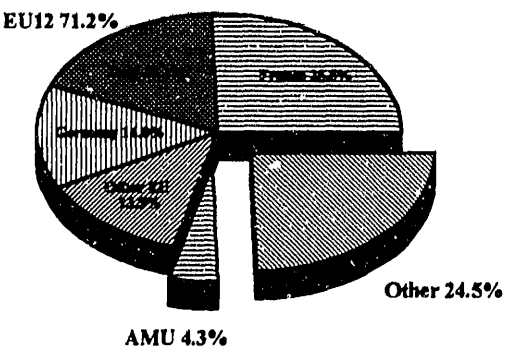
(a) 1970
US$305 million



(b) 1980
US$3,509 million



(c) 1992
US$6,432 million



Note: Germany includes the territory of the former German Democratic Republic.

Source: UNSTAT, Comtrade database.

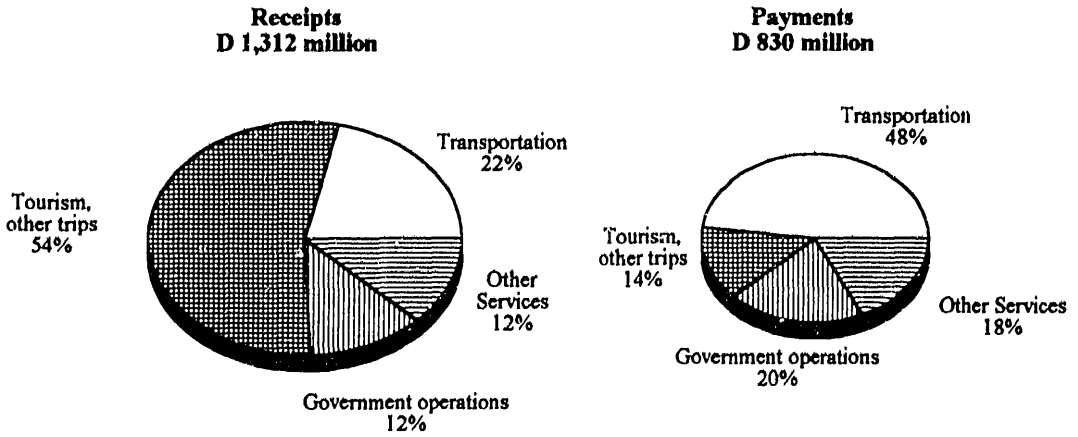
Regional pattern of trade (Charts I.13, I.14)

22. The share of the European Communities in Tunisia's trade has grown considerably over the last two decades, from 63 per cent of exports in 1970 to 78 per cent in 1992 and from 60 to 71 per cent for imports. France, Italy and Germany are the three largest European trade partners of Tunisia. In recent years, however, the Arab Maghreb Union countries (Algeria, Libya, Mauritania and Morocco) have gained in relative terms; taken together, they constitute the second largest market for Tunisian exports. The share of trade with the rest of the world has fallen slightly throughout the period, with the major exception of an increase in the value of exports to the United States in the years between mid-1970s and the mid-1980s, reflecting higher oil prices at that time.

(ii) Services trade (Charts I.15, I.16)

23. With an annual surplus equivalent to some 5 per cent of GDP, services trade is playing an increasingly important rôle in Tunisia's economic development (Chart I.5, Table I.3). In 1991, among total services receipts of 1.3 billion dinars, tourism was by far the most important item, amounting to more than 50 per cent of the total. Transportation, the distant second, accounted for some 20 per cent (Chart I.15).

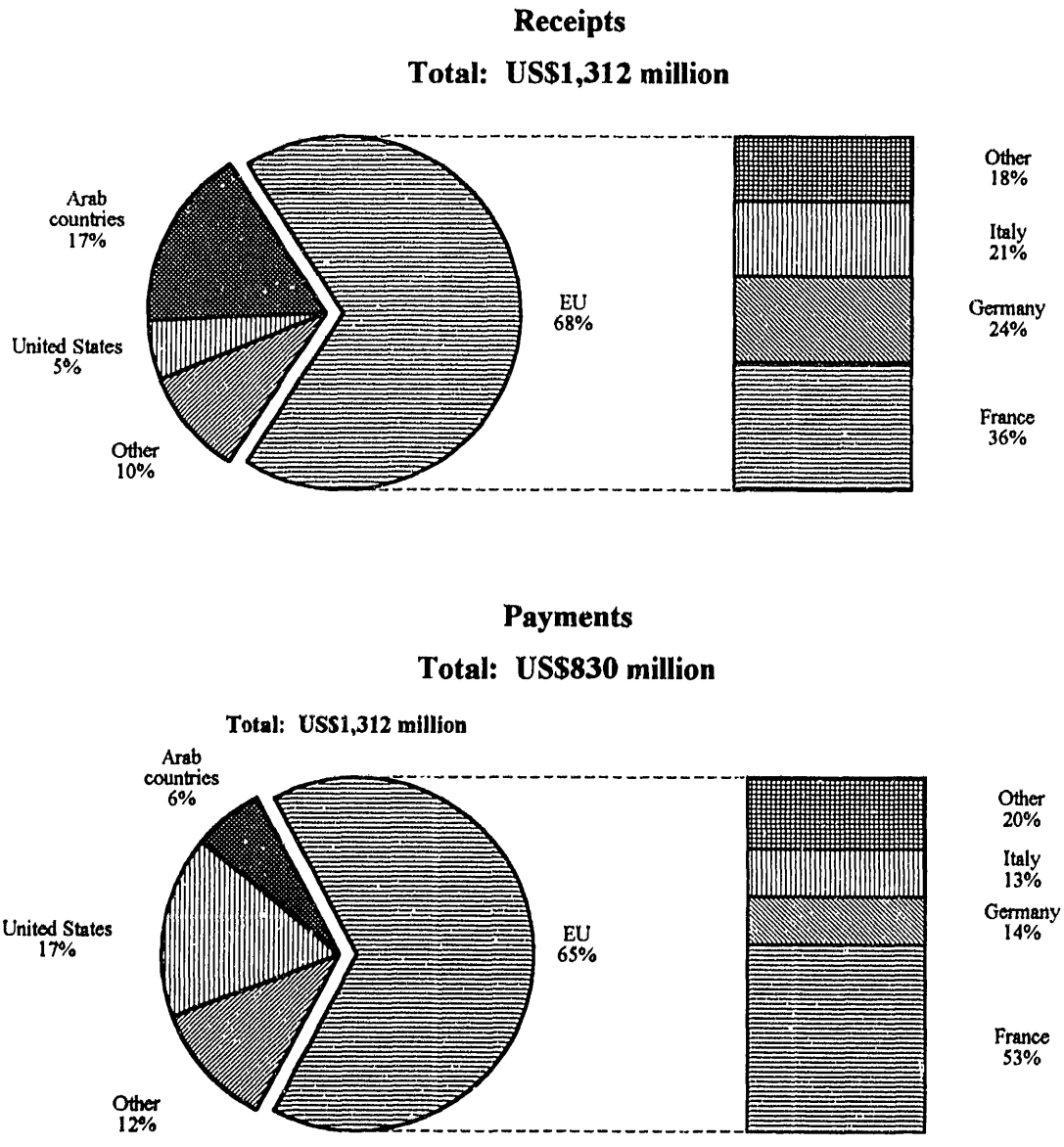
Chart I.15
Services trade by item, 1991



Source: Banque centrale de Tunisie, "Balance des paiements 1991".

24. The regional pattern in services trade overlaps largely with the goods trade pattern. The European Union takes up some 70 per cent of Tunisian services trade, with France, Germany and Italy being the top three European partners. Differences from the merchandise trade, however, exist at least in two aspects: Arab countries absorb a relatively large share of Tunisian services exports (mainly tourism) and the United States is the second largest services exporter to Tunisia (Charts I.16).

Chart I.16
Services trade by country, 1991



Source: Banque centrale de Tunisie, "Balance des paiements 1991".

(4) Outlook[11]

25. In 1992, the Tunisian National Assembly adopted the VIIIth Development Plan, covering the period 1992-96. The Plan is designed to steer the country's development strategy for the 1990s further towards trade and price liberalization, financial system reform, investment enhancement, the privatization and restructuring of State enterprises, appropriate external debt management and human resource development. Its GDP growth target of average 6 per cent per annum is essentially based on the revitalization of investment (planned to increase at an annual average of 10 per cent), the strengthening of financial sector, the liberalization of trade and prices and the promotion of exports. Given the size of external trade in the economy (Chart I.2), export growth, which is expected to outpace imports, is considered to be the motor force of the country's development (Table AI.5).

26. However, after exceptionally high growth in 1992, the economy fared less well in 1993 with a creditable 2.8 per cent growth, mainly because of drought and low mineral product prices. There was also a slow-down in exports caused by the recession in Europe and stiffer competition among exporters. Nevertheless, the Economic Budget of 1994, published at the end 1993, is based on the initial growth target of 6 per cent for 1994; exports are expected to pick up quickly, the current account deficit as well as the fiscal deficit are expected to narrow, and investment would be spurred by the new Investment Incentive Code (Table AI.6). However, Budget documents acknowledge that meeting these targets will be a challenge.

27. In a very short period of time, Tunisia has transformed itself from a heavily State-controlled economy into an outward-looking economy. However, the transformation is still underway. In this context, 1994 could be a decisive year, to the extent that major reforms, i.e. import liberalization, price deregulation and financial restructuring, will enter their final stage. Fundamental structural weaknesses of the Tunisian economy persist in an insufficiency of finance for the level of investment needed for the future development of the economy.

[11]VIIIth Plan (1992); Budget Economique 1994 (1993).

ANNEX: EXCHANGE CONTROL SYSTEM OF TUNISIA[12]

(1) Legislative Framework

28. The Foreign Trade and Foreign Exchange Code 1976[13] provides the legal basis for foreign exchange controls in Tunisia. The ultimate objective of the Code is to maintain the balance of external accounts.[14] It spells out following principles:

- the subjection to authorization of exports of capital and all operations or commitments which entail a transfer (Article 1);
- the obligation for residents to repatriate all foreign currency derived from the export of goods, the remuneration of services and foreign income or earning (Article 20); and
- the restrictions on imports and exports of goods (Article 41).

29. In January 1993, Tunisia formally accepted the obligations of Articles VIII, Section 2, 3 and 4 of the IMF Agreement. In addition, to incorporate recent progress in the liberalization of trade and foreign exchange, the Government is now undertaking a comprehensive review of the 1976 Code to be completed by the end 1994.

30. The Minister of Finance is empowered to lay down regulations on foreign exchange, which are implemented by the Central Bank of Tunisia. The Bank may delegate part of its authority with respect to payments for imports and invisibles to authorized commercial banks. The Minister of National Economy is responsible for regulating imports and exports of goods, in consultation with the Central Bank.

(2) Exchange Allocation

31. The Tunisian dinar is not fully convertible with foreign currencies. However, foreign exchange control on current account transactions has been gradually relaxed in recent years. Following the assumption of obligations under Article VIII of the IMF Agreement, a law liberalizing all payments for current account transactions passed in May 1993. With regard to capital account transactions, however, currency convertibility remains yet to be established.

32. No direct restriction of foreign exchange applies to import payments, yet all import documents involving payments are required to be handled by the authorized banks (Chapter IV). Foreign currency may be purchased from the Central Bank or the delegated banks for payments of imports subject to licensing which have obtained prior import authorization. Foreign exchange restriction on payments for invisibles, which had been increasingly eased in recent years, was completely liberalized in May 1993.

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[12]IMF (1993); Nsouli (1993).

[13]*Code des changes et du commerce extérieur* (Law No. 76-18 of 21 January 1976 in Official Gazette 20-23 January 1976).

[14]In 1992, the Committee on Balance-of-Payments Restrictions invited Tunisia to disinvoke Article XVIII:B of the General Agreement, "as soon as the balance of payments recovered its structural stability". (GATT document BOP/R/202, 9 November 1992)

33. On the export side, all proceeds from exports and invisibles received from foreign countries are required to be repatriated and surrendered, normally within 10 days from the due date of payment.[15] Non-residents, however, are exempt from the repatriation and surrender requirements.

34. All capital transfers remain subject to the approval of the Central Bank; the approval is not automatic, even though the exchange allocation has been eased recently. Non-resident investors, however, are allowed to repatriate in foreign exchange the invested capital as well as the net proceeds from their investments (Chapter III).

[15]Surrender requirements are not considered restrictions within the letter of Article VIII, Section 2 (a) of the IMF Agreement (Nsouli, 1993).

II. THE TRADE POLICY SETTING

(1) General Framework

1. The Republic of Tunisia was established in July 1957, shortly after independence from France. The Constitution, promulgated in 1959 and amended in 1988, is based upon the principles of the sovereignty of the people and the separation of powers. The President of the Republic is the head of State.[1]

2. Legislative power is vested in the unicameral National Assembly (*Chambre des députés*), whose 141 members are elected by universal suffrage for a five-year term.[2] Among economic issues which must be approved by the Assembly in the form of laws are: the annual State budgets (*lois des finances et de réglement du budget)*; fiscal laws[3]; the issue of the currency; State borrowing; Development Plans; and treaties. A bill may be proposed either by the President or by members of the Assembly. Legislation adopted by the Assembly is submitted to the President for promulgation and execution. The President, however, may refer it back to the Assembly for reconsideration (*deuxième lecture*); the Assembly may override a presidential reference by a two-thirds majority.

3. Executive authority is exercised by the President of the Republic, assisted by a Government headed by the Prime Minister (Article 37). The President, elected by universal suffrage for a five-year term, appoints the Prime Minister and the other members of the Government, including some 20 Ministers, and chairs the Cabinet (*Conseil des ministres*). The Government is responsible for its actions to the President; the Assembly, however, may adopt by a two-thirds majority a motion of no confidence in the Government (*motion de censure*), to which the President may respond either by dismissing the Government or by dissolving the Assembly.

4. Judicial power lies with the independent Court of Justice (*Cour de cassation*). Legal disputes between individuals and the State or public bodies, however, are dealt by an administrative body called the *Conseil d'Etat*, aside from civil or criminal affairs, which are treated by the Court.[4]

5. Tunisia is divided into 23 regions, subdivided into some 250 municipalities, each with its own local government (*conseils régionaux et municipaux*), whose competence is limited to local affairs.

6. The Constitution is the supreme law of Tunisia. All international treaties, once ratified in the form of law, take precedence over domestic laws. Other legal instruments comprise, in descending order of authority and importance, laws (*lois*), decree-laws (*décrets-lois*), decrees (*décrets*), ministerial orders (*arrêtés*) and notices (*avis*).

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[1]President Zine el-Abidine Ben Ali, who took office in 1987, was re-elected at the recent election (March 1994).

[2]The ruling party, *Rassemblement constitutionnel démocratique*, has been in power since independence.

[3]Legislative authority on tax issues may be delegated from the Assembly to the President (Article 34).

[4]Europa (1992a).

(2) Structure of Trade Policy Formulation (Chart II.1)

(i) Executive organs of Government

7. The broad direction of Tunisia's economic and social development has been laid out in a series of Development Plans (*Plans de développement*). Since 1962, there have been eight Plans. The current five-year VIIIth Plan runs for the period 1992-96. The Plans, which require parliamentary endorsement, are elaborated through close collaboration among executive organs, co-ordinated by the Ministry of Planning and Regional Development (Box II.1).

8. The Ministry of National Economy (MEN) plays a pivotal rôle in trade policy formulation. The Ministry comprises a cabinet and ten departments covering virtually all sectors except agriculture (Chart II.2). Financial aspects of foreign trade are under the responsibility of the Ministry of Finance, in conjunction with the Central Bank of Tunisia; the Finance Ministry is also in charge of budgetary and tax matters as well as customs administration. Among other Ministries with responsibilities in trade policy are the Ministry of International Cooperation and External Investment, the Ministry of Foreign Affairs and the Ministry of Agriculture.

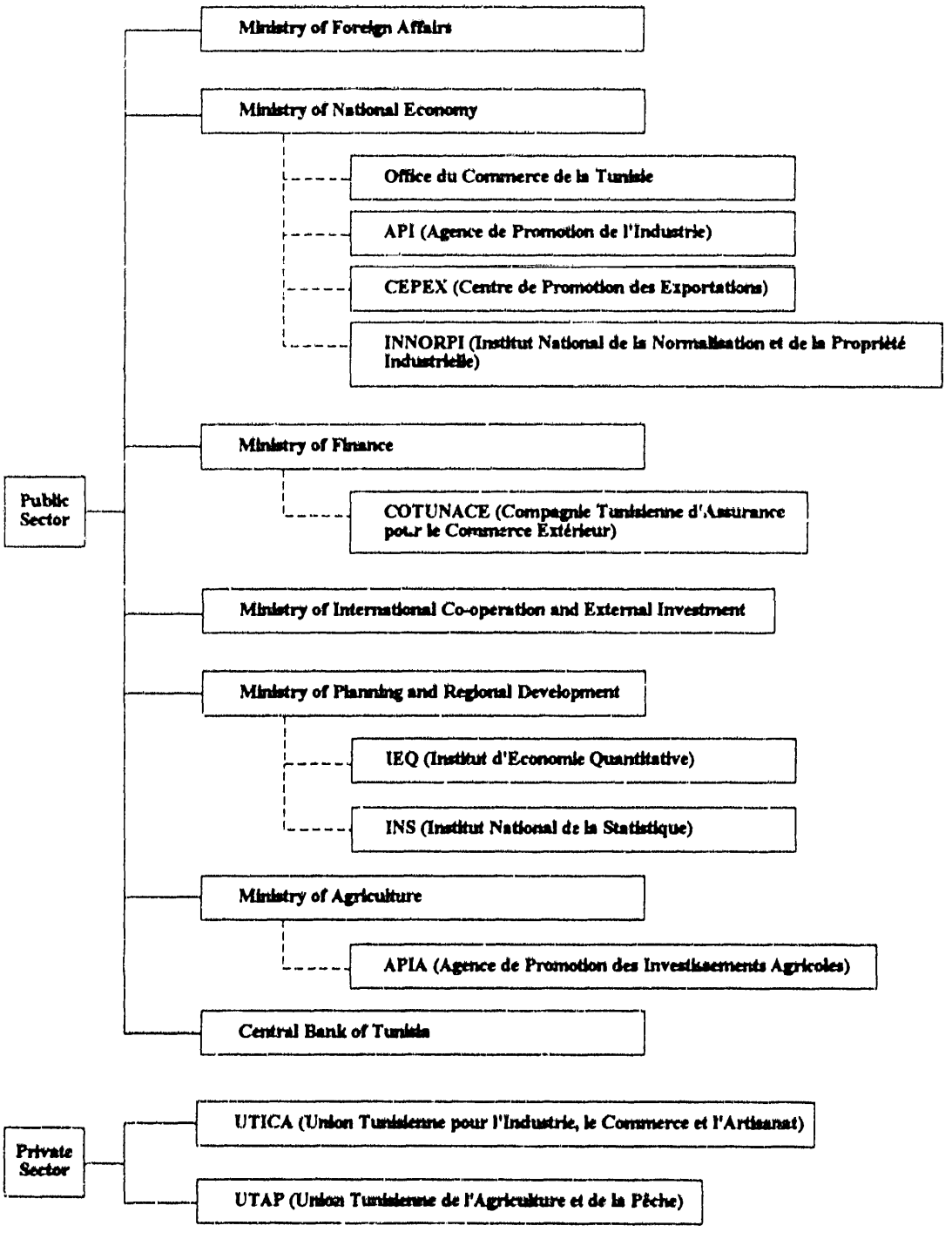
9. A number of public institutions *(établissements publics à caractère industriel et commercial)*, mostly State funded, are considered instrumental in achieving efficient formulation and implementation of Tunisian trade policy. Such institutions include various State trading enterprises (e.g. *Office du commerce de la Tunisie, Office des céréales, Office national de l'huile, Office national des mines*); the API (*Agence de promotion de l'industrie*)[5]; the CEPEX (*Centre de promotion des exportations*); the INNORPI (*Institut national de la normalisation et de la propriété industrielle*); the COTUNACE (*Compagnie tunisienne d'assurance pour le commerce extérieur*); and the APIA (*Agence de promotion des investissements agricoles*) (Chapters III, IV).

10. The process of policy formulation implies co-ordination of views among the above-mentioned agencies, with the MEN often acting as co-ordinator, and the President, or the Prime Minister, as ultimate mediator. All bills are considered in the Cabinet. Pursuit of closer co-ordination led to the creation, in 1986, of the National Export Commission.[6] The Commission brings together the Directors-General of all relevant Ministries and public institutions, as well as representation from professional associations such as UTICA (*Union tunisienne pour l'industrie, le commerce et l'artisanat*) and UTAP (*Union tunisienne de l'agriculture et de la pêche*). The Commission, convened at least once every three months under the presidency of the MEN, proposes measures to promote exports and evaluates the effects of export promotion incentives.

[5]A public institution created in 1987 to replace the previous institution existed since 1972, *Agence de promotion des investissements*. The API is supervised by an executive board consisting of the Directors-General of the relevant Ministries and the Central Bank. Its mission includes, inter alia, administration of information on investment under the Investment Code and supply of financial and technical assistance to investors (Law No. 91-38 of June 1991, Decree No. 92-126 of 20 January 1992).

[6]*La Commission nationale de la promotion et du suivi des exportations* (Decree No. 86-92 of 15 January 1986).

Chart II.1
Major organizations involved in trade policy formulation and implementation



Source: Government of Tunisia.

Box II.1: The planning system in Tunisia

The Tunisian State has sought to frame the country's development path in medium-term pluri-annual plans. Since 1962, there have been eight Development Plans: the first three-year plan was succeeded, from 1965 by three four-year plans, then from 1977 by four five-year plans. The Plan is a grand design covering virtually all dimensions of economic and social development: starting from broad orientations and priorities for the economy, it sets targets for macro-economic development (e.g. GDP growth, employment, investment, savings, external balance), sectoral development objectives (e.g. for production, investment, exports) and spells out social development programmes (e.g. in education, social security, women in society).

The Tunisian Plan lies somewhere between a mere medium-term outlook and a directive, socialist-style plan. It is indicative, to the extent that it has no legal binding authority; it respects market principles, in the sense that major tools used are indirect incentives, e.g. financial subsidies and tax incentives, rather than absolute measures such as production quotas; and it is based upon the concept of *concertation*, where the processes of preparation and implementation involve close collaboration between the Government and its partners, i.e. regional governments, public enterprises, the private sector (often represented by professional associations like UTICA) and research institutes. It has been described as *une planification à la française* (Ben Aïssa, 1983).

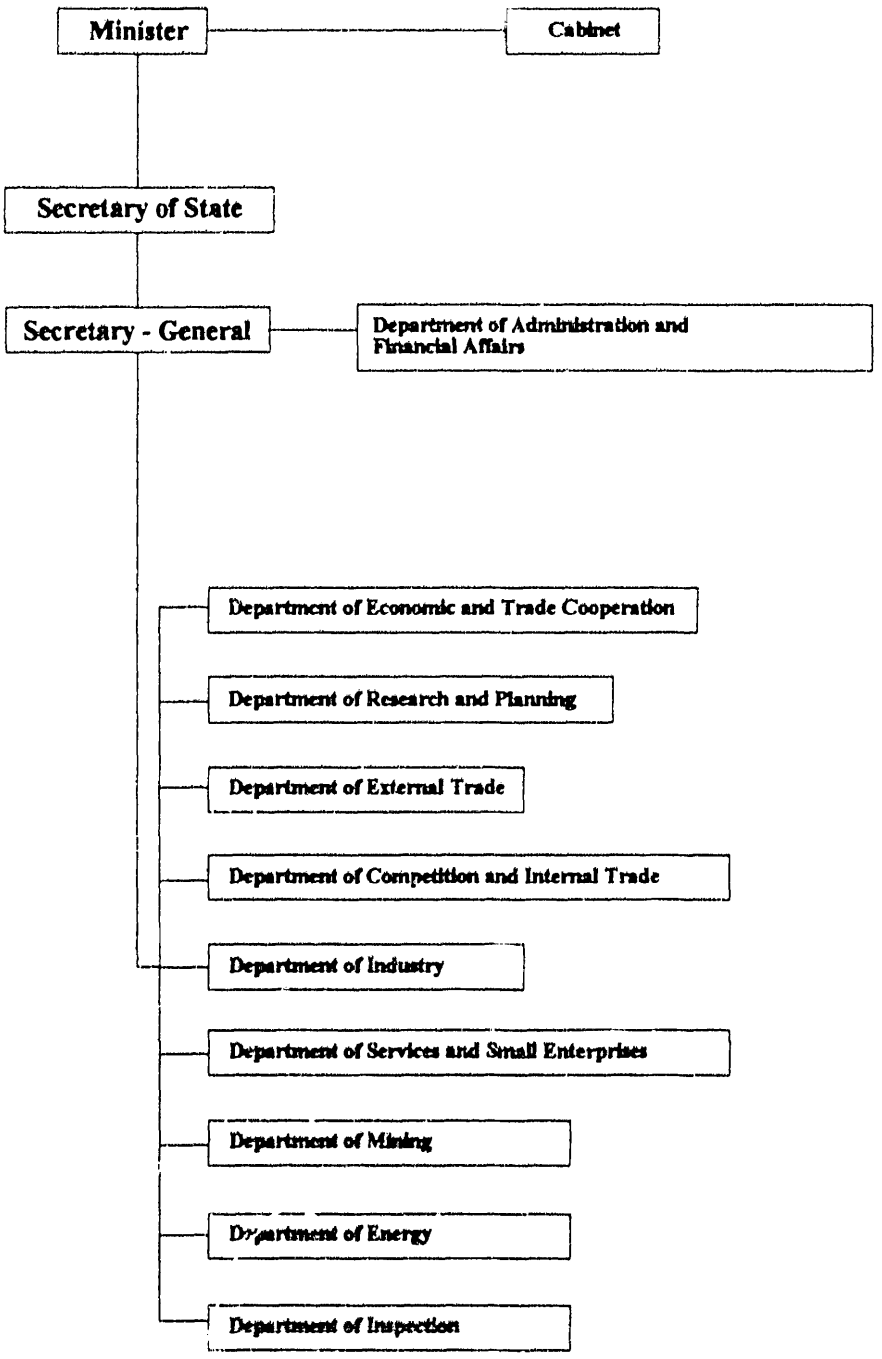
The preparation of a Plan, which normally often takes more than two years, is carried out through three types of committees embracing the administration and the social partners: *commissions de synthèse*, covering cross-sectoral general questions, such as the State budget; *commissions sectorielles*, dealing with sectoral planning (e.g. agriculture, industry); and *commissions régionales*, for local affairs. The views of these commissions are ultimately brought together under the *Conseil supérieur du Plan*, chaired by the President of the Republic. The Ministry of Planning, present in all the committees, prepares all background material and plays the rôle of *rapporteur* in the *Conseil supérieur*. The draft Plan is submitted to the National Assembly for final approval.

Implementation of the Plan is carried out through annual *Budgets économiques*, which assess the latest developments in economic and social areas and establish programmes for the coming year. Under the VIIIth Plan, the assessment procedure has been reinforced by the introduction of an Annual Report on Development (*Rapport annuel sur le développement*).

The planning system in Tunisia faces a number of problems, which the most fundamental appears to be associated with the recent liberalization policy. The feasibility of the Plans has in part been based upon the broad scope of Government intervention (e.g. administrative procedures, including price controls, extending throughout the private sector, public investment covering more than half of total investment and public enterprises predominating in key sectors). These factors are now quickly disappearing as a result of the liberalization policy launched by the Plan itself. Despite the effort made by the authorities to improve "fine tuning" of the implementation of the Plan through the Annual Report procedure, the efficiency of the planning system seems to be gradually eroding.

Source: Ministry of Planning and Regional Development; Ben Aïssa (1983).

Chart II.2
Organigramme of the Ministry of National Economy



Source: Government of Tunisia.

(ii) Advisory bodies

11. The CES (*Conseil économique et social*), created under the Constitution, is an independent consultative body to the Assembly and to the Government on economic and social issues. The private sector, embracing a variety of social and professional groups, is represented in the CES.

12. In the formulation of trade policy, the authorities seek the involvement of the private sector. Views of the sector are often transmitted via professional associations, among which the most influential are UTICA and UTAP. The views of research institutions, such as the IEQ (*Institut d'économie quantitative*) and the CERES (*Centre d'études et de recherches économiques et sociales*) are also taken into account.[7]

(iii) Independent review bodies

13. Tunisia has no independent statutory body to review trade policies. Within the Government, however, the Ministry of Planning and Regional Development conducts overall assessments on economic policy within the framework of the five-year Plans and the annual economic budgets.

(3) Trade Policy Objectives

(i) General objectives

14. From independence till the mid-1980s, Tunisia's trade policy was largely oriented to import-substitution. Following the economic crisis of the mid-1980s, trade policy was radically changed towards export-orientation. The VIIIth Plan continues the high priority attached to liberalization of the external trade and exchange régime. At the same time, the Government, recognizing exports as a growth and employment generator, places considerable emphasis on export promotion.

(ii) Sectoral objectives (Chapter V)

15. In principle, sectoral targeting is not part of Tunisian policy, with trade policy emphasizing neutrality of treatment of individual sectors. However, all sectors with export potential are regarded as strategic. These include textiles and clothing, machinery and electrical apparatus, and tourism. Food security concerns and regional development objectives also imply that agriculture is a strategic sector. The energy sector, despite its dwindling petroleum resource, also retains importance on the grounds of security of access to energy supplies.

(iii) Regional policy objectives

16. Tunisia's geopolitical configuration creates clear regional policy interests in Africa, Arab States, the Maghreb and Europe. Since independence, Tunisia has sought to diversify the direction of its trade. However, policy continues to focus on closer relations with the European Union, Tunisia's major traditional trading partner, and the establishment of the Arab Maghreb Union.

[7]IEQ and CERES are autonomous bodies linked to the Ministries of Planning and Regional Development, and Education and Science, respectively.

(iv) Objectives and undertakings in the Uruguay Round

17. Although Tunisia acceded formally to GATT only during the Uruguay Round, it nevertheless emerged as one of the most active participants among the developing countries. Tunisia viewed the Round as an occasion to reinforce its new outward-looking policy, particularly in terms of enhanced market access. On the other hand, there was also concern about its vulnerable position as a net food importing country and as a beneficiary of GSP and regional trade preferences, covering strategic, yet infant, sectors.

18. Tunisia's concessions in market access involved some 2,200 items on a 7-digit HS tariff line basis. The coverage of bindings is to be significantly increased, from the current 15 per cent to some 53 per cent of total tariff lines. Bound tariffs for industrial goods range initially from 27 to 90 per cent. Concessions include a number of items in the textile industry, one of the most important strategic sectors of the economy, where a uniform bound rate is to be established at 90 per cent in 1996, reducing to 60 per cent by 2005 (Chapter IV, Table IV.5).

19. In agriculture, the tariffication of measures applying to a number of items (e.g. bovine meat, dairy products, almonds) enabled new binding commitments to be extended to over 700 items (on a 7-digit HS basis), with tariffs ranging from 17 to 200 per cent. This widens the scope of binding in the sector from around 5 per cent to 100 per cent, as required by the Uruguay Round agreement.[8] High tariffs appear to be concentrated in the country's strategic products (e.g. citrus, dates, tomato, olive oil). The Government is committed to the reduction of internal support (price support or subsidies to inputs) on ten items (e.g. wheat, milk, bovine meat, tomato, potato, citrus, sugar beet) (Chapter V).

20. Regarding services, commitments are two-fold, covering cross-sectoral measures (foreign investment, movement of persons, exercise of commercial activities, exchange control and land acquisition) and measures in specific sectors (e.g. tourism, financial services).[9] Acceptance of the other Agreements included in the Final Act may require substantial modification of Tunisian domestic legislation in areas such as anti-dumping, subsidies or customs valuation.[10]

21. The Government intends to ratify the Uruguay Round Final Act, becoming a founding member of the future Word Trade Organization (WTO). It is also expected to continue its membership of the Arrangement regarding Bovine Meat. However, accession to the other Plurilateral Trade Agreements (the Agreement on Civil Aircraft, the Agreement on Government Procurement and the International Dairy Arrangement) remains under study.

(4) Trade Laws and Regulations

22. The basic law governing Tunisia's trade and foreign exchange is the Foreign Trade and Exchange Code 1976, which empowers the Ministry of Finance to restrict the export of capital and the Ministry

[8]Fisheries and marine products are not included in the Uruguay Round definition of "agriculture": this reduces the coverage of bindings in HS chapters 1-24 to 85 per cent (Table IV.5).

[9]GATT document MTN.GNS/W/158/Rev.3, 20 December 1993.

[10]Modifications are already being made in the laws relating to anti-dumping and countervailing procedures: Chapter IV(2)(xix).

of National Economy to restrict the import and export of goods.[11] Among the major decrees and notices laying down details of import and export procedures are:

- Decree No. 77-608 of 27 July 1977 (application decree for the 1976 Code);
- Foreign Trade and Exchange Notice No. 10, as amended (import and export authorization procedure)[12];
- Notice to Importers and Exporters (list of non-restricted goods).[13]

To incorporate the recent trade liberalization, the authorities are currently preparing a totally revised Code, expected to go into force as from 1995.

23. The Customs Code 1955 covers all customs-related matters, including the tariff, customs valuation, clearance procedures, tariff concessions and the duty-drawback scheme, bonded warehouse arrangements, the free zone scheme, enforcement arrangements and customs administration.[14] A number of decrees and orders supplement the Code on issues such as anti-dumping and countervailing duties, temporary admission procedures and the Free Economic Zone scheme (Chapter IV).

24. The tariff schedule, based on the 7-digit HS classification adopted in 1987[15], came into effect as from January 1990 (Chapter IV).

25. Other trade-related legal instruments include the Law on Standardization and Quality, 1982; the Decree on Government Procurement, 1989; the Competition Law, 1991; and the Investment Incentives Code, 1993 (Chapters III and IV).

[11] *Code des changes et du commerce extérieur* (Law No. 76-18 of 21 January 1976).

[12] *L'avis de commerce extérieur et de change No. 10*, in the Official Gazette No. 9 of 7-11 February 1986. The amendments are published in the Official Gazettes No. 63 of 4 November 1986; No. 45 of 23 June 1987; No. 10 of 5 February 1988; No. 67 of 7 October 1988; No. 25 of 10-13 April 1990; No. 32 of 15 May 1990.

[13] *Avis aux importateurs et aux exportateurs*, in the Official Gazette No. 74 of 27 November 1981, as amended.

[14] *Code des douanes*, codified by Decree of 29 December 1955.

[15] Law No. 87-2 of 6 February 1987, which replaced the former Law No. 73-45 of 23 July 1973.

(5) Trade Agreements

(i) Multilateral agreements

The GATT

26. Tunisia maintained provisional accession status in GATT for some 30 years.[16] A more active approach to accession began with the adoption of outward-looking policies in the mid-1980s, and Tunisia acceded to the General Agreement in 1990 (Box II.2).[17]

Box II.2: Tunisia's accession to the GATT

Nov. 1959	Provisional accession declared
May 1960	Provisional accession enters into force
Oct. 1981	Application for the full accession to the GATT
Nov. 1981	Establishment of Working Group
Dec. 1987	Report of the Working Group (GATT document L/6277)
Mar. 1988	Deliberation on the Report of the Working Group in the GATT Council (GATT document C/M/217)
1988-90	Bilateral negotiations on tariff concessions with contracting parties
Mar. 1990	Adoption of the Report and approval of the Accession Protocol draft (GATT documents C/M/239, L/6656)
July 1990	Ratification of the Protocol
Aug. 1990	Entry into force of the Protocol

Source: GATT Secretariat.

27. Tariff concessions related to accession were negotiated during 1988-90 with nine countries: Austria, Canada, Finland, Japan, New Zealand, Norway, Switzerland, Sweden and the United States.[18] The European Communities, which maintains a non-reciprocal bilateral customs agreement with Tunisia, did not seek any tariff concessions.

28. While a provisional member of GATT, Tunisia adhered to two MTN (Tokyo Round) Codes: the Agreement on Technical Barriers to Trade (signed by Tunisia in 1981) and the Arrangement regarding Bovine Meat (signed in 1980). Despite the importance of its textile exporting sector, Tunisia has not joined the Multifibre Arrangement (MFA); Tunisia's textile exports to the EU are covered by a Voluntary Export Restraint (VER) agreement (Chapter IV).

[16]Declaration of 12 November 1959 (BISD 8S/15); BISD 37S/41; C/M/217, 8 March 1988; C/M/239, 7 March 1990; ./6655, 16 March 1990; L/6656, 16 March 1990.

[17]The Protocol for Tunisia's full accession to the General Agreement was ratified by the National Assembly in June 1990 (Law No. 90-61 of 28 June 1990).

[18]Protocol for the Accession of Tunisia to the General Agreement on Tariffs and Trade (Schedule LXXXIII), 12 March 1990.

Other agreements

29. In February 1989, the Tunisian Assembly ratified the treaty on the Global System of Trade Preferences (GSTP).[19] According to the authorities, the second round of negotiations is still underway.

30. Tunisia is a signatory to the International Olive Oil Agreement (1988) and is a member of the African Development Bank, the Arab League, the Customs Cooperation Council, the Islamic Development Bank, the International Monetary Fund, the Organization for African Unity, the Organization of the Islamic Conference, the United Nations and its specialized agencies, and the World Bank Group, including the International Development Association and the International Finance Corporation.

(ii) Bilateral and regional agreements

31. Tunisia maintains some 60 bilateral agreements, a third of which involve preferential trade arrangements. The preferences are generally of two types: tariff preferences (tariff reductions or duty-free treatment) and non-tariff preferences (principle of priority supply). According to the authorities, however, "the principle of priority supply", which appears in certain trade agreements with the Maghreb and Arab countries, is not a specific trade measure but rather a political and moral commitment to seek to increase their mutual trade.[20]

32. The bilateral agreements are meshed with a number of regional, more or less institutional, agreements; in some cases, accumulation of the former culminated in creation of the latter, while, in other cases, conclusion of the former was activated by a framework supplied by the latter.

Bilateral co-operation with the European Union (EU)[21]

33. The co-operation agreement between Tunisia and the European Communities (EC) was signed on 25 April 1976.[22] The Agreement, almost identical to agreements concluded by Algeria and Morocco with the EC, contains three main elements: trade co-operation (Title II), co-operation in the field of labour (Title III), and technical and financial co-operation (Protocol 1).[23]

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[19]Law No. 89-28 of 27 February 1989.

[20]GATT document L/6277, 17 December 1987 (BISD 37S).

[21]GATT documents L/4379, 23 July 1976, L/4558, BISD 24S, L/5030, 29 September 1980, L/5674, 13 September 1984, GATT (1990), GATT (1991), GATT (1992).

[22]An interim agreement was applied between July 1976 and the entry into effect of the Agreement on 1 January 1979.

[23]The 1976 Agreement significantly widened the spectrum of the Association Agreement of 1969. The former Agreement, limiting to trade issues, was presented as an interim agreement toward the creation of a free-trade area and comprised reciprocal concessions on the both sides: the EC accorded duty-free access for all industrial goods and some tariff reductions on agricultural goods originating in Tunisia, in exchange for some tariff reductions or exemptions, or enlargement of quotas for the EC's exports into Tunisia (GATT documents L/3226/Add.1, 22 September 1969, L/3379, BISD 18S).

34. The trade co-operation element has the following features:

- Non-reciprocity. Tunisia enjoys EU preferential treatment on a non-reciprocal basis (Tunisia offers m.f.n. treatment to exports from the EU (Article 26)). Article 29 of the Agreement, however, stipulates that the both parties "shall seek opportunities to make progress towards the removal of obstacles to trade, while having regard to Tunisia's essential development requirements".

- Trade coverage. Many Tunisian exports benefit from preferential treatment in the European Communities. All Tunisian raw materials and industrial products are imported into the EU without restrictions or duties, except for textile and clothing goods, covered by the voluntary export restraint agreement. Preferences for agricultural products comprise tariff reductions ranging from 20 to 100 per cent for a list of items (e.g. live animals, meat, fish, vegetables, citrus fruits, fruit juices) and non-tariff preferences (e.g. seasonal quotas, tariff quota, reference prices, etc.) for items such as fresh lemons, wine and olive oil.[24] The GATT Secretariat was unable to determine the exact trade coverage of EU preferences for Tunisia.

- Rule of Origin. Preferential treatment in the European Union is subject to a rule of origin contained in Protocol 2 of the Agreement, as amended in March 1979 (Chapter IV).

35. In 1982, the United States called into question the GATT consistency of the EC's preferential treatment on citrus products imported from Mediterranean countries, including Tunisia. The Panel report issued in 1985 has not been adopted by the Council to date (Chapter VI).[25]

36. Like Morocco, Tunisia is seeking to extend the Agreement to establish a free trade area between the two sides of the Mediterranean. The Government is proposing to phase out all Tunisian import duties within a 15-year transitional period, in exchange for improved market access to the European Union, including for textiles and olive oil and for reinforced financial backing for Tunisian development.[26]

Maghreb co-operation

37. Since the 1960s, Tunisia has been linked to the four other Maghreb countries (Algeria, Libya, Mauritania and Morocco) by bilateral preferential agreements. Following the improvement in diplomatic relations among the countries in the late 1980s, an impetus was given to the creation of the concept of the "Grand Maghreb".[27] The Marrakesh Summit of 17 February 1989 saw establishment of the Arab Maghreb Union (AMU). One of the objectives of the AMU is to achieve "the free circulation of people, of goods and services and of capital among the member states" (Article 2). Successive rounds of talks resulted in the following four-stage plan toward the creation of an Economic Union[28]:

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[24]Following the accession of Spain and Portugal to the EC in 1986, market access was significantly improved through the Additional Protocol of 1988 (EC, Official Journal No. L297 of 21 October 1987).

[25]GATT documents L/5337, 18 June 1982, L/5776, 7 February 1985, C/M/186, 19 April 1985, C/M/187, 31 May 1985 and C/M/190, 5 July 1985.

[26]MEED, 24 December 1993; European Report No. 1905, 27 November 1993.

[27]Brondino (1990); Hopkins (1989).

[28]VIIIth Plan (1992); El-Naggar (1992).

- 1st stage: creation of a Maghreb Free Trade Area through abolition of tariffs and non-tariff barriers;

- 2nd stage: transformation of the Free Trade Area into a Customs Union;

- 3rd stage: constitution of a Maghreb Common Market by year 2000; and

- 4th stage: establishment of an Economic Union, with unification of development plans and policies.

To date, progress in the area of trade has resulted in two conventions which stipulate duty-free treatment for all goods originating in the member states and "free circulation" for a list of goods. Conventions relating to double taxation and the protection of investments among the Union have also been concluded.

38. The AMU is conceived as an open-ended agreement; other countries of the Arab and African regions are eligible to accede to the Union, which is regarded as a first step toward a broader union embracing the Arab-African region (Article 16).

Inter-Arab co-operation

39. As a part of its global activities, the Arab League, of which Tunisia is a member, encourages closer trade relationship among member states, with a view to creating a single Arab Common Market (ACM) in the future.[29] To this end, a trade and tariff convention containing following elements was concluded in 1981[30]:

- free circulation of products of Arab origin listed in a schedule to be drawn up, with exemption from customs duties or equivalent charges;

- progressive reduction of customs duties or equivalent charges on other Arab products, with a view to making them duty-free treatment after a given period;

- protection of Arab products vis-à-vis similar or competing foreign products by the introduction of a minimum tariff that can be gradually increased[31];

- granting of additional preferential advantages to Arab products, especially food and strategic products;

- protection of trade by financial and foreign-exchange incentives granted by the member States or by joint Arab financial institutions; and

[29]Report of the Working Group adopted on 6 April 1966 (GATT document L/2518, BISD 14S). GATT (1990); GATT (1992).

[30]GATT documents L/5566/Add.1, 9 November 1983; Spec(87)23, 6 May 1987.

[31]The Tunisian Government regards the provisions of the convention, including the "introduction of a minimum tariff" against non-Arab products, as consistent with the GATT provisions as extended by the Enabling Clause (Decision of the CONTRACTING PARTIES of 28 November 1979, BISD 26S, page 203) (GATT document Spec(87)23, 6 May 1987).

- promotion of Arab production by aids to productive investments.

40. Tunisia, which has not yet ratified the ACM Accord, has nevertheless signed a number of additional bilateral agreements containing preferential treatment (with Bahrain, Egypt, Iraq, Jordan, Kuwait, Saudi Arabia, Syria, Somalia and the United Arab Emirates) or m.f.n. treatment (with Lebanon, Oman, Qatar and Yemen).

Sub-Saharan African co-operation

41. Under its policy of trade diversification, Tunisia has made efforts to intensify trade relations with other African countries. On the bilateral level, Tunisia maintains six preferential agreements (with Burkina Faso, Guinea, Ivory Coast, Niger, Senegal and Sudan) and eleven m.f.n. agreements (with Benin, Cameroon, Ethiopia, Gabon, Liberia, Mali, Mozambique, Nigeria, Togo, Zaire and Zimbabwe).

42. In June 1991, the Organization of African Unity (OAU) established the African Economic Community (AEC). The member countries agreed on a six-stage plan, with the ultimate goal of creating a single African Common Market in 34 years.[32]

Effects of trade preferences on trade flows

43. Despite the proliferation of trade preference arrangements, the overall direction of Tunisia's imports does not appear to have changed dramatically during the last decades (Table II.1); imports under preferential treatment remained generally below 10 per cent of total imports. On the export side, however, Tunisia has considerably increased its dependency on the EU market, which now absorbs over 70 per cent of its total exports.

44. Between 1975 and 1992, the share of clothing exports to the EU shot up from 8 to nearly 50 per cent, while agriculture and mining products constantly lost their relative importance. On the EU side, textile exports increased from 7 per cent to 20 per cent, reflecting intensified trans-Mediterranean outward-processing activities (Chart II.3 and Table AII.1). To a lesser extent, the Arab Maghreb Union trade preference seems to have intensified a complementary trade pattern: Tunisian exports are increasingly concentrated in semi-manufactured goods, while imports are growingly focused on fuel, especially in Tunisian-Algerian trade (Chart II.4 and Tables AII.2 and AII.3).

[32]For details, see GATT (1994a) Senegal TPR Report.

Table II.1
Imports to Tunisia, by type of treatment, 1975-92

Partner		1975	1980	1985	1990	1992
World (US$ million)		1,418	3,509	2,587	5,471	6,425
				(per cent)		
A.	GSTP	n.a.	n.a.	n.a.	n.a.	n.a.
B.	**Duty-free for all products**	**4.9**	**1.4**	**7.6**	**5.5**	**4.9**
	Algeria	0.2	0.2	5.7	2.0	2.4
	Libya	0.0	0.3	0.8	0.5	0.8
	Mauritania	...	0.0	0.0	0.0	0.0
	Morocco	0.6	0.4	0.7	0.9	1.2
	(Total AMU)	(0.8)	(0.9)	(7.2)	(3.5)	(4.3)
	Bahrain	...	...	0.1	0.2	0.1
	Guinea	...	...	0.0	0.0	0.0
	Iraq	4.1	0.3	6.9	1.0	0.0
	Jordan	0.0	...	0.0	0.1	0.1
	Kuwait	0.0	0.0	0.0	0.2	0.0
	Somalia	...	...	0.0	0.0	0.0
	Syria	0.0	0.2	0.2	0.6	0.4
	United Arab Emirates	...	0.0	0.1	0.0	0.0
C.	**Duty-free for a list of products**	**2.5**	**9.2**	**1.3**	**1.6**	**1.2**
	Côte d'Ivoire	0.3	0.2	0.3	0.2	0.5
	Egypt	0.2	0.3	0.2	0.4	0.4
	Saudi Arabia	2.0	8.7	0.6	0.8	0.3
	Senegal	0.0	0.0	0.1	0.1	0.0
D.	**Tariff reduction for all products**	**...**	**...**	**...**	**...**	**0.0**
	Niger	...	...	...	...	0.0
E.	**Tariff reduction for a list of products**	**0.1**	**0.2**	**0.1**	**0.3**	**0.1**
	Burkina Faso	0.0	0.1	0.0	0.2	...
	Sudan	0.1	0.1	0.1	0.1	0.1
F.	**MFN treatment**	**91.6**	**88.9**	**90.8**	**92.0**	**92.1**
	EU12[a]	69.1	68.1	67.9	70.6	71.2
	EFTA	3.5	3.5	3.6	3.5	3.4
	Other Europe	4.9	4.5	4.7	5.6	4.4
	(Total Europe)	(77.5)	(76.1)	(76.2)	(79.6)	(78.9)
	USA	6.7	5.9	5.8	5.2	5.0
	(Total America)	(10.9)	(9.4)	(9.7)	(8.1)	(7.9)
	Japan	0.8	1.2	1.8	1.8	2.3
	(Total Asia)	(2.7)	(2.7)	(4.4)	(4.0)	(5.1)
	(Total Africa)	(0.5)	(0.6)	(0.5)	(0.4)	(0.3)

... Not available.

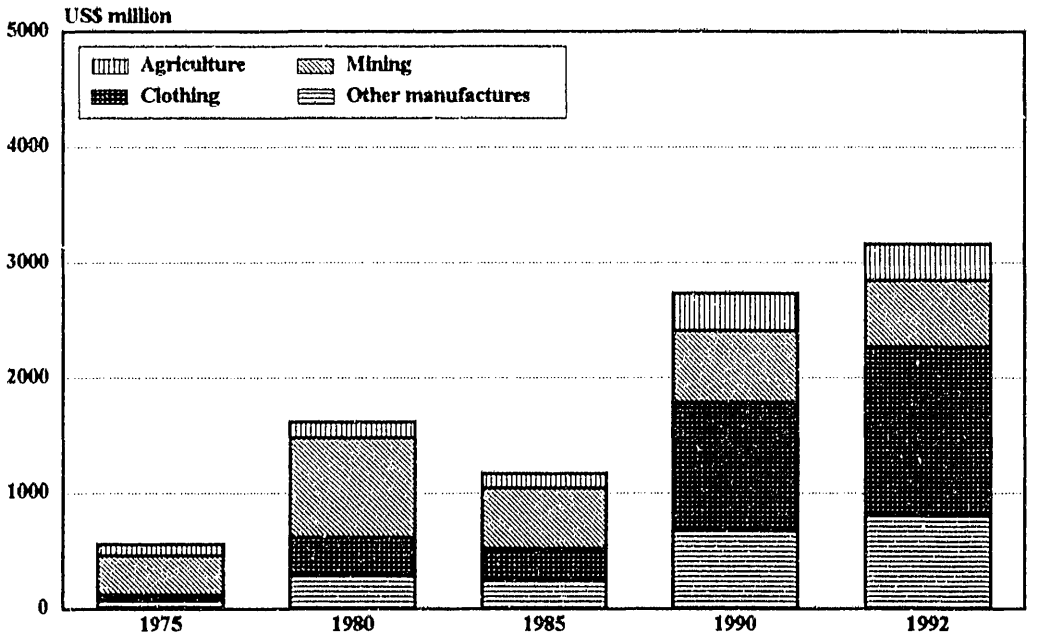
n.a. Not applicable.

a Including the territory of the former German Democratic Republic.

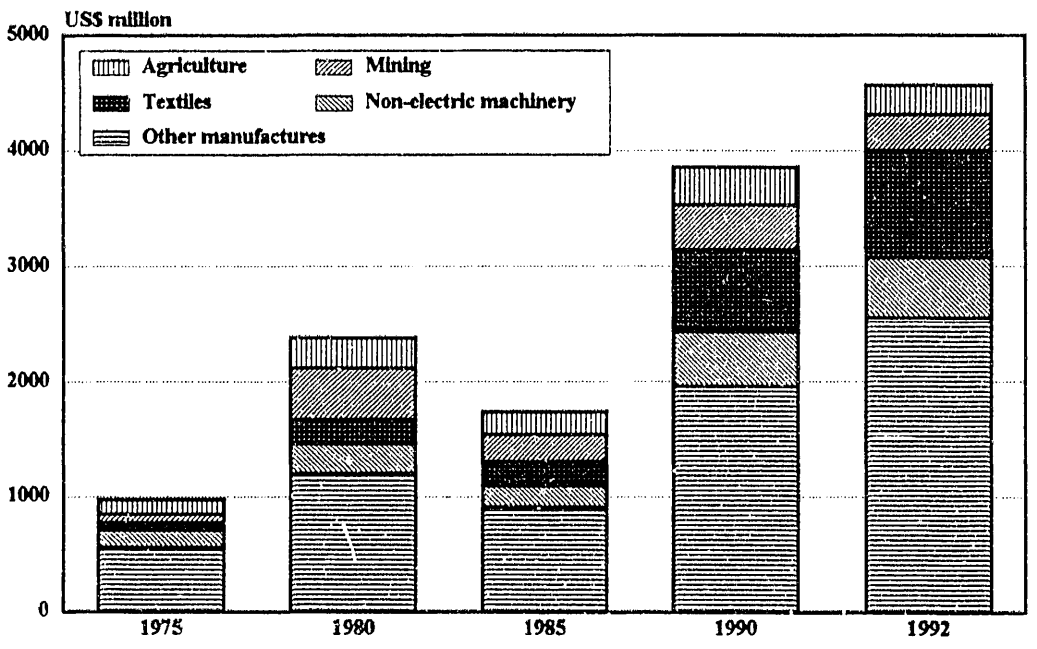
Source: UNSTAT, Comtrade database.

Chart II.3
Tunisian trade with the EU, 1975-92

a) Exports



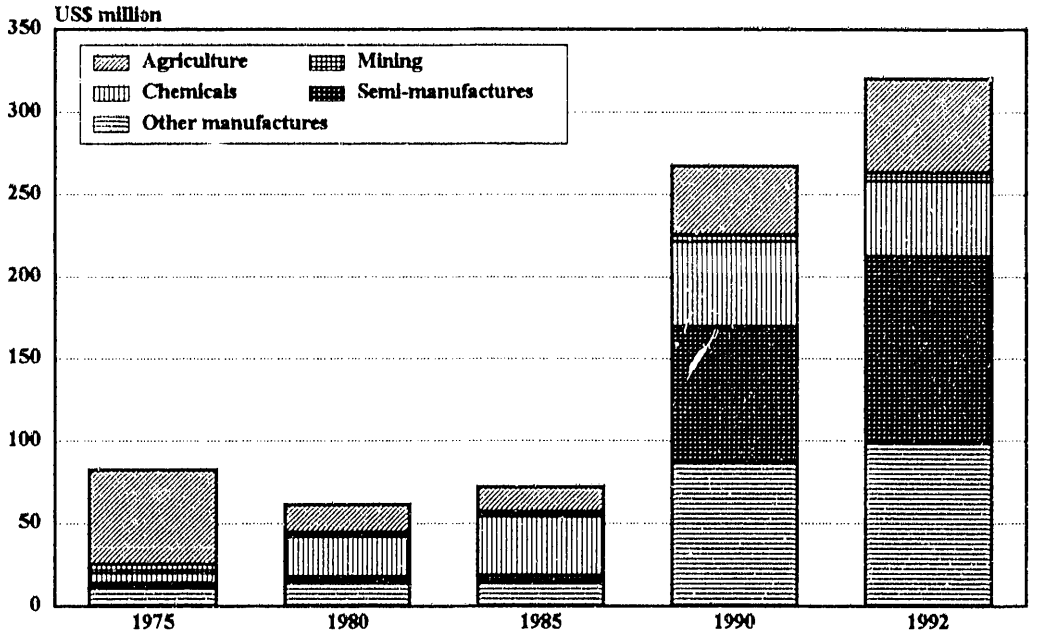
b) Imports



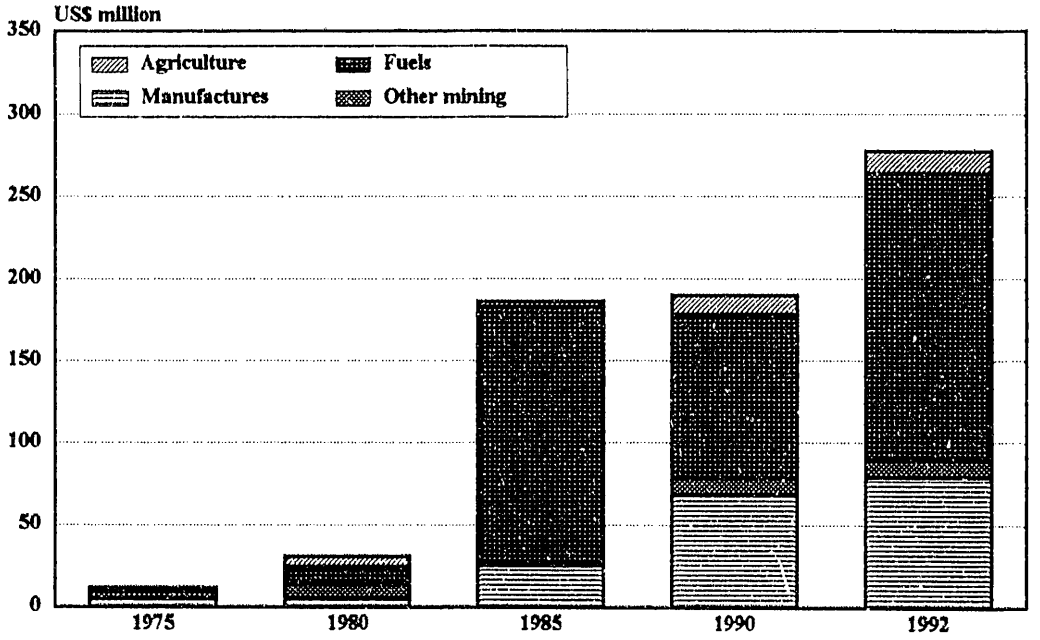
Source: UNSTAT, Comtrade database.

Chart II.4
Tunisian trade with the AMU countries, 1975-92

a) Exports



b) Imports



Source: UNSTAT, Comtrade database.

III. INVESTMENT POLICIES AND TRADE

(1) Foreign Investment Policy[1]

1. Tunisia has offered extensive incentives for inward foreign investment since the 1970s.[2] The objectives of the régime are to enhance economic growth, narrow the merchandise trade imbalance by promoting exports, and benefit from transfers of technology. The persistent under-employment associated with population growth, and the chronic current account deficit reflecting the investment-savings gap have been underlying macro-economic concerns (Chapter I).

2. In the early 1970s, with the view of accelerating economic growth and overcoming under-employment, the Government embarked on an active investment policy to stimulate domestic and foreign private investment. The Investment Law of 1972 introduced an investment régime with many fiscal and exchange control advantages for investment in export-oriented industrial activities.[3]

3. Faced with the serious external crisis of the mid-1980s, Tunisia decisively shifted gears from an import-substitution policy to an export-oriented policy, designed to overcome the limitations of a small domestic market and generate a more diversified range of exports (Chapters I, IV). To this end, export-promoting investment incentives were reinforced and expanded into other sectors.[4] By the end of the 1980s, the investment régime, expressed in five main sector specific codes, covered all major sectors: industry, financial services, agriculture and fisheries, services and tourism.[5] It provided a complex combination of fiscal incentives (e.g. partial or permanent exemption from taxes and duties, tax deductibility of interest payment), financial incentives (e.g. interest rate subsidies, direct capital grants) and other incentives (e.g. exemption from import control, guarantee for transfers of the invested capital and the proceeds).

4. In the early 1990s, there was growing recognition of the inefficiency of the régime. The VIIIth Plan announced the preparation of a unified investment code, intended to reduce distortions caused by the incoherency and complexity of the sectoral codes, while maintaining the accent on four cross-sectoral priorities: exporting, regional development, R & D and environmental protection. The new Investment Incentives Code[6], which came into effect in January 1994, largely streamlined and rationalized the incentive structure, by replacing sectoral priorities with horizontal priorities and by

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[1]See VIIIth Plan (1992); IMF (1993); API (1992); Nsouli (1993); Dlala (1989).

[2]By contrast, the policy towards outgoing investment is restrictive; all capital transfers by residents are subject to the prior approval of the Central Bank (see Annex to Chapter I).

[3]Law No. 72-38 of 27 April 1972.

[4]In addition, Tunisia introduced in 1992 a Free Economic Zone régime (Chapter IV).

[5]The relevant Codes were Law No. 87-51 (2 August 1987) "Industrial Investment Code (*Code des investissements industriels*)"; Law No. 88-18 (2 April 1988) for investment in agriculture and fisheries; Law No. 88-110 (18 August 1988) for investment in International Trading Companies (*Sociétés de commerce international*); Law No. 89-100 (17 November 1989) "Services Investment Code (*Code des investissements dans les activités de services*)"; Law No. 90-21 (19 March1990) for tourism investment.

[6]Law No. 93-120 of 27 December 1993 (*Code d'incitations aux investissements*).

curtailing a number of incentives judged as inefficient. While the new Code will make little difference to overall budgetary expenditure, the authorities expect that the greater harmonization and efficiency of incentives will give an impetus to domestic and foreign investment.

(2) Legal Framework and Procedure

(i) Basic framework

5. The new code, which replaces the five sectoral codes, covers investments in all sectors except mining, energy and financial services, where investment is more restricted under sector-specific legislation. Information regarding these sectors has not been made available to the Secretariat.

6. Under the new régime, investors are freed from the prior authorization requirement (Article 2); All investment covered by the Code may be effected only by filing a declaration[7] at the competent agencies, which in turn issue a confirmation of the declaration (*attestation de dépôt de la déclaration*).[8] The competent agencies include the API (*Agence de promotion de l'industrie*) for investment in industry and services, the APIA (*Agence de promotion des investissements agricoles*) for agricultural investment, the ONTT for tourism investment and the CEPEX (see Chapter IV) for investment in International Trading Companies.[9]

7. National treatment is accorded to all foreign investment under the Code, except for certain investments in non-exporting services, which require prior authorization, and for the acquisition of agricultural land, which remains prohibited to foreigners (Article 3).[10] The fiscal and financial advantages provided in the Code are extended equally to domestic and foreign investors.

8. The investment régime set out in the Code does not appear to imply any restriction on imports or require any preferential use of domestic goods[11]; however, some fiscal and financial incentives are apparently extended according to the level of export performance, i.e. the share of exports in total production (Chapter IV(x), Export subsidies).[12]

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[7]The *Déclaration* form for investment in an export-oriented enterprise, for example, is a three-page document requesting information on the investor, plans for investment, employment, production and input as well as capital goods requirements and the means of financing the investment.

[8]According to the API, confirmation is normally issued within one day from receipt of a notification.

[9]International Trading Companies (*Sociétés de commerce international*), exclusively involved in external trade operations and authorized under Law No. 88-110 (18 August 1988), enjoy fiscal advantages comparable to those extended to export-oriented enterprises.

[10]Tunisia's reservation on the national treatment commitment of the GATS concerns foreign capital participation of more than 50 per cent of the total capital of an enterprise in the services sector where such an enterprise is not totally export-oriented (GATT document GATS/SC/87, April 1994).

[11]See the Illustrative List of the Agreement on Trade Related Investment Measures (TRIMS).

[12]See the Illustrative List of Export Subsidies of the Agreement on Subsidies and Countervailing Measures (SCM).

9. Investment in Tunisia may be financed either by foreign or domestic resources; however, the Code requires a minimum of own capital for investment in businesses other than totally export-oriented enterprises (Article 6).

(ii) Incentives for investment

10. The incentives provided in the Code encompass common incentives (*incitations communes*), which are accessible to all investors, and specific incentives (*incitations spécifiques*), reserved for investment in priority domains, i.e. exporting, regional development, agricultural development, environment protection, research and development, and small or new enterprises (Article 4).

11. Common incentives comprise: (a) deduction from taxable income of reinvested income or profit, up to 35 per cent of total income (Article 7); (b) accelerated depreciation by the declining balance method (*Régime de l'amortissement dégressif*) for capital goods used in production whose useful life exceeds seven years (Article 8); (c) reduction of customs duties to 10 per cent for imported capital goods not locally produced (Article 9); and (d) suspension of VAT and consumption tax on imported capital goods (Article 9).

12. Apart from the Code, non-resident investors enjoy guarantee of free transfer of capital invested through imports of foreign currency and of income raised from the capital, and exemption from the repatriation requirements for export proceeds (Annex to Chapter I).

Export promoting incentives

13. Specific incentives for exporting are available to all investment effected in *totally* export-oriented enterprises. Such enterprises must export at least 80 per cent of their production or services, or 70 per cent in the case of agriculture and fisheries (Article 16). Each of the enterprises, which may be installed anywhere in Tunisia, is regarded as a free zone, or "*point franc*" (Article 11). Trade between such enterprises and foreign markets is effected freely, i.e., imports of goods necessary for production may be carried out without restriction, subject only to an import declaration (Article 15). Trade with the local market is considered as imports into Tunisia; thus, sales to the local market are subject to all administrative controls and fiscal charges normally imposed at the import stage, including customs duties (Article 17).[13] Enterprises located within the Free Economic Zone as defined in Law No. 92-81 (Chapter IV) are also treated as totally export-oriented enterprises (Article 10).

14. Export-oriented enterprises benefit from the following fiscal advantages (Articles 12 and 13): (a) income allowance, i.e. income derived from exporting activities is deductible, totally (for the first ten years) or partially (up to 50 per cent for the rest of the period), from the taxable income base; (b) total deduction from taxable income of reinvested income or profit; (c) exemption from all indirect taxes and charges (e.g. VAT, consumption tax, customs duties), except for the automobile Tax, the Road Transportation Tax and the Sanitation Tax. In addition to benefits under the Code, the Government offers a series of financial incentives to resident investors, in the form of preferential rate

[13]However, no formalities (e.g. Foreign Trade and Exchange Documents) are required (see Chapter IV).

rediscounting from the Central Bank and subsidized loans from the FOPRODI.[14] The authorities, however, are committed to phasing out the preferential rates in the near future.[15]

15. To a more limited extent, investment in *partially* export-oriented enterprises enjoys fiscal advantages (Article 22): (a) total or partial income allowance for income originated in exporting activities; (b) suspension of VAT and consumption tax on imported goods and services used in the production of exports; (c) refund of customs duties paid for raw materials and semi-finished products imported or obtained at local market to be used in the production of exports; customs duties paid for capital goods imported and not produced locally may also be refunded for the part used in the production of exports; and (d) flexible application of the Temporary Admission Régime (*Admission temporaire*) or the Processing Warehouse Régime (*Entrepôt industriel*), i.e. a reduction of the deposit required at the frontier to a lump sum amount fixed by the decree (Chapter IV(3)).

Other incentives

16. Other priority domains mentioned in the Code, as noted above, enjoy not only similar fiscal incentives (e.g. income allowance, reduction or exemption from indirect taxes and customs duties), but also financial support for social security charges and direct grant subsidies (*prime*), conditions for whose allocation are fixed by decrees (Chapter IV(4)).

17. Besides the Investment Code, the investment promotion policy has been implemented through various governmental activities: diverse Funds are created to offer financial aid or technical assistance to investment in specific fields (e.g. FOPRODI and FOPROMAT[16] managed by the API); and the *Guichet unique* (or Single Window)[17], installed in order to lighten the burden of administrative procedures for private investors (Chapter IV).

18. Tunisia maintains bilateral treaties on the protection of investments with 28 countries and treaties on double taxation with 28 countries (Table AIII.1).

(3) Trends and Patterns of Foreign Investment

(i) Overall trends of foreign direct investments (Charts III.1 to III.5)

19. In the last few decades, Tunisia has attracted considerable foreign investment, roughly equivalent to 40 per cent of total capital inflow (Chart III.1), which largely eased debt service burden of the country (Chapter I). However, this was mainly investment in petroleum sector, which accounts for some

[14] *Fonds de promotion et de décentralisation industrielle*, the State-financed fund, created in 1978, offers a long-term credit facility and interest rate support on bank credit to Tunisian industrial investment effected in designated decentralization zones and in totally export-oriented enterprises (Decree No. 78-578 of 9 June 1978, as amended by Decree No. 93-58 of 11 January 1993) (Chapter IV).

[15] See VIIIth Plan (1992); Nsouli (1993); BCT (1993a).

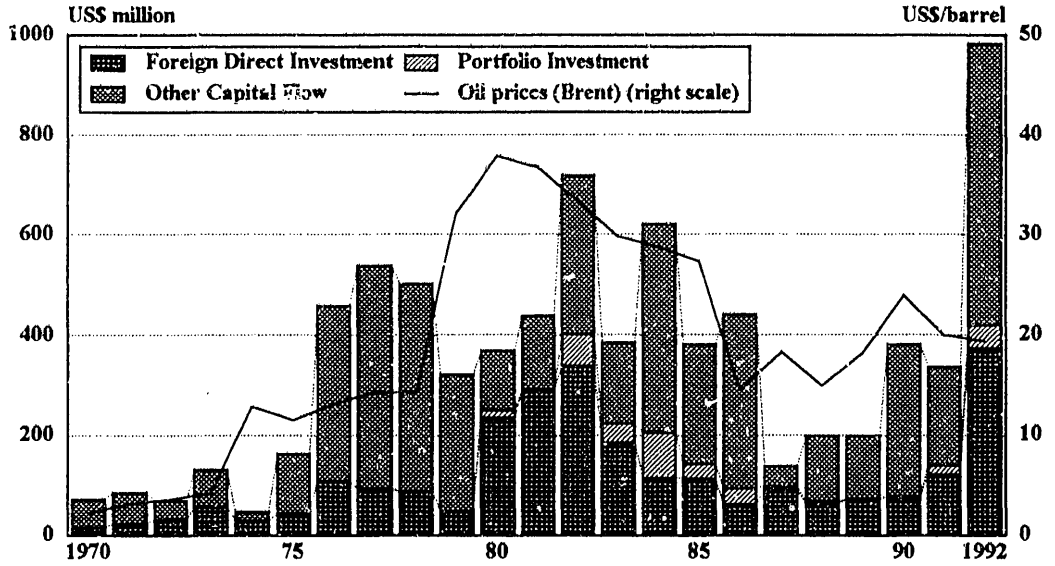
[16] *Fonds de promotion et de maîtrise de la technologie*, State-financed fund, created in 1990, offers financial support to R & D related investment by small- and medium-sized enterprises (Chapter IV).

[17] The *Guichet unique*, where all the relevant administrations for investment (e.g. API, Tax Office, registry, Customs Office, Central Bank, CEPEX) are brought together in one place (i.e. in API's central office), was created in 1989 to simplify the administrative procedure for investment.

60 per cent of total capital stock (Charts III.2, III.5); the petroleum-related investment was particularly important until the mid-1980s, when world oil prices reached their highest levels. The recent surge in foreign investment is also associated with important investment in gas resources (i.e. Miskar and gas-pipeline enlargement projects, see Chapter V) (Chart III.4). Parallel to trade patterns (Chapter I), most foreign investment originates in European countries and the United States (Chart III.3).

20. The recent privatizations in Tunisia have contributed only marginally to the foreign direct investment inflows to date.[18]

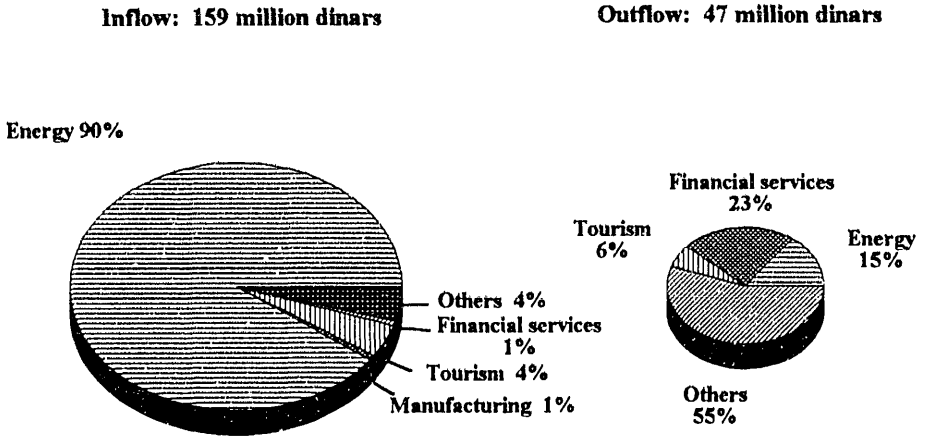
Chart III.1
Capital account and foreign investment, 1970-92



Source: IMF, "International Financial Statistics".

[18]Among 65 enterprises totally or partially privatized during 1988 and 1992, only three transactions involved foreign investors (Sader, 1993).

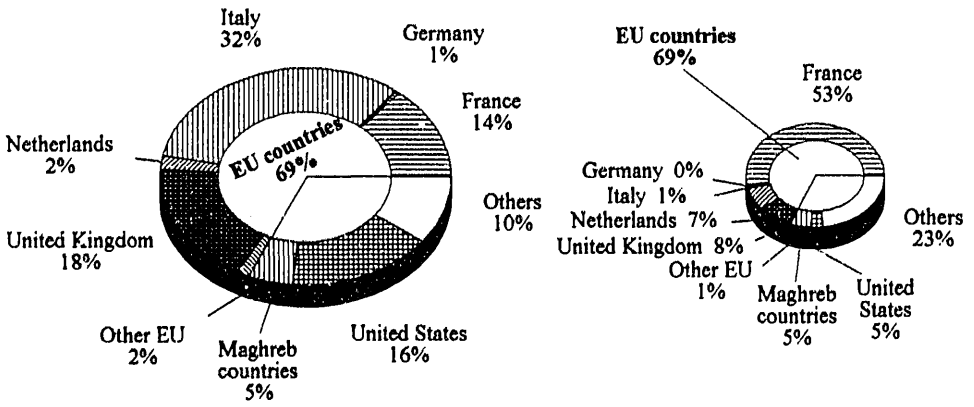
Chart III.2
Foreign direct investment by sector, 1991



Source: BCT (1992).

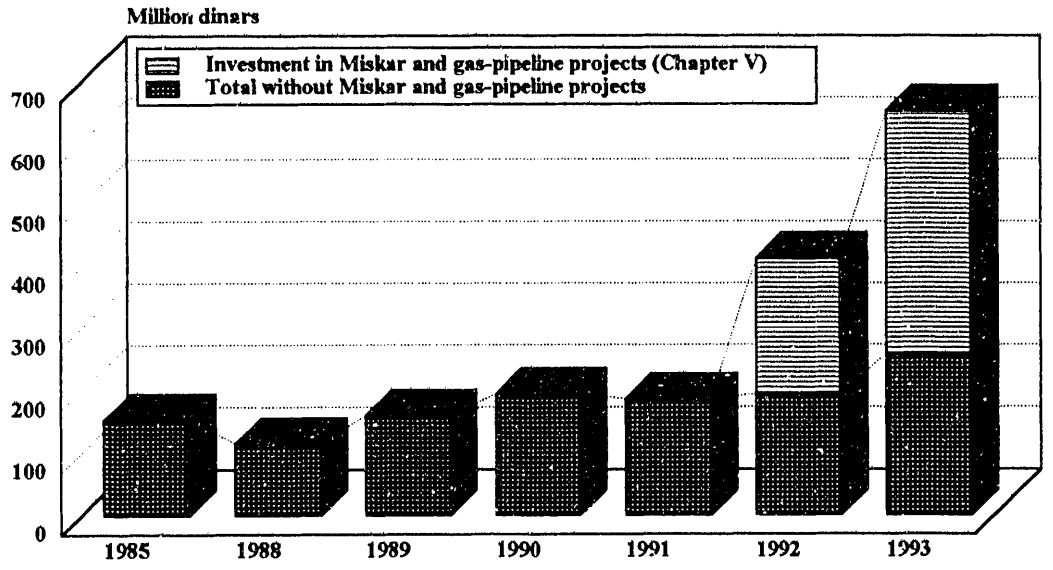
Chart III.3
Foreign investment by country, 1991

(Foreign direct investment and portfolio investment)



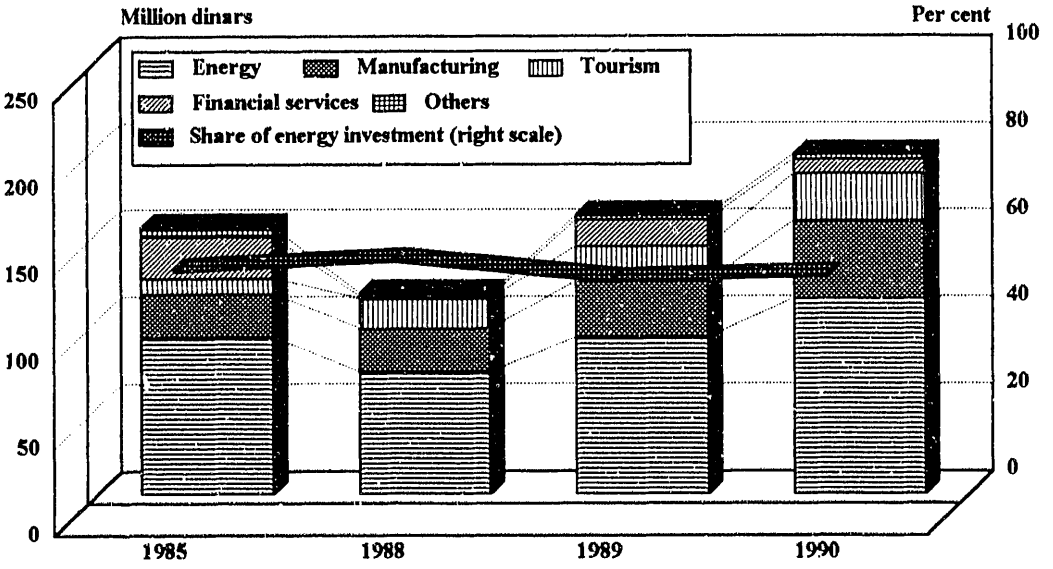
Source: BCT (1992).

Chart III.4
Stock of foreign direct investment in Tunisia, 1985-93
(End of year)



Source: Government of Tunisia

Chart III.5
Stock of foreign direct investment in Tunisia by sector, 1985-90
(End of year)



Source: Government of Tunisia

(ii) Investment pattern in export-oriented enterprises (Tables III.1 to 3, Charts III.6, III.7)

21. Between 1972 and 1993, some 1,600 new enterprises, involving investment of almost 1 billion dinars, were established in Tunisia, creating nearly 120,000 local jobs. More than 60 per cent of capital sprang from domestic investors; nearly 90 per cent of foreign capital originated in European countries, with France and Germany as the two largest investors. The concentration of European investment (Chart III.7) reflects the intensification of trans-Mediterranean outward-processing operations in the manufacturing sector, particularly in textiles and clothing (Chapters IV, V). Nearly half of the invested capital was in the chemical industry; however, the textiles and leather goods industry, with about a third of the total invested capital, predominates in number of employees created, reflecting the labour-intensive character of the industry.

22. Because of the importance of petroleum-related investment, investment trends in exporting enterprises are loosely connected with overall foreign investment patterns (Chart III.6). The recent outward-oriented policy, on the other hand, appears to have resulted in a slight increase in investment since 1986.

(iii) Investment and trade

23. In general, trade patterns have clearly influenced foreign investment patterns in Tunisia. Moreover, given Tunisia's relatively high border protection in the past, the investment incentives might have had some influence on the foreign direct investment inflow. It is unlikely, however, that border protection was critical to investment in the energy sector.

24. On the other hand, the eventual economic consequences of the foreign investment are less clear. From theoretical viewpoint, two opposing sketches emerge for effects of foreign investment: one view is that such investment compensates for the lack of national savings and increases exporting capacity, while another view is that foreign investment crowds out domestic investment and reduces the incentive for the domestic savings.[19] A study based on a model simulation covering the period 1973-81[20] suggests that, while the Tunisian investment régime had important positive effects on output and on domestic employment, its positive effect on public savings was limited while its impact on the balance of payments was apparently unfavourable, reflecting the increase in capital goods and raw materials imports induced by the activities. However, an analysis by the API[21] stresses the positive effects of the investment in terms of production and employment, while admitting the fact that the spill-over effect, or induced demand by the exporting industries for locally produced good, remained marginal.

[19]Ghorbel (1989); Kessler (1984).

[20]Kobba (1986).

[21]API (1992).

Table III.1
Investment in export-oriented enterprises, 1972-93

Year	Number of enterprises		Employment		Investment (in million dinars)	
	number	accumulated	number	accumulated	inflow	accumulated
1972	3	3	1,607	1,607	98.3	98.3
1973	9	12	3,557	5,164	164.0	262.3
1974	15	27	4,093	9,257	10.7	273.0
1975	28	55	5,024	14,281	12.7	285.7
1976	27	82	6,498	20,779	47.4	333.1
1977	26	108	5,099	25,878	17.7	350.8
1978	21	129	2,586	28,464	4.3	355.1
1979	25	154	3,402	31,866	148.1	503.1
1980	26	180	3,412	35,278	9.6	512.7
1981	22	202	2,704	37,982	12.4	525.1
1982	31	233	3,742	41,724	17.0	542.1
1983	22	255	3,590	45,314	9.6	551.7
1984	20	275	2,466	47,780	11.4	563.1
1985	36	311	4,518	52,298	32.8	595.9
1986	28	339	2,296	54,594	4.5	600.5
1987	63	402	6,459	61,053	21.9	622.3
1988	118	520	10,036	71,089	56.4	678.7
1989	197	717	13,041	84,130	61.2	739.9
1990	353	1,070	15,765	99,895	59.0	798.9
1991	250	1,320	9,501	109,396	54.5	853.4
1992	174	1,494	7,249	116,645	38.9	892.3
1993	92	1,586	4,024	120,669	35.5	927.8
Average 72-93	72		5,485		42.2	

Source: Agence de promotion de l'industrie.

Table III.2
Investment in export-oriented enterprises, by type of enterprise (end of 1993)
(in dinar, in number and in per cent)

	Investment		Number of enterprises		Number of employees	
	(Million dinars)	Share (per cent)		Share (per cent)		Share (per cent)
1. Foreign enterprises	149,672	16.1	435	27.4	45,936	38.1
2. Joint ventures	225,373	24.3	397	25.0	33,695	27.9
of which:						
- non-resident	90,772	9.8	200	12.6	16,534	13.7
- resident	134,601	14.5	197	12.4	17,161	14.2
3. Tunisian enterprises	552,769	59.6	754	47.5	41,038	34.0
TOTAL	927,815	100.0	1,586	100.0	120,669	100.0

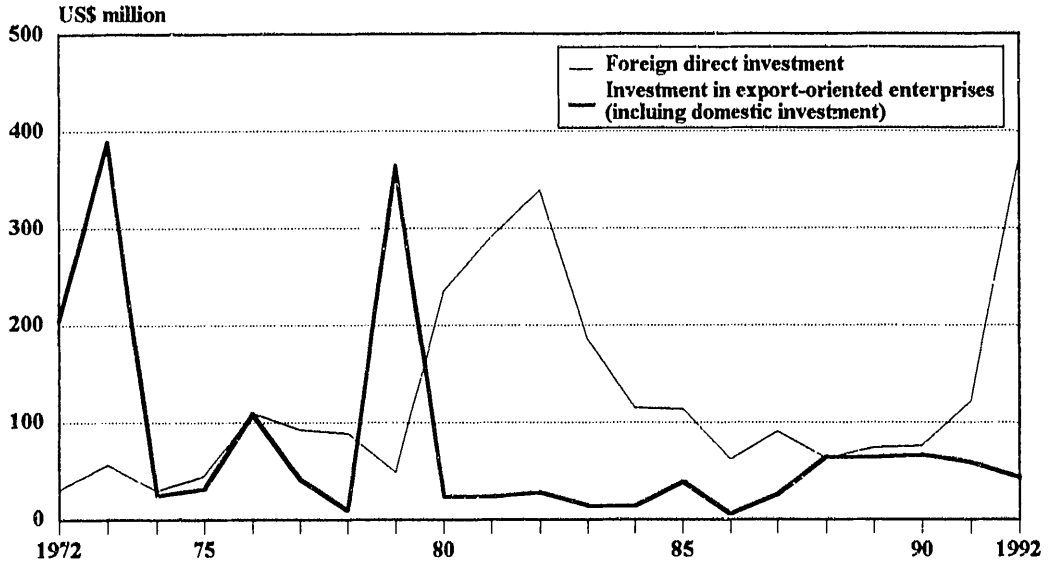
Source: Agence de promotion de l'industrie.

Table III.3
Investment in export-oriented enterprises, by industrial sector (end of 1993)
(in dinars, in number and in per cent)

	Investment		Number of enterprises		Number of employees	
	(Million Dinars)	Share (per cent)		Share (per cent)		Share (per cent)
Food and beverages	38,257	4.1	75	4.7	3,495	2.9
Construction materials	1,078	0.1	8	0.5	146	0.1
Machinery and electric apparatus	80,415	8.7	111	7.0	10,066	8.3
Chemicals and plastic products	426,114	45.9	11	0.7	4,704	3.9
Textiles and leather goods	348,852	37.6	1,332	84.0	99,384	82.4
Other industries	33,099	3.6	49	3.1	2,874	2.4
TOTAL	927,815	100.0	1,586	100.0	120,669	100.0

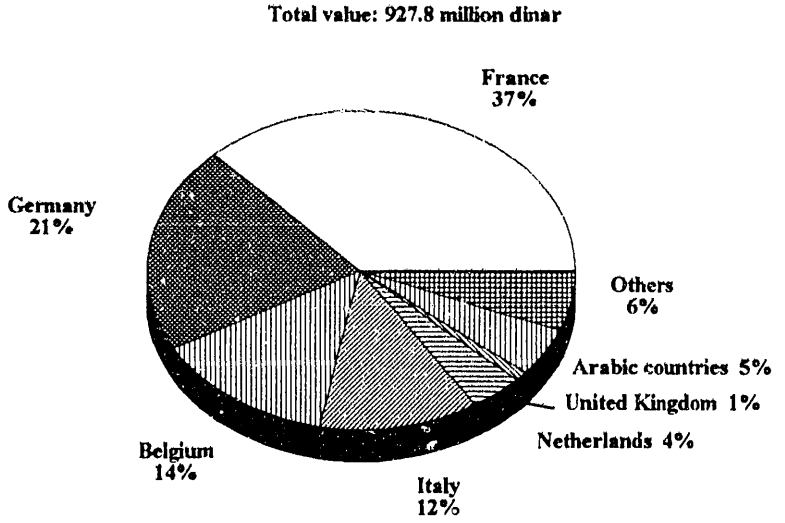
Source: Agence de promotion de l'industrie.

Chart III.6
Foreign direct investment and investment in export-oriented enterprises, 1972-92



Source: API and IMF.

Chart III.7
Origins of foreign investment in export-oriented enterprises*, 1993



* Includes foreign enterprises and joint ventures, as of end 1993.

Source: Agence de Promotion de l'Industrie.

IV. TRADE POLICIES BY MEASURE

(1) Overview

1. Throughout much of the 1960s and 1970s, Tunisia's trade policy was guided by an import-substitution strategy, emphasizing on the development of import-competing industries behind high border protection, which eventually created a strong bias against export activities and led to a considerable distortion in resource allocation.[1]

2. Since the mid-1980s, Tunisia has been engaged in a wide-ranging liberalization programme (Chapter I). The leitmotif of the reform, "*désétatisation*", or the reduction of State participation in economic activities, has been translated into an export-oriented trade policy; tariffs have been reduced and rationalized, many import restrictions have been dismantled and State trading and countertrade practices have been reduced. Trade liberalization has been accompanied by internal market reforms, including the deregulation of domestic prices and the curtailment of production subsidies. Harmonization of standards and the provision of protection of intellectual property have also facilitated the integration of the Tunisian economy into world trade.

3. However, in the last few years, the authorities have sought to mitigate possible adverse effects of the liberalization: cuts in quantitative restrictions and prohibitions on imports were offset by the introduction of temporary import surcharges and the establishment of a decree on anti-dumping and countervailing duties. Moreover, tariffs remain dispersed and escalatory, while Government procurement appears selective.

4. In the past, exports were strongly affected by the anti-export bias created by the import-substitution policies. To counterbalance the border protection granted to import-competing industries, the Government has extended various privileges to exporting activities, such as fiscal and financial incentives for export-oriented enterprises (Chapter III), duty-free entry schemes and preferential rediscounting for export credit. Recent export promotion policies further strengthen the emphasis on export orientation.

(2) Measures Directly Affecting Imports

(i) Customs procedures

Registration and documentation

5. Participation in foreign trade in Tunisia is subject to State authorization.[2] The authorities are presently preparing a new decree under a new law enacted in March 1994 (Law No. 94-41), which will lay down new procedures for importation (Article 6 of the new law); details were not available at the time of drafting (May 1994). All traders who import goods for sale in the domestic market without transformation are required to obtain prior authorization from the Ministry of National Economy. The authorization is given in the form of a trader's card (*carte de commerçant importateur*), which is renewable every five years. In addition, all importers receive a customs code number for purely

[1]Besais (1984); Nsouli (1993).

[2]*Décret-loi No. 85-11 du 27 septembre 1985.*

operational reasons. Approved agents acting on behalf of importers (*commissionnaires en douane*) are all registered at the Ministry of Finance[3].

6. Customs clearance of goods is subject to the filing of a detailed import declaration (*déclaration en détail*), which must contain all information necessary for the application of customs laws and for the establishment of trade statistics.[4] Documents to be attached to the declaration comprise commercial invoices; Foreign Trade and Exchange Documents; and other documents (e.g. certificates of origin, sanitary and phytosanitary certificates).[5]

7. The Foreign Trade and Exchange Document (*Titre du commerce extérieur et de change*) is necessary to carry out import or export as well as related financial settlement. For imports, the document takes either of the following forms:

- an import certificate, in the case of liberalized goods; or

- an import licence, in the case of restricted goods.

The following goods, however, are exempt from the documentary requirement:

- goods listed in Annex A of Notice No. 10. This includes items such as personal belongings, replacement goods, samples and re-imports of goods exported temporarily for processing; and

- goods imported by totally export-oriented enterprises (Chapter III).

According to the authorities, previous exemptions for goods imported by approved export industries to be used in connection with their production and components and parts imported exclusively for the professional or personal use of importers have been abolished.

8. Reflecting the Government's balance-of-payments concerns, the Central Bank plays an important rôle in import procedures, via approved commercial banks; all import documents involving payments must undergo the procedure of "*domiciliation*", i.e. endorsement by one of the banks enjoying the status of an approved intermediary with the Central Bank.[6]

[3]Article 75 of the Customs Code; Article 5 of the Ministerial order (*Arrêté*) of 28 December 1976.

[4]Articles 72 and 83 of the Customs Code. The required information includes, inter alia, the destination, origin, description, tariff code, value and quantity of merchandise, the identification of importer, exporter and means of transports (Article 5 of the Ministerial order of 28 December 1976).

[5]Ministerial order of 28 December 1976; Foreign Trade and Exchange Notice No. 10 (GATT document L/6075/Add.2).

[6]Foreign Trade and Exchange Notice No. 10 (GATT document L/6075/Add.2).

Customs clearance

9. An import declaration is filed after the arrival of goods; however, a pre-arrival declaration is permitted for certain categories of goods (e.g. inflammable, perishable or dangerous products).[7] After the receipt of an import declaration, the customs service may, if judged necessary, proceed to the physical verification of all or a part of declared goods.[8] According to the authorities, some 15 per cent of imports are actually verified under a set of official criteria. Merchandise may be released for consumption only after the payment, deposit or guarantee of all import duties and taxes.[9]

10. Since 1982, customs clearance procedures have been operating under a computerized system called "SINDA" (*Système d'information douanier automatisé*). The system, connecting all customs offices and operators, has largely contributed to the simplification and standardization of customs formalities and procedures[10]; according to the authorities, clearance is now generally effected within 48 hours from the filing of a declaration.

(ii) Customs valuation

11. Tunisia is not a signatory to the Tokyo Round Agreement on Customs Valuation. The Tunisian Customs Code follows the Brussels Definition of Value. Duties are levied on a c.i.f. "normal value", i.e. "the price which imported merchandise would fetch, at the time of an import declaration, on a sale in the open market between buyer and seller independent of each other".[11] The normal price may be determined on the basis of the invoice price (*prix de facture*) as long as the open market condition is met; in the absence of such condition, adjustment is carried out.[12] The legislation, however, does not explicitly spell out the rules for making adjustments. Adhesion to the Uruguay Round agreements will imply adoption of the GATT customs valuation methods by Tunisia.

12. Duties are applied on the declared value of merchandise, unless determined otherwise by the customs service.[13] Complaints about customs valuation and other customs measures can be filed in the High Committee on Customs Tariff (*Comité supérieur du tarif des douanes*). The Committee, reporting to the Ministry of Finance and chaired by a magistrate designated by the Ministry of Justice, is composed of representatives of relevant ministries, chambers of commerce and designated experts on the matter.[14]

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[7]Article 73 of the Customs Code.

[8]Article 89 of the Customs Code.

[9]Article 101 of the Customs Code.

[10]The SINDA, which is not linked to banks, does not enable the automatic payments of duties.

[11]Article 26 of the Customs Code defines the "normal value" as "*le prix réputé pouvoir être fait pour ces marchandises, au moment et dans le lieu fixés ci-après, lors d'une vente effectuée dans des conditions de pleine concurrence entre un acheteur et un vendeur indépendants*".

[12]Ministerial Order of 26 June 1956.

[13]Article 95 of the Customs Code.

[14]Articles 20, 21 and 92 of the Customs Code.

13. According to the authorities, no reference prices nor minimum prices are applied. The Government does not require any pre-shipment inspection.

(iii) Tariffs

14. As import restrictions have been reduced, the customs tariff is increasing its importance as a trade policy instrument in Tunisia (Box IV.1).

Box IV.1: Tariff reduction process in Tunisia

Tunisia's trade liberalization process shows a clear switch of trade policy instruments from non-tariff to tariff measures. In the mid-1980s, Tunisia launched an ambitious liberalization programme which comprised the reduction and rationalization of high tariffs and the dismantling of widespread import restrictions. The original goal was to liberalize all imports by 1991, while achieving a uniform effective protection rate of around 25 per cent.

In the first phase of the liberalization (1986-88), average tariff rates and effective protection were reduced in most sectors, and tariff dispersion was substantially corrected; the tariff range was narrowed from 5-236 per cent in the early 1980s to 17-43 per cent by 1988 (Tables IV.1, V.2, Chart IV.1).

However, this initial progress had limited effects as the dismantling of restrictions was mainly on goods not produced in Tunisia (Box IV.2). As the non-tariff liberalization process spread, the tariff reduction process ground to a halt and, in 1991, provisional complementary duties (DCP) were introduced. The initial aim of a 25 per cent protection rate was sidestepped and duties were raised by 10-30 percentage points for a number of items, pushing up the maximum level of all duties on imports to 73 per cent. As a result, the average tariff rose by 3 percentage points, while tariff escalation was steepened and dispersion was widened.

(a) Structure and form of tariffs (Table IV.2)

15. The Tunisian tariff schedule presently comprises some 6,000 tariff lines defined at the 7-digit level of the Harmonized System (HS).[15] Tunisia's adoption of the HS in January 1990, moving from the CCCN system, resulted in a substantial increase in the number of lines.[16]

16. The Tunisian Customs Code (Article 5) has three columns: minimum, general and intermediate. However, the last two are not currently used; thus, the minimum tariff is the basic m.f.n. rate, which covers all imports except for those under preferential tariff treatment. The minimum tariff consists of two schedules: conventional tariff (*tarif conventionnel*) and autonomous tariff (*tarif autonome*). The conventional tariff applies to all contracting parties to the GATT and to other countries with which Tunisia has concluded trade agreements containing an m.f.n. clause. According to the authorities, the conventional rate also applies to all other imports, unless specified otherwise. The autonomous tariff applies when it is lower than the conventional rate, or when no conventional rate exists. However, at present, the autonomous tariff applies throughout, since it is lower than the conventional tariff in all cases.

[15]Harmonized Commodity Description and Coding System of Tariff Classification. The operational tariff, comprising the "positive" and "negative" lists of liberalized and prohibited imports, is defined at 9-digit level.

[16]Law No. 87-2 of 6 February 1987 replaced the former CCCN based tariff schedule set out by the Law No. 73-45 of 23 July 1973.

Table IV.1
Tariff rates, since 1987
(per cent)

Year	1987	1988	1989	1990	1991	1992	1993	1994[a]
1. Weighted average tariff rates	24.9	25.0	22.2	...	...	...	...	...
Agriculture	17.6	18.8	18.5	...	...	...	...	...
Mining	13.9	17.6	11.7	...	...	...	...	...
Manufacturing	26.5	26.2	23.2	...	...	...	...	...
Consumption goods	39.8	34.4	32.4	...	...	...	...	...
Intermediate goods	19.5	21.1	18.8	...	...	...	...	...
Capital goods	24.1	2.4	19.7	...	...	...	...	...
2. Simple average tariff rates	32.5	30.2	28.5	...	...	...	...	33.2
Agriculture	31.7	29.8	29.9	...	...	...	...	40.3
Mining	18.3	19.6	18.4	...	...	...	...	23.1
Manufacturing	32.9	30.5	28.6	...	...	...	...	33.1
Consumption goods	41.4	36.8	36.6	...	...	...	...	...
Intermediate goods	25.3	25.6	24.3	...	...	...	...	...
Capital goods	26.1	24.5	21.2	...	...	...	...	...
3. Import duties as a share of total imports (c.i.f.)	13.5	12.4	10.8	10.2	11.5	11.9	11.3	...
4. Import duties as a share of total tax revenue	31.6	35.5	35.2	34.0	32.5	33.2	...	...
Memorandum:								
Ratio of goods free of import restriction (tariff line base)	20.0	27.8	43.3	51.7	...	...	...	72.6[b]

... Not available.

a 1994 figures are GATT Secretariat estimates and include DCP (Provisional Complementary Duties).

b Calculated on 7-digit tariff line basis.

Source: H'mida Khlifi, "*Echanges extérieurs: structure, cadre incitatif et parts de marché*", in IEQ (1991); *Lettre de l'IEQ* (No. 9 October 1993); Nsouli (1993).

Table IV.2
Structure of tariff schedule

Tariff	Application	Import share in 1992 (per cent)
General Tariff	Applied to imports from less favoured nations[a]	n.a.
Intermediate Tariff	Applied to imports from less favoured nations[a]	n.a.
Minimum Tariff	M.f.n. rates	92.1
- Conventional Tariff	Fixed according to m.f.n. agreements[b]	
- Autonomous Tariff	Fixed unilaterally by Tunisia[b]	
Preferential Tariff	Applied according to preferential agreements (e.g. Maghreb countries)	7.9

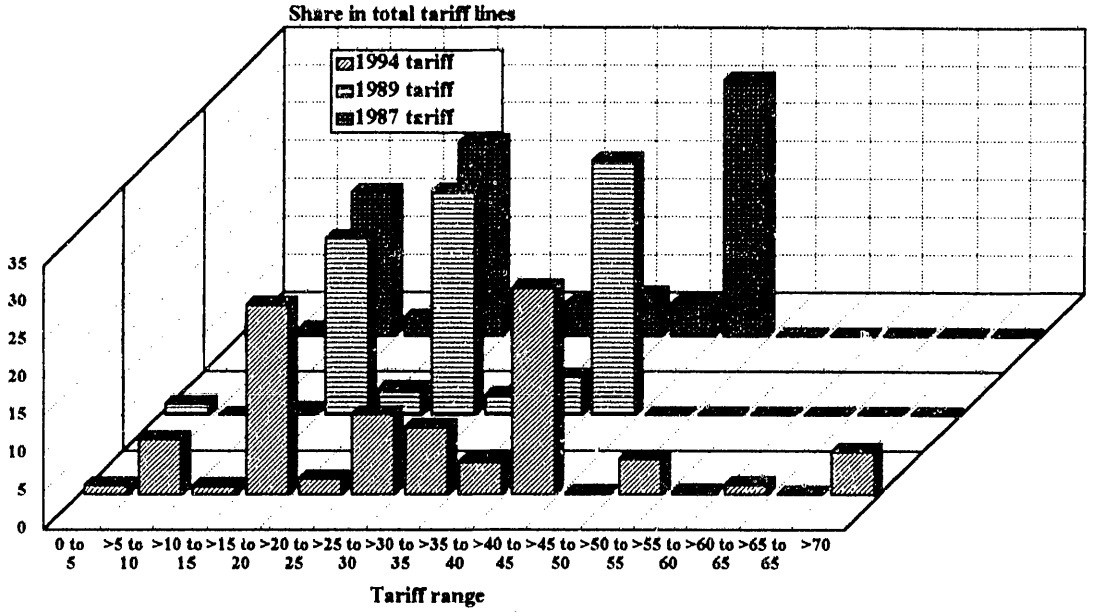
n.a. Not applicable.

a No application as of 1993.

b Whichever is lower shall be applied.

Source: GATT Secretariat and UNSTAT, Comtrade database.

Chart IV.1
Distribution of tariffs: 1987, 1989 and 1994



Note: 1994 tariffs include DCP (Provisional Complementary Duties).
Source: Government of Tunisia; IEQ (1991) and GATT Secretariat calculations.

17. All duties are ad valorem, applied on a c.i.f. basis; no specific or mixed duties exist; nor are any seasonal tariffs applied to imports into Tunisia.

(b) Average tariff levels and tariff range (Table IV.3)

18. In the second half of the 1980s, average tariff levels were substantially reduced. However, to offset adverse effects on local industry of the recent liberalization, in 1991 the Government introduced provisional complementary duties (*droits complémentaires provisoires*) of 10 to 30 per cent on over 400 products.[17]

19. Tunisia's simple average m.f.n. tariff (including DCP) is currently about 33 per cent; the sectoral average tariff is at its highest for agriculture and fisheries with over 40 per cent, while mining bears an average rate of about 20 per cent. In 1989, average tariffs on a trade-weighted basis were around 22 per cent, while the ratio of customs duty revenue to total import value was about 11 per cent; the considerable disparity in the two figures suggests the existence of substantial duty-free imports entering under special régimes, such as temporary admission and the free zone régime. According to the authorities, customs payments, including DCP, represented some 48 per cent of total fiscal receipts in 1993.

[17]Prior to 1994, the duties were called "provisional compensatory duties (*droits compensatoires provisoires*)".

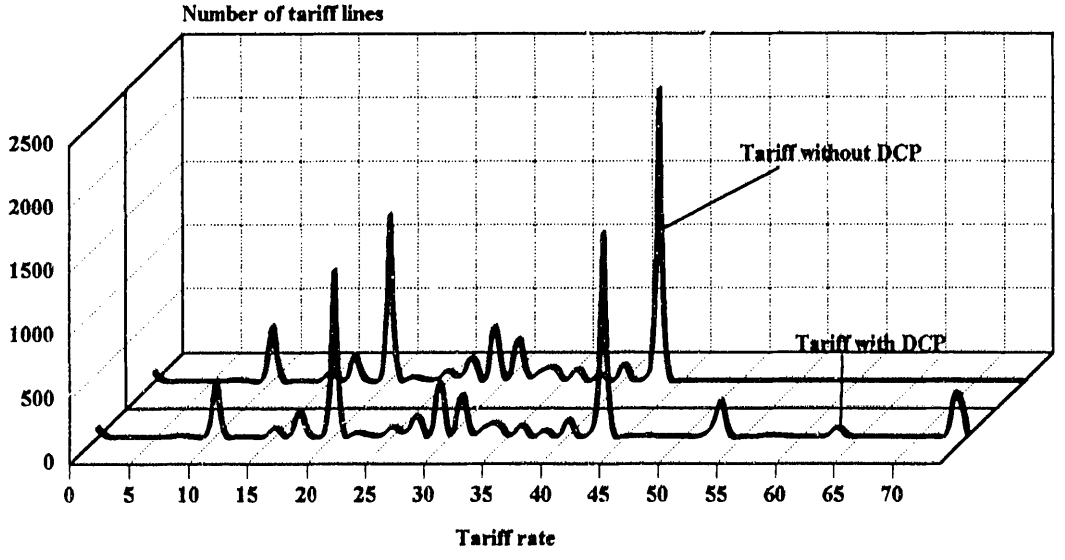
Table IV.3
Main features of the Tunisian tariff schedule and import restrictions (1994)[a]

	Simple average tariff (ad valorem per cent)	Tariff dispersion			Import restriction coverage (per cent)	
		Tariff range (ad valorem per cent)	Standard deviation[b]	Coefficient of variation[b]	(F)	(P)
Total tariff lines	33.2	0 - 73	16.0	48.2	18.2	9.1
By sector[c]:						
Agriculture and fisheries	40.3	10 - 73	19.2	47.6	16.0	19.4
Mining	23.1	0 - 73	10.4	45.0	8.4	3.4
Industry	33.1	0 - 73	15.8	47.7	18.6	8.7
By degree of processing:						
Primary products	32.0	0 - 73	17.4	54.4	10.3	13.5
Semi-processed goods	31.3	0 - 73	13.7	43.8	17.2	3.6
Finished goods	34.6	0 - 73	16.8	48.6	20.4	11.3

a Tariffs include DCP (Provisional Complementary Duties). Import restrictions are calculated on 7-digit HS tariff lines including fully (F) or partially (P) covered by import restrictions.
b The standard deviation measures the absolute dispersion of a distribution; the coefficient of variation is a measure of relative dispersion, defined as the standard deviation divided by the average.
c Based on ISIC classification.

Source: GATT Secretariat.

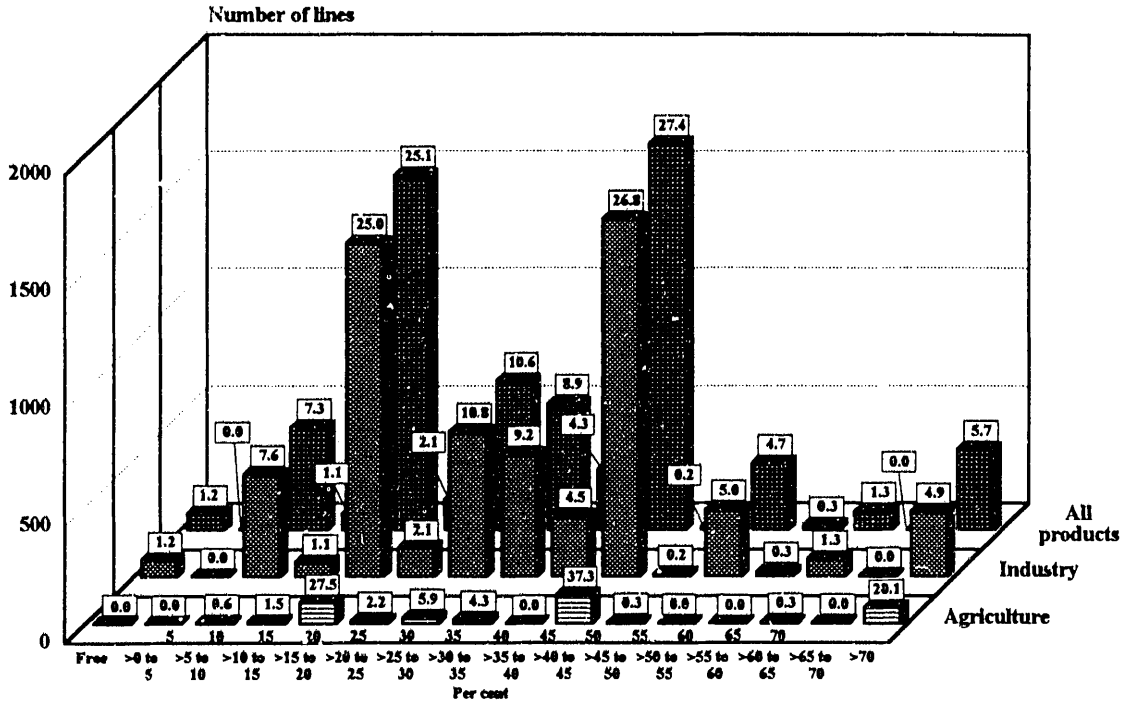
Chart IV.2
Distribution of tariffs, 1994



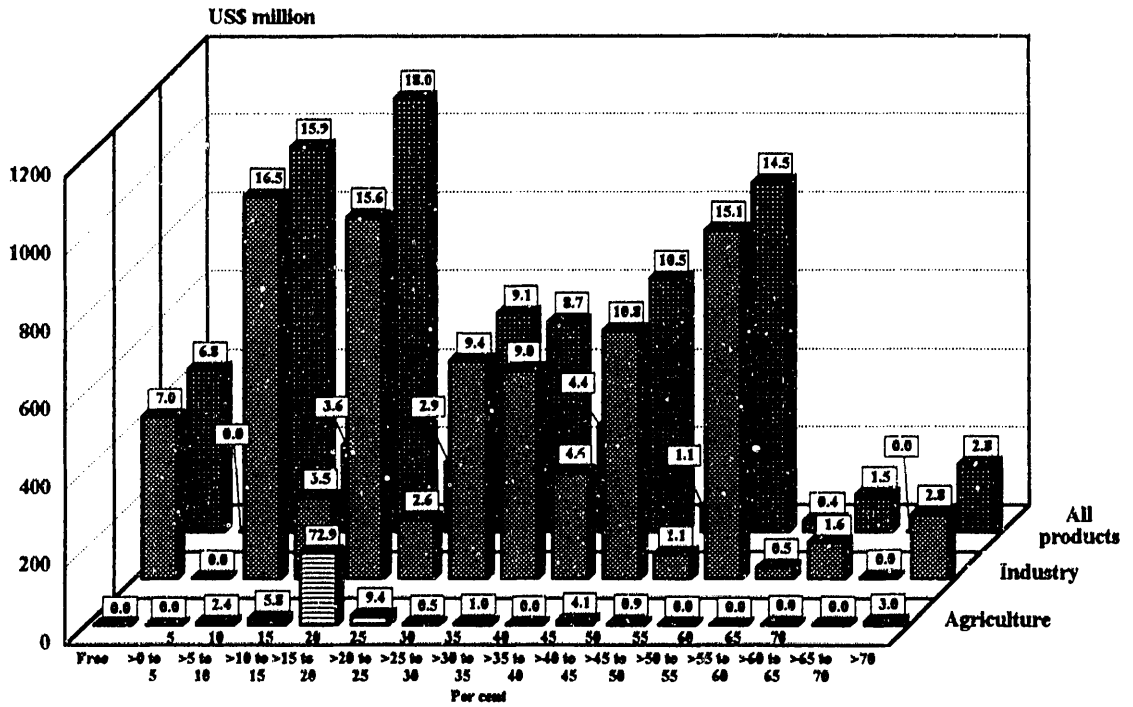
Note: DCP = Provisional Complementary Duties.
Source Government of Tunisia and GATT Secretariat calculations.

Chart IV.3

(a) M.f.n. tariff ranges in Tunisia by sector,1994



(b) Imports by tariff ranges and sector,1994



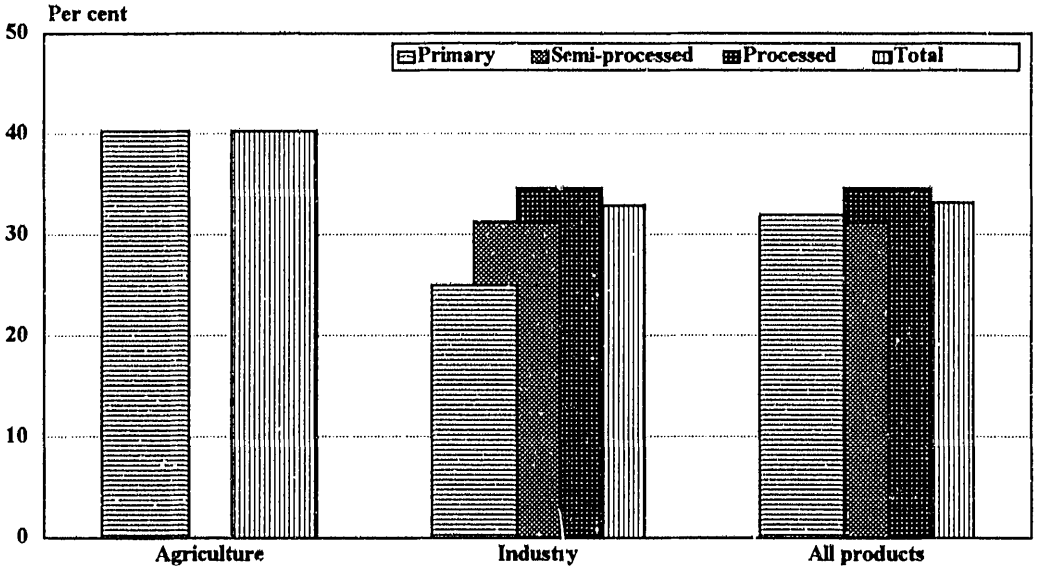
Note: Imports 1993, tariffs are for 1994. Tariffs include DCP (Provisional Complementary Duties).
Source: Government of Tunisia and GATT Secretariat calculations.

20. Despite the efforts undertaken since the mid-1980s, Tunisian tariffs, including DCP, remain widely dispersed, ranging from 0 to 73 per cent, with the coefficient of variation reaching nearly 50 per cent. Tariff peaks of 73 per cent occur for some 300 tariff lines, including grain products, chemicals, leather goods and footwear and paper products (Charts IV.2, IV.3).

(c) Tariff escalation

21. While there is practically no escalation in tariffs between primary and semi-processed goods, protection is on average higher for finished goods (Table IV.3). However, a more detailed sectoral analysis shows substantial tariff escalation in many sectors (Table IV.4 and Chart IV.4). The escalation is particularly pronounced in the textile and clothing and the leather goods and footwear sectors, strategic exporting sectors in Tunisia. Steep escalation is also seen in wood, paper and rubber products and non-ferrous metal sectors.

Chart IV.4
Agricultural and industrial tariffs by stage of processing, 1994



Note: Tariffs include DCP (Provisional Complementary Duties).
Source: Government of Tunisia and GATT Secretariat calculations.

Table IV.4
Tariff escalation, tariff ranges and import restrictions in Tunisia, April 1994

ISIC	Product and processing	Number of lines	Tariff (1994)			Import restriction coverage (1994) (per cent)		Imports (1993) (US$ m.)	Exports (1993) (US$ m.)
			Average	Range (per cent)	Standard Deviation	(F)	(P)		
1	Agriculture								
	- raw materials	324	40.3	10-73	19.2	16.0	19.4	253.6	152.4
2	Mining and quarrying								
	- raw materials	119	23.1	0-73	10.4	8.4	3.4	152.7	421.5
311	Food products								
	- 1st stage of processing	68	34.8	17-43	9.6	11.8	-	4.7	23.1
	- semi-processed	67	51.8	15-73	18.5	40.3	14.9	59.9	8.2
	- fully processed	262	42.5	15-73	15.4	16.4	14.9	172.4	197.2
312	Food manufacturing								
	- 1st stage of processing	22	35.8	15-73	17.7	18.2	45.5	24.0	6
	- semi-processed	11	33.7	20-43	9.5		-	1.7	0
	- fully processed	32	43.0	15-73	18.2	15.6	15.6	17.7	12.6
313	Beverages								
	- fully processed	28	40.8	20-73	10.3	25.0	46.4	8.0	14.8
314	Tobacco manufactures								
	- fully processed	6	38.5	34-43	4.9	100.0	-	29.3	20.6
321	Textiles								
	- 1st stage of processing	40	22.6	18-43	7.3	10.0	2.5	30.4	5.6
	- semi-processed	408	43.7	17-53	11.9	49.3	8.3	885.0	87.5
	- fully processed	336	42.6	20-73	9.9	61.0	17.6	176.5	307.2
322	Clothing								
	- fully processed	186	43.8	20-73	7.3	66.7	20.4	185.4	1231.8
323	Leather products								
	- 1st stage of processing	1	20.0	20	-	-	-	0.1	0
	- semi-processed	37	35.9	20-43	6.0	-	-	58.7	3.2
	- fully processed	27	56.6	25-73	19.8	33.3	22.2	5.6	16.3
324	Footwear								
	- fully processed	22	62.3	31-73	16.3	50.0	18.2	18.3	117.2
331	Wood products								
	- 1st stage of processing	5	23.6	20-29	4.9	-	-	0.0	0.8
	- semi-processed	32	29.3	10-43	9.9	-	3.1	81.6	4
	- fully processed	33	41.2	20-73	9.7	-	6.1	3.4	8.6
332	Furniture except metal								
	- fully processed	27	46.9	29-73	11.4	14.8	-	2.9	5.4
341	Paper products								
	- 1st stage of processing	18	18.2	17-20	1.5	-	-	17.6	6.6
	- semi-processed	76	45.5	17-63	12.9	32.9	5.3	61.4	2.5
	- fully processed	39	52.8	20-73	18.9	33.3	7.7	18.1	17.4
342	Printing								
	- fully processed	44	37.5	0-73	27.2	22.7	15.9	43.7	5.1
351	Industrial chemicals								
	- 1st stage of processing	52	20.4	17-24	1.2	-	-	24.9	1.4
	- semi-processed	636	23.6	15-73	5.6	2.5	1.1	290.5	372.6
	- fully processed	27	21.3	15-31	5.7	3.7	7.4	22.6	0.6
352	Other chemicals								
	- 1st stage of processing	3	20.0	20	0.0	-	-	0.2	0
	- semi-processed	56	27.9	15-43	7.6	1.8	-	28.2	3.6
	- fully processed	240	28.9	0-73	17.4	20.0	7.9	189.7	48.6
353	Petroleum refineries								
	- 1st stage of processing	10	0.0	0	0.0	-	20.0	81.5	0

Table IV.4 (cont'd)

ISIC	Product and processing	Number of lines	Tariff (1994)			Import restriction coverage (1994) (per cent)		Imports (1993) (US$ m.)	Exports (1993) (US$ m.)
			Average	Range (per cent)	Standard Deviation	(F)	(P)		
	- semi-processed	9	17.7	0-73	23.4	55.6	-	6.9	0.6
	- fully processed	15	11.9	0-43	15.8	-	26.7	288.5	92
354	Petroleum and coal products								
	- 1st stage of processing	10	14.0	0-20	9.7	-	-	13.8	0
	- semi-processed	9	18.0	0-42	12.5	-	-	0.3	0
	- fully processed	2	43.0	43	0.0	-	-	0.1	0
355	Rubber products								
	- 1st stage of processing	2	20.0	20	0.0	-	-	0.1	0
	- semi-processed	21	28.9	20-73	12.7	-	4.8	9.6	1.8
	- fully processed	51	49.7	17-73	23.5	37.3	21.6	34.3	17.8
356	Plastic products								
	- fully processed	33	38.6	20-53	8.0	-	-	45.7	11.3
361	Pottery and china								
	- fully processed	24	46.7	10-73	19.6	-	-	7.9	9.8
362	Glass and products								
	- semi-processed	19	30.3	20-43	9.0	-	-	5.9	0.2
	- fully processed	54	39.5	20-73	15.7	9.3	-	19.9	9.2
369	Non-metallic mineral products								
	- 1st stage of processing	2	43.0	43	0.0	-	100.0	0.0	0
	- semi-processed	14	43.4	20-73	23.6	35.7	7.1	2.4	39
	- fully processed	92	37.9	10-73	13.9	2.2	4.3	22.4	17.3
371	Iron and steel products								
	- 1st stage of processing	9	20.0	20	0.0	-	-	0.1	0.1
	- semi-processed	265	24.6	10-57	9.9	6.4	0.4	329.9	23
372	Non-ferrous metal								
	- 1st stage of processing	7	20.0	20	0.0	28.6	-	0.0	0.1
	- semi-processed	205	27.7	0-63	9.4	12.7	3.9	72.4	13.1
	- fully processed	3	43.0	43	0.0	-	-	0.0	0
381	Metal products								
	- semi-processed	6	28.5	26-29	1.2	-	-	0.3	0
	- fully processed	248	37.6	0-73	10.7	4.8	2.0	135.8	29.2
382	Non-electrical machinery								
	- semi-processed	1	63.0	63	-	100.0	-	0.1	0
	- fully processed	527	20.3	0-73	14.6	4.9	3.4	911.5	57.5
383	Electrical machinery								
	- fully processed	332	33.4	10-73	14.5	10.5	10.5	464.4	250.2
384	Transport equipment								
	- fully processed	196	28.8	0-73	16.0	26.5	29.6	598.2	61.8
385	Professional and scientific equipment								
	- fully processed	268	26.7	0-73	14.5	6.0	9.0	136.0	39.7
390	Other manufactured products								
	- 1st stage of processing	18	36.2	20-73	14.2	5.6	33.3	0.3	0.6
	- semi-processed	4	39.5	31-43	5.7	-	-	2.2	0.1
	- fully processed	272	39.0	10-73	10.8	19.5	8.8	110.9	61.4

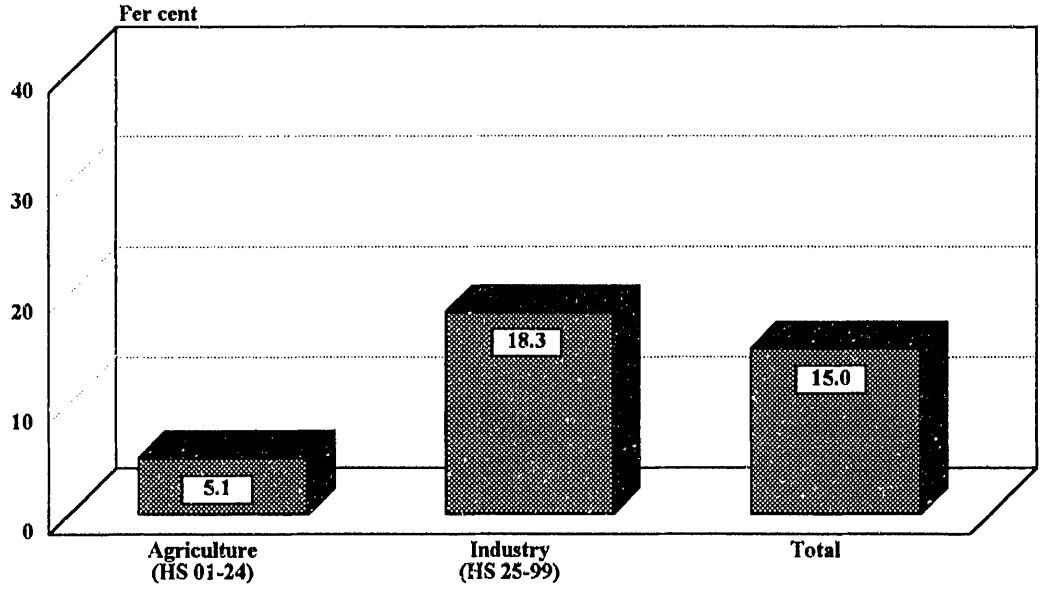
Note: Tariff rates include DCP (Provisional Complementary Duties).
Import restrictions are calculated at 7 digit HS tariff lines level. They include lines fully (F) and partially (P) affected by restrictions.

Source: GATT Secretariat estimates, based on data from the Government of Tunisia.

(d) Tariff bindings

22. Tunisia's initial tariff bindings, introduced on its accession to the GATT in 1990, covered some 900 of some 6,000 tariff headings at 7-digit HS level (Chart IV.5).[18] The overall level of bindings was higher on industrial products than agriculture, with a binding coverage 18 per cent for industrial products against 5 per cent for agriculture.[19] Bound rates ranged from 17 to 52 per cent ad valorem, a level well above that of autonomous tariffs (between 0 and 43 per cent).

Chart IV.5
Initial tariff bindings in Tunisia, 1990



Source: Government of Tunisia.

23. In connection with the provisional complementary duties (DCP) introduced in 1991, the Tunisian authorities deposited in 1993 an Article XXVIII request for the modification of initial tariff concessions. Tariff negotiations under the Article were concluded in January 1994, resulting in a considerable increase in bound tariffs for 172 goods. In parallel, Tunisia requested a waiver authorization under Article XXV:5 for a temporary tariff increase (20 to 30 percentage points) concerning 38 manufactured goods not covered by the Article XXVIII request. The waiver was accorded for three years from 1 January 1994.[20]

[18]Protocol for the Accession of Tunisia to the General Agreement on Tariffs and Trade (Schedule LXXXIII), 12 March 1990.

[19]GATT document BOP/W/138, 4 March 1991.

[20]GATT documents C/M/264, 14 July 1993; C/M/267, 12 November 1993; C/M/268, 24 January 1994; C/W/758/Rev.1, 13 December 1993; L/7311, 15 October 1993; L/7380, 19 January 1994.

24. As mentioned earlier (Chapter II), Tunisia's concessions in the Uruguay Round resulted in the enlargement of binding coverage from 15 to 53 per cent of tariff lines (Table IV.5).

Table IV.5
Scope of bindings (Tunisia's offer in the Uruguay Round)
(per cent)

	Pre-U.R. (share in total)	Post-U.R.[a] (share in total)
Agriculture (HS 1-24)	5.1	84.9[b]
Industry (HS 25-99)	18.3	48.1
Total	15.0	53.0
Memorandum[c]:		
Developing economies		
- Agriculture (per cent)	17	89
- Industry (per cent)	21	65

a These figures are currently subject to review with the Tunisian authorities. They include the initial bindings by Tunisia on accession to GATT and Tunisia's Uruguay Round offer, but not the renegotiated bindings from January 1994.
b Excluding items in Chapters 1-24 classed as fishery or marine products.
c GATT, An Analysis of the Proposed Uruguay Round Agreement, with Particular Emphasis on Aspects of Interest to Developing Economies (MTN.TNC/W/122, 29 November 1993). Data are as of 19 November 1993.

Source: Government of Tunisia; GATT Secretariat.

(e) Tariff preferences (Chapter II)

25. Tunisia maintains some twenty bilateral preferential agreements containing tariff reduction or duty-free access for all or a limited range of imports (Table II.1). However, imports under tariff preferences remain modest. According to the authorities, imports from all other sources enjoy most-favoured-nation treatment without exception. In 1989, Tunisia ratified the treaty on the Global System of Trade Preferences (GSTP); however, no preferences have been applied under the system to date.

(f) Concessional entry (duty-free entry)

26. Tunisia maintains a number of duty-free entry schemes to offset adverse effects of high border protection on industries which use imported inputs. Major schemes are: (a) the suspensory régime (*régime douanier suspensif de paiement des droits*); (b) the free zone régime (*zone franche*); and (c) the duty-free admission scheme (*admission en franchise*). Finished merchandise must either be exported or fulfil all import requirements, including duty payments, before being released for domestic consumption.

27. The suspensory régime[21] includes transit[22]; storage warehouses[23]; processing warehouses[24]; and temporary admission[25] (Section IV(3)(xi)). The free zone régime, on the other hand, encompasses the Free Economic Zone scheme (Section IV(3)(xvi)) and the export-oriented enterprise régime provided in the Investment Incentives Code (Chapter III).

28. Under the duty-free admission scheme, the Ministry of Finance is empowered to authorize duty-free entry for: (a) Tunisian merchandise returning from abroad; (b) goods addressed to diplomatic bodies or international organizations; (c) goods addressed to charity organizations (*organismes de solidarité*); and (d) goods without commercial character.[26] The same conditions apply to re-importation of goods temporarily exported for outward processing.[27]

(iv) Tariff quotas

29. There are no tariff quotas on any imports into Tunisia.

(v) Variable import levies and similar measures

30. Since 1990, Tunisia has maintained variable levies on bovine and ovine meat and dairy products.[28] The amount of such levies is equivalent to the difference between reference prices of domestic products, based on international market prices, and the tax-paid price of imports. For 1993, levies were 1.200 dinars per kilogramme for bovine and ovine meat and 0.680 to 0.800 dinars per kilogramme for powdered milk. According to a calculation made for the Uruguay Round offer, the tariff equivalent of variable levies amounted to more than 200 per cent ad valorem for some meat products and around 90 per cent for dairy products.[29]

(vi) Other levies and charges (Table IV.6)

Import levies and charges

31. In addition to the DCP tax, a customs services fee (*redevance de prestations douanières*) equivalent to 2 per cent of import duties and taxes (minimum 5 dinars per article) is levied on imports.

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[21]GATT document L/6075/Add.1, 18 November 1986; Foreign Trade and Exchange Notice No. 10 (GATT document L/6075/Add.2); Exporters' Encyclopedia (1992); BNA (1993).

[22]Articles 115 to 126 of the Customs Code.

[23]Articles 127 to 150 of the Customs Code.

[24]Article 150 bis of the Customs Code.

[25]Articles 153 to 158 of the Customs Code.

[26]Article 170 of the Customs Code.

[27]Article 159 of the Customs Code.

[28]Products subject to the levies are bovine meat, fresh, chilled or frozen; sheep meat, fresh, chilled or frozen; and milk in powder, of fat content of 0 or 26 per cent.

[29]See Tunisian commitment in the Uruguay Round.

In 1988, the long-standing 5 per cent customs formality tax (*taxe de formalités douanières*) and the 2 per cent special import tax for export promotion were incorporated into the customs tariff, giving an automatic increase of 7 percentage points in all import duties.[30] In 1994, a surcharge of 5 per cent, levied since 1991 on all imports to help cut the budget deficit aggravated by the Gulf crisis, was also incorporated into the customs tariff, resulting in wider tariff dispersion (Table AIV.2).

Table IV.6
Main taxes and charges levied on imports of selected products, 1994

		Raw materials (hard wheat)		Intermediate goods (laminated steel)		Finished good (medium-sized passenger car)	
		Rate	Value	Rate	Value	Rate	Value
(1)	Value f.o.b. (= 100)	n.a.	100.0	n.a.	100.0	n.a.	100.0
(2)	Freight and insurance (approximately)	n.a.	5.0	n.a.	5.0	n.a.	5.0
(3)	Value c.i.f. (1)+(2)	n.a.	105.0	n.a.	105.0	n.a.	105.0
(4)	Customs duty	17	17.8	20	21.0	43	45.2
(5)	Provisional complementary duty (10, 20, 30%)	0	0.0	0	0.0	0	0.0
(6)	Sub-total (3)+(4)+(5)	n.a.	122.8	n.a.	126.0	n.a.	150.2
(7)	Value added tax (6, 17, 29%)	17	20.9	17	21.4	...	...
(8)	Consumption tax	n.a.	n.a.	n.a.	n.a.	140	147.0
(9)	Customs services fee (2%)	2	0.8	2	0.8	2	3.8
(10)	Total (6)+(7)+(8)+(9)	n.a.	144.4	n.a.	148.2	n.a.	301.0

... Not available.

n.a. Not applicable.

Source: Government of Tunisia.

Internal taxes

32. The most important internal tax on imports is value added tax (VAT), introduced in 1988 to replace the former turnover tax on production, consumption and services. VAT is levied at three distinct rates: a reduced rate of 6 per cent for essential goods, a normal rate of 17 per cent and a high rate of 29 per cent for luxury goods. In addition, a consumption tax (*droit de consommation*) is levied on a relatively wide range of goods. The tax is levied on an ex-factory base for domestic goods and on a c.i.f. base (customs duties and VAT not included) for imports. It varies between 11 and 470 per cent, with the majority of rates falling under 100 per cent. The consumption tax, as well as the VAT, are applied equally to imports and domestic products.

[30]Nsouli (1993); GATT document L/6277, 17 December 1987 (BISD 37S).

33. Apart from the above taxes, certain goods are subject to the following taxes or charges[31]:

- a municipal slaughter charge collected only on imported meat for the benefit of the budget of the communes;

- an ad valorem charge on domestic and imported fruit and vegetables;

- a professional contribution on preserved foodstuffs (ad valorem on imports and domestic products); and

- a veterinary sanitary charge affecting imports and domestic products.

The Secretariat has no information on the rates of these taxes. All taxes and charges are imposed equally on imports and domestic products, except for the municipal slaughter tax, which is levied on a specific basis for imported meat products, while an ad valorem charge is applied to domestically produced meat products.[32] The authorities envisage local tax reforms in the near future, but details are not yet available.

(vii) Minimum import prices

34. No price control operates at the importation stage; all price controls are applied at the marketing stage and equally affect imports and domestic products.

(viii) Import prohibitions

35. All imports from Israel are prohibited; Tunisia invokes Article XXXV of the General Agreement in this respect.[33] Imports of some items from all sources are subject to absolute prohibition for national security or moral reasons. They include: narcotics, orpiment (yellow arsenic), saccharine, absinthe, and anethole or aniseed essence. Imports of counterfeit goods and goods bearing false trademarks are also prohibited (Chapter IV(4)(vi)).[34]

(ix) Import licensing

36. Tunisia is not a signatory to the Tokyo Round Import Licensing Agreement, where it has observer status. A limited number of items in the Tunisian schedule are currently bound as completely free of import licensing or any other forms of quantitative restrictions.[35]

37. Import licensing was the principal instrument of trade control in Tunisia until recently (Box IV.2). The Tunisian import régime makes a distinction between "liberalized goods" (*produits libérés*), which may be imported freely with an import certificate, and "restricted goods" (*produits prohibés*), which

[31]GATT documents L/6075/Add. 1, 18 November 1986; Spec(87)23, 6 May 1987.

[32]GATT document L/6277, 17 December 1987 (BISD 37S).

[33]GATT document L/6713, 27 July 1990.

[34]GATT document Spec(87)23, 6 May 1987.

[35]Protocol for the Accession of Tunisia to the General Agreement on Tariffs and Trade (Schedule LXXXIII), 12 March 1990.

require prior authorization by the Ministry of National Economy.[36] Prior import authorization was, until March 1994, obtained in the form of an import licence, an annual import authorization or an import card: the last two, however, have been abolished under Law No. 94-41 of 7 March 1994.

38. Tunisia's trade régime has undergone significant liberalization in recent years (Box IV.2). According to the Government, some 80 per cent of production falls under the liberalized régime in 1994. A further step was taken in March 1994, with the passage of Law No. 94-41, which will go into effect as from July 1994. This law stipulates that all imports are free of restriction, except for those restricted for reasons of security, public order, health, morality, protection of species and cultural heritage (Article 3). Article 39 of the same law, however, adds that certain products, whose list shall be fixed by a Decree, remain transitionally under restriction during the progressive liberalization process.

39. The authorities' stated policy is to limit import restrictions to (a) subsidized essential commodities, e.g. grains, (b) luxury goods not locally produced, e.g. automobiles, private yachts, jewellery, watches, and (c) goods related to national security. However, restrictions are still maintained (as at end-April 1994) for a wide range of Tunisia's major products, such as some fruits and vegetables (e.g. dates, citrus, grapes, olives), prepared food (e.g. fish, jam), bread and pasta, tobacco, refined petroleum products, phosphoric fertilizers, textiles and clothing goods, footwear, passenger motor vehicles, and machinery (Table AV.4). Restrictions, which affect, fully or partially, nearly 30 per cent of total 7-digit tariff lines, are more concentrated in finished goods than in primary goods (Table IV.3).[37]

40. An import certificate (*certificat d'importation*), which is required for the import of "liberalized" goods, may be obtained upon the presentation of commercial contracts at an authorized intermediary bank in charge of the process of domiciliation of import documents. The certificate is valid up to six months from the date of domiciliation; its validity cannot be extended.[38] The following goods are excluded from the advantages of this import procedure: used articles; components and parts imported at prices higher than those set out by manufacturers; and components and parts imported in order to circumvent investment legislation.[39]

[36]Article 41 of Foreign Trade and Exchange Code (1976); Articles 1, 2, 4 and 11 of Decree No. 77-608, 27 July 1977.

[37]The restrictions are defined in 9-digit HS level.

[38]GATT document BOP/311, 24 September 1992.

[39]Notice to Importers and Exporters, as amended (GATT documents L/6152, 21 April 1987; Spec(87)23, 6 May 1987).

Box IV.2: Import liberalization in Tunisia

In line with the tariff reduction programme, the Tunisian Government announced in the mid-1980s a far-reaching trade liberalization programme with the objective of removing all import restrictions by the end of 1991. Accordingly, the overall degree of openness has since risen steadily, in terms of tariff lines, import value and ratio to domestic production (Tables IV.7, IV.8, IV.9, Chart IV.6).

The earlier phase of liberalization (1986-88) focused on the dismantling of restrictions on capital goods and raw materials, which often were not produced locally. This approach had the effect of increasing effective protection for some domestic industries. Moreover, the liberalization of import certificate procedures undertaken at that time also focused on capital goods and raw materials imports (Notices of 4 November 1986 and of 23 June 1987).

Not surprisingly, the succeeding phase of the liberalization, which tackled remaining protection on finished and consumer goods, proved much more difficult. In 1990, the Government slowed down the pace of the liberalization; the initial completion date of 1991 was postponed and duties were temporarily raised by 10 to 30 percentage points through the introduction of provisional complementary duties, resulting in a maximum tariff of 73 per cent for some goods. The Government now envisages end-1994 as the completion date for the import liberalization, although certain provisional duties will be maintained until 1996.

Another feature of the Tunisian liberalization is its heavy emphasis on export promotion; import certificate procedures were relaxed in favour of exporting industries (Notice of 23 June 1987); and, in particular, investment incentives for export-oriented enterprises were strengthened and enlarged (Chapter III).

Table IV.7
Liberalized goods, 1987-94
(number of tariff lines and per cent)

	1987		1988		1989		1990		1994	
	Tariff lines	Share	Tariff lines	Share	Tariff lines	Share	Tariff lines	Share	Tariff lines	Share
Liberalized goods	1,678	20.0	2,328	27.8	3,629	43.3	4,331	51.7	4,367	72.6
Restricted goods	6,698	80.0	6,048	72.2	4,747	56.7	4,045	48.3	1,646	27.4
Total	8,376	100.0	8,376	100.0	8,376	100.0	8,376	100.0	6,013	100.0

Source: H'mida Khlifi, "*Echanges extérieurs: structure, cadre incitatif et parts de marché*", in IEQ (1991); and GATT Secretariat estimates based on 7-digit HS tariff lines.

Table IV.8
Degree of import liberalization by goods category, since 1986
(per cent)

Year	1986	1987	1988	1989
Food	0.4	0.3	0.3	1.1
Energy	7.2	7.4	4.5	6.9
Manufactured goods				
Raw material and semi-products	13.9	20.5	24.9	25.5
Capital goods	5.6	7.2	12.5	15.2
Consumption goods	16.6	20.7	19.7	21.0
Total liberalized imports	43.5	56.0	62.0	69.7

... Not available.

Source: H'mida Khlifi, "*Echanges extérieurs: structure, cadre incitatif et parts de marché*", in IEQ (1991).

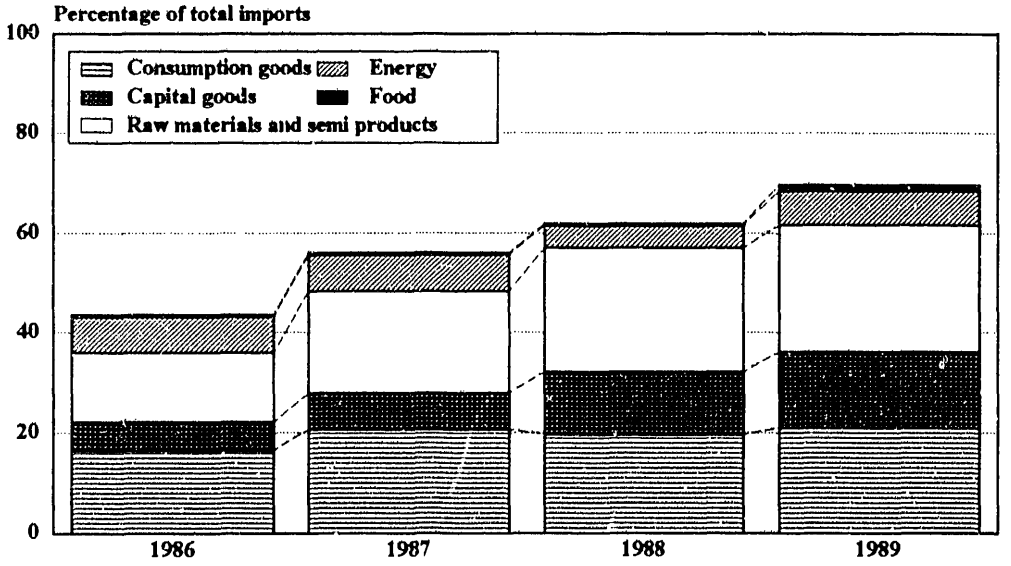
Table IV.9
Ratio of domestic production covered by import restriction, since 1986
(per cent)

Year	1986	1987	1988	1989	1990
Agriculture	100	97	94	89	90
Mining	100	99	99	99	89
Manufacturing					
Food and beverages	100	99	99	96	84
Machinery and electric apparatus	100	86	72	44	33
Chemicals	100	93	93	91	41
Textile and leather goods	100	98	97	94	93
Total	100	96	93	88	75

... Not available.

Source: H'mida Khlifi, "*Echanges extérieurs: structure, cadre incitatif et parts de marché*", in IEQ (1991).

Chart IV.6
Degree of import liberalization by goods category, 1986-89



Source: H. Khlifi in IEQ (1991).

41. Subject to certain conditions, restricted goods may also be imported through the import certificate procedure, in lieu of the prior authorization procedure (Box IV.2)[40]:

- Capital goods used in authorized investment projects and imported by investment promoters, by commercial representatives in Tunisia of the suppliers of the goods or by leasing companies;

- Raw materials and semi-finished goods used in the manufacture and packaging of pharmaceutical products and imported by approved pharmaceutical enterprises[41];

- Raw materials and semi-finished goods used in connection with the production of export goods; industrial enterprises whose exports are equal to or more than 15 per cent of their output[42] are entitled to import goods without limitation, while industrial enterprises exporting less than 15 per cent may import only up to the value of their exports through an "EXIM" account (*compte exportation-importation*) exclusively used for this operation.

[40]Notice to Importers and Exporters, as amended (GATT documents L/6152, 21 April 1987; Spec(87)23, 6 May 1987).

[41]Provision introduced by Notice of 23 June 1987.

[42]The enterprises benefiting from this procedure will be specified in lists periodically drawn up by the Ministry of National Economy and communicated to the Central Bank and the Customs (GATT document BOP/311, 24 September 1992). This provision was introduced by Notice of 23 June 1987.

42. An import licence (*licence d'importation*) is required for importing "restricted" goods. A licence, valid for six months with the possibility of extension, is issued by the Ministry of National Economy with the endorsement of the Central Bank. The issuance of a licence is left to the discretion of the authorities; according to the Tunisian authorities, granting a licence takes into account domestic market requirements as well as the balance-of-payments situation.[43] The time required to obtain a licence ranges from three to seven days, depending on the nature of products and the urgency of importing. Until recently, licences for certain commodities (e.g. dairy products) were granted to importers under a system of "traders' quotas", i.e. the allocation being carried out according to criteria such as firm size, geographical location, the degree of specialization and the age of firm[44]; however, this system was totally abolished in 1990.

43. Until mid-1994, import of "restricted" goods could also be carried out by an annual import authorization or an import card. Regular importers were able to import "restricted" goods by means of an annual import authorization (*autorisation annuelle d'importation*), issued by the Ministry of National Economy. The categories of operator eligible for annual authorizations were defined in the Notice by the Ministry. A company applying for an annual authorization was required to submit, before 1 October of the preceding year, an annual import programme comprising information on expected imports, the current consumption of imported inputs, sales, production, employment, import prices, and the firm's financial position. The authorization, given in the form of a global import limit expressed in dinars, was valid for one year from 1 January and may be renewed annually. The unused portion of the limit could be carried over to the following year, but was not transferable between operators.

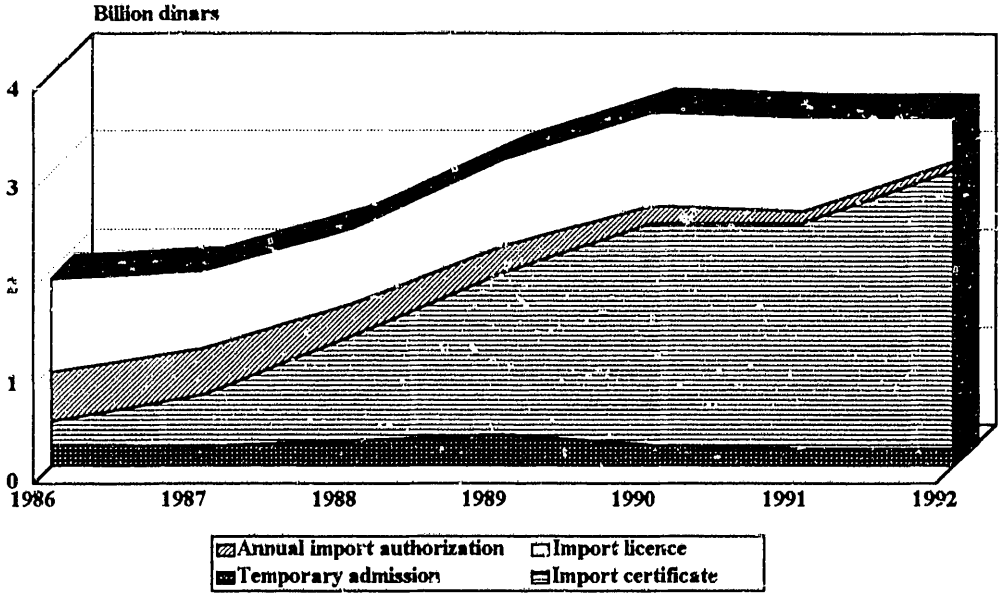
44. Smaller quantities of "restricted"goods were also imported through the use of an import card (*carte d'importation*), which was available to importers in "productive" sectors, such as farmers, craftsman and small-scale traders recognized by competent authorities. The card, which permitted the import of goods up to 1,000 dinars per year, was valid for one year from the date of endorsement by the Central Bank; the period of validity could not be extended, although it was possible to renew the card once during the same year.

45. According to the authorities, imports under import certificates currently account for 86 per cent of the total (Chart IV.7). As a result of the trade liberalization, import licences, annual import authorizations and temporary admission schemes have lost much of their importance in recent years.

[43]GATT document L/6277, 17 December 1987 (BISD 37S).

[44]IMF (1993); Exporters' Encyclopedia (1992).

Chart IV.7
Evolution of imports by régime, 1986-92



Source: Nsouli (1993).

(x) Import quotas

46. Tunisia applies no explicit import quotas. Goods formerly subject to import quotas, as listed in Annex 2 of the Notice to Importers and Exporters, were incorporated into the import licensing mechanism in 1987.[45]

(xi) Import surveillance

47. The Secretariat is not aware of any import surveillance in Tunisia.

(xii) State-trading enterprises

48. Some 25 per cent of total imports are currently carried out exclusively by State-trading enterprises (Table IV.10).[46] Among the major State-trading enterprises are: *Entreprise tunisienne des activités pétrolières* (for petroleum products); *Office du commerce de la Tunisie* (for sugar, coffee and tea); *Office des céréales* (for grains); and *Office national de l'huile* (for vegetable oil).[47] Some other food

[45]GATT document L/6277, 17 December 1987 (BISD 37S).

[46]GATT document Spec (87)23, 6 May 1987; IMF (1993).

[47]BNA (1993); Exporters' Encyclopedia (1992).

items, tobacco and certain pharmaceutical products are also imported exclusively by State-trading agencies.

49. Since the mid-1980s, Tunisia has pursued the liberalization of State-trading practices in line with trade liberalization and price deregulation; import monopolies have been abolished for rice, meat, pepper, vegetable oil, and feed.[48]

50. According to the authorities, import monopolies were intended to ensure, under the constraint of limited foreign-currency resources, adequate, regular supplies of essential commodities which are often subject to considerable price fluctuations in the world market.[49]

Table IV.10
Share of import monopolies in total imports

	Operator	1986		1993	
		Imports (D million)	Share (per cent)	Imports (D million)	Share (per cent)
Petroleum	Entreprise tunisienne des activités pétrolière	182.6	7.92	...	...
Grains	Office des céréales	120.8	5.24	...	...
Pharmaceutical products	...	54.4	2.36	...	...
Vegetable oils	Office national de l'huile	35.1	1.52	...	...
Sugar	Office du commerce	26.2	1.13	...	...
Tea	Office du commerce	16.6	0.72	...	...
Coffee	Office du commerce	9.6	0.41	...	...
Cocoa beans	Office des céréales	1.5	0.06	...	...
Pepper	Office du commerce	3.1	0.12	...	...
White cement	...	6.1	0.26	...	...
Alcohol	...	1.1	0.04	...	...
Tobacco	...	11.7	0.50	...	...
Rice	Office des céréales	0.9	0.03	...	...
Total import monopolies	n.a.	469.7	20.38	...	...

... Not available.

n.a. Not applicable.

Source: Government of Tunisia; GATT document Spec (87)23, 6 May 1987.

[48]GATT documents L/6277, 17 December 1987 (BISD 37S); BOP/311, 24 September 1992.

[49]GATT document L/5566/Add.1, 9 November 1983.

51. State-trading enterprises establish annual purchasing programmes for imports and carry them out by means of international public tender or, more often, by direct negotiations with suppliers. Transactions are supervised by the relevant National Purchase and Sale Commission established for each product.[50] According to the Government, State-trading monopolies make purchases or sales in accordance with commercial considerations, as prescribed in Article XVII, and, apart from the best price-quality considerations, no discrimination is permitted in the choice of suppliers.[51]

(xiii) Import cartels

52. According to the authorities, no import cartels operate in Tunisia.[52]

(xiv) Countertrade

53. Until recently, countertrade represented some 10 per cent of Tunisia's foreign trade. The largest part consisted of trade with former State-trading countries; Tunisia had concluded a number of protocols on countertrade with these countries, in search for outlets for Tunisian petroleum and phosphate exports in depressed world markets.[53] According to the authorities, however, all of these countertrade agreements have been progressively replaced by a series of bilateral m.f.n. treaties in recent years.

(xv) Standards and other technical requirements

(a) Technical regulations, standards and conformity assessment procedures

54. Tunisia has been a signatory to the Agreement on Technical Barriers to Trade since 1981.[54] The Law on Standardization and Quality, enacted shortly after signature to the Agreement, provides the national legal framework.[55] The Ministry of National Economy is responsible for defining and implementing standardization policy. Under the aegis of the Ministry, the INNORPI (*Institut national de la normalisation et de la propriété industrielle*)[56] operates as the sole standards agency in Tunisia

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[50]*Commissions d'achat et de vente en matière de commerce extérieur* (Decree No. 75-540, 4 August 1975 (GATT document BOP/286, 26 September 1988, Annex 4)).

[51]GATT documents L/5566/Add.1, 9 November 1983; Spec(87)23, 6 May 1987; L/6277, 17 December 1987 (BISD 37S).

[52]The new Competition Law enacted in 1991 (*Loi n° 91-64 du 29 juillet relative à la concurrence et aux prix*) stipulates in its Article 5 that concerted actions or agreements which undermine market competition are prohibited (Section (4)(i)).

[53]Exporters' Encyclopedia (1992).

[54]GATT document TBT/M/5, 16 January 1981; TBT/W/21, 22 January 1981; TBT/W/26, 5 March 1981; TBT/M/6, 27 March 1981.

[55]*Loi n° 82-66 du 6 août 1982 relative à la normalisation et à la qualité* (GATT documents TBT/1/Add.31, 19 October 1982; TBT/Notif.85.124, 16 July 1985).

[56]Established in 1982, the INNORPI is a State subsidized public institution managed by an executive board which consists of representatives of relevant Ministries, and operates "under the watch and the control of the Ministry of National Economy" (Decree No. 82-1314, 24 September 1982).

and serves as the enquiry point for the Tokyo Round Code.[57] Its mission includes, inter alia, the preparation, registration and publication of technical regulations and standards; the issuance of certificates of conformity; and the receiving and registering of applications for patents, trademarks and industrial designs (Section (4)(vi)).

55. Some 3,500 standards registered at the INNORPI cover virtually all sectors, with a major exception being pharmaceutical products which are under the authority of the Ministry of Health. Standards which affect "the public interest and health, the security or the protection of the people and the environment", are mandatory[58]; this may imply the obligation to pass a conformity test.[59] The procedures are described below.

56. The adoption of international standards is considered important to strengthen the competitiveness of Tunisian exports. A large majority of technical regulations and standards are in line with international norms (e.g. ISO, IEC, EN[60]); some original standards exist in areas such as fertilizers and dairy products. According to the authorities, there have been no cases where international norms were judged inadequate in Tunisia.

57. All standards are drafted by one or other of some 120 Technical Committees, set up by the INNORPI and composed of all parties that may be affected. Draft standards must undergo a one-month public investigation, before being submitted to the Ministry of National Economy. Compulsory standards require an official confirmation in the form of ministerial order (*arrêté*), while non-mandatory standards are simply published and registered at the INNORPI.[61]

58. Assessments or tests of the conformity of a product to a standard are carried out by the INNORPI, which is the only body authorized to grant a national mark of conformity.[62] Testing and investigation are conducted by the Institute itself or by a laboratory accredited by the Institute. The INNORPI makes a decision on the basis of recommendations made by a Special Committee composed of representatives of the administration, manufacturers and other interested parties. According to the authorities, the number of demands for the mark has been quite limited up to this time. Assessment procedures are currently based on the ISO No. 5 norm. However, the Institute plans to adopt an internationally accepted quality assessment system (EN 29000 or ISO 9000), in order to facilitate acquiring accreditation from the EC; this is expected to help reinforce the competitiveness of Tunisian exports in European markets.

59. Importers and exporters are generally given national treatment. Compulsory standards are applied equally to domestic producers, distributors, importers and exporters. Manufacturers, importers

[57]No private standards and certifying bodies exist in Tunisia (GATT document TBT/W/Add.4, 17 May 1982).

[58]Article 9 of the 1982 Law; Decree No. 83-724, 4 August 1983.

[59]Article 9 of Decree No. 85-665, 27 April 1985.

[60]These are standards set out, respectively, by the International Organization for Standardization, the International Electrotechnical Commission and the European Communities (INNORPI, 1993a)).

[61]Decree No. 83-724, 4 August 1983.

[62]The granting of quality certificates by any other organizations is prohibited without the Institute's authorization (Article 10 of the Decree No. 85-665).

and exporters have equal access to conformity assessment procedures; importers and exporters have the opportunity to give evidence to the Special Committee. Foreign Trade and Exchange Notice No. 10 requires all import documents to contain an indication of the conformity of merchandise to Tunisian standards, or in the absence of such, to standards in exporting countries or international standards.

(b) Sanitary and phytosanitary regulations (SPS)

60. In principle, all imports into Tunisia are subject to sanitary and phytosanitary control. Quarantine control applies to all imports of live animals, fresh meats and raw skins.[63] The import of live animals carrying contagious animal diseases, as listed in the relevant decree, is strictly prohibited.[64] Regarding phytosanitary control, the Ministry of Agriculture has established a list of harmful organisms and host plants subject to prohibition.

61. Specific certificates are required for the importation of animals and plants, e.g. a certificate of purity and origin for live animals, meats, raw skins, vegetables, food additives, feed, beverages and other foodstuffs; a phytopathological certificate for live plants and fresh vegetables; and a certificate of origin and non-infection for bees and honey.[65] The import of foodstuffs and feed also requires a certificate of non-contamination from radioactivity.

(c) Marking, labelling and packaging

62. A recently enacted Consumer Protection Law gives general guidance on policies on labelling and packaging[66], while various standards, varying according to individual products, involve specific rules. A compulsory standard on food (NT 15-23 of 1983) requires all pre-packaged food commodities to be labelled with specific information. For packaging, there are some 50 standards, most of which are not compulsory.

(xvi) Government procurement

63. Given the importance of the public sector in the Tunisian economy (Chapter I), Government procurement is likely to have a substantial, actual or potential, impact on trade flows. No information, however, is available on the total value of the procurement on an annual basis.

64. Tunisia is not a signatory to the Tokyo Round Agreement on Government Procurement. The 1989 Decree on Public Procurement[67] provides a general framework for contracts made by the State, local administrations and public enterprises. The legislation covers all contracts relating to the purchase

[63]Live animals include the equine, asinine, bovine, ovine, caprine and porcine species (Decree of 14 February 1904).

[64]Law No. 84-27 of 11 May 1984; Decree No. 84-1225, 16 October 1984.

[65]Exporters' Encyclopedia (1992); BNA (1993).

[66]*Loi n° 92-117 du 7 décembre 1992 relative à la protection du consommateur.*

[67]Decree No. 89-422 of 22 April 1989, as amended by Decree No. 90-557, 30 March 1990.

of goods and services (e.g. construction, transportation, research), above certain thresholds.[68] There is no central purchasing agency in Tunisia; individual administrations carry out purchases on a needs basis. However, all procurement contracts are checked by Procurement Commissions (*Commissions des marchés*), within each administration or enterprise, and where the relevant ministries (e.g. Finance, National Economy and Equipment and Housing) are represented.[69]

65. Contracts may be awarded either through tender (*appel d'offre* or *adjudication*) or through direct negotiation (*entente directe*). Tenders may be either open (*ouvert*) or selective (*restreint*); open tenders are announced at least 20 days before the final date for the submission of applications; selective tenders are done on the basis of a list of pre-selected candidates, prepared by the administration and approved at procurement commissions. There are no specific criteria for the choice between international and domestic bidding. The legislation does not spell out explicit requirements for eligibility of foreign suppliers. Direct negotiation is allowed in a relatively wide range of cases, including procurement related to research projects, transportation, public security and national defence.[70]

66. National treatment is not accorded to foreign suppliers[71]; Tunisian products must be preferred in all tendering, unless their prices are more than 20 per cent greater than those of foreign products.[72] Moreover, in international bidding, applications must include a "national subcontract clause" (*clause de sous-traitance nationale*); bidders are expected to give as many subcontracts to Tunisian companies as possible.[73] Similarly, research services must be undertaken in association with Tunisian research institutions to the extent possible.[74]

67. Contracts are normally awarded on the basis of the following criteria: (a) the origin of the product; (b) price, financing schemes, operating costs, technical value and other advantages offered by the bid; (c) professional and financial guarantees provided; (d) the importance of Tunisian subcontractors or partners in the programme submitted; and (e) the performance date.[75]

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[68]Contract value of 20,000 dinars, in general, and 10,000 dinars, for research services. The threshold may be raised to 100,000 dinars for purchases by public enterprises (Article 1 of the Decree).

[69]All high value contracts (i.e. construction contracts over 5 million dinars, supplies of goods and other services over 2 million dinars and research contracts over 200 thousand) are examined at the High Commission of Procurement (*Commission supérieure des marchés*), composed of representatives from the Prime Minister's Office, the General Accounting Office (*Cour des comptes*), the Ministries of Finance, National Economy, and Equipment and Housing and the Central Bank (Articles 88 to 111 of the Decree).

[70]Article 77 of the Decree.

[71]The General Agreement does not require a contracting party to comply with the national treatment obligation in the case of Government procurement, unless the party is a signatory to the Government Procurement Code (Article III, Section 8).

[72]Article 41 of the Decree.

[73]Article 40 of the Decree.

[74]Article 42 of the Decree.

[75]Article 48 of the Decree.

(xvii) Local content schemes

68. No information was made available concerning local content schemes in Tunisia. The foreign investment régime, however, does not imply any local content requirement (Chapter III).

(xviii) Rules of origin

69. Article 25 of the Customs Code defines "the country of origin of a product" as "a country where the product was harvested, extracted from the soil or produced". In the case where a product originating in a country undergoes transformation in another country, the country of origin shall be the initially originating country, unless: (a) the product undergoes "complete transformation" to such an extent that the product loses its original character; or (b) the transformation, though not "complete", results in the application of a higher tariff.[76] The legislation, however, does not supply any further definition on "complete transformation". According to the Tunisian authorities, the rule of origin for m.f.n. rates is applied in a non-discriminatory manner.

70. The rule of origin for preferential tariff treatment differs from country to country according to conventions or trade agreements concluded with these countries; however, an ad valorem percentage criterion of 40 per cent is most generally applied. This is the case for trade with other Arab countries and the AMU countries.

71. On the export side, exports to the EC, which account for some 80 per cent of the total, are covered by a rule of origin set out in Protocol 2 of the 1976 Cooperation Agreement, as amended in March 1979 (Chapter II).[77] The rule defines "products originating in Tunisia" as products wholly obtained in Tunisia, or products that have undergone "sufficient working or processing" in Tunisia. In defining the "sufficient working or processing", the criterion of change of tariff classification is generally used, but an ad valorem percentage criterion (mostly 50 per cent) or a criterion of manufacturing or processing operation are also applied to a number of products enumerated in the Lists A and B of the Protocol. Tunisia, Algeria and Morocco are treated as a single integrated zone for the application of the rule.

(xix) Anti-dumping and countervailing measures

72. Tunisia is an observer in the committees established under the Agreements on Anti-dumping Procedures and on Subsidies and Countervailing Measures. Until recently, Tunisian legislation has not included specific provisions on anti-dumping or countervailing measures as defined in the Codes. However, Article 11 of the Customs Code empowered the President of the Republic to levy offsetting duties on imported goods which benefit from direct or indirect export subsidies, or whose actual import prices are at least 20 per cent lower than the prices which serve as the basis for determining the minimum tariff.[78]

[76]Ministerial order of 29 December 1955.

[77]GATT document L/4379, 23 July 1976.

[78]GATT document L/6075/Add. 1, 3 November 1986.

73. With the view to "limiting the perverse effects of the liberalization policy"[79], in 1993 the Government introduced a Decree instituting "Offsetting Duties" (*Droits compensateurs*), which encompass both anti-dumping and countervailing duties.[80] The Tunisian régime appears to follow, grosso modo, the framework set out in the MTN Codes (Chart IV.8): (a) offsetting duties are imposed on dumped or subsidized imports causing or menacing to cause material injury to the domestic industry, at a rate equal to the dumping margin or the amount of the subsidy; (b) the régime is administered by the Ministry of National Economy, which is in charge of the investigation, in collaboration with the Ministry of Finance, which actually levies duties[81]; (c) the investigation (*enquête*), which may be initiated either by a petition or ex officio, should terminate within six months, with the possibility of six-month-extension; and (d) undertakings, provisional measures and retroactive imposition are also possible.

74. Some of the salient features of the Tunisian system are as follows:

- the same organizations carry out investigations on both dumping (or subsidies) and injury; on the other hand, the division of responsibilities between the two Ministries appears to be unclear;

- subsidies are broadly defined; they comprise all subsidies directly or indirectly extended to the production, transformation, export and transportation of goods;

- there are virtually no limits to the eligibility of petitioners (i.e. making a petition is not limited to the affected domestic industry); a petition may be filed by any natural or legal person, on professional organizations;

- the imposition of duties appears to be automatic; there are no "national interest" or "public interest" clauses;

- no sunset clause or review procedure is included in the decree; and

- the decree does not clearly indicate the scope of interested parties (*parties concernées*) nor set a time limit for a preliminary examination.

As for judicial review procedures, the authorities have indicated that appeals against final determinations would fall within the framework of the general appeal procedures on customs matters, including recourse to the High Committee on Customs Tariff (See Section (2)(ii)).

75. Law 94-41 of March 1994 redefines Tunisia's anti-dumping and countervailing régime. One major change is the introduction of a review procedure, where determinations on imposition of duties, as well as acceptance of undertakings, may be re-examined upon the request of interested parties, provided that at least one year has elapsed since their imposition. Further details on the new régime are to be spelled out in a decree, expected to be published before the entry in force of the law in July 1994.

76. To date, no petition nor investigation for offsetting duties have taken place.

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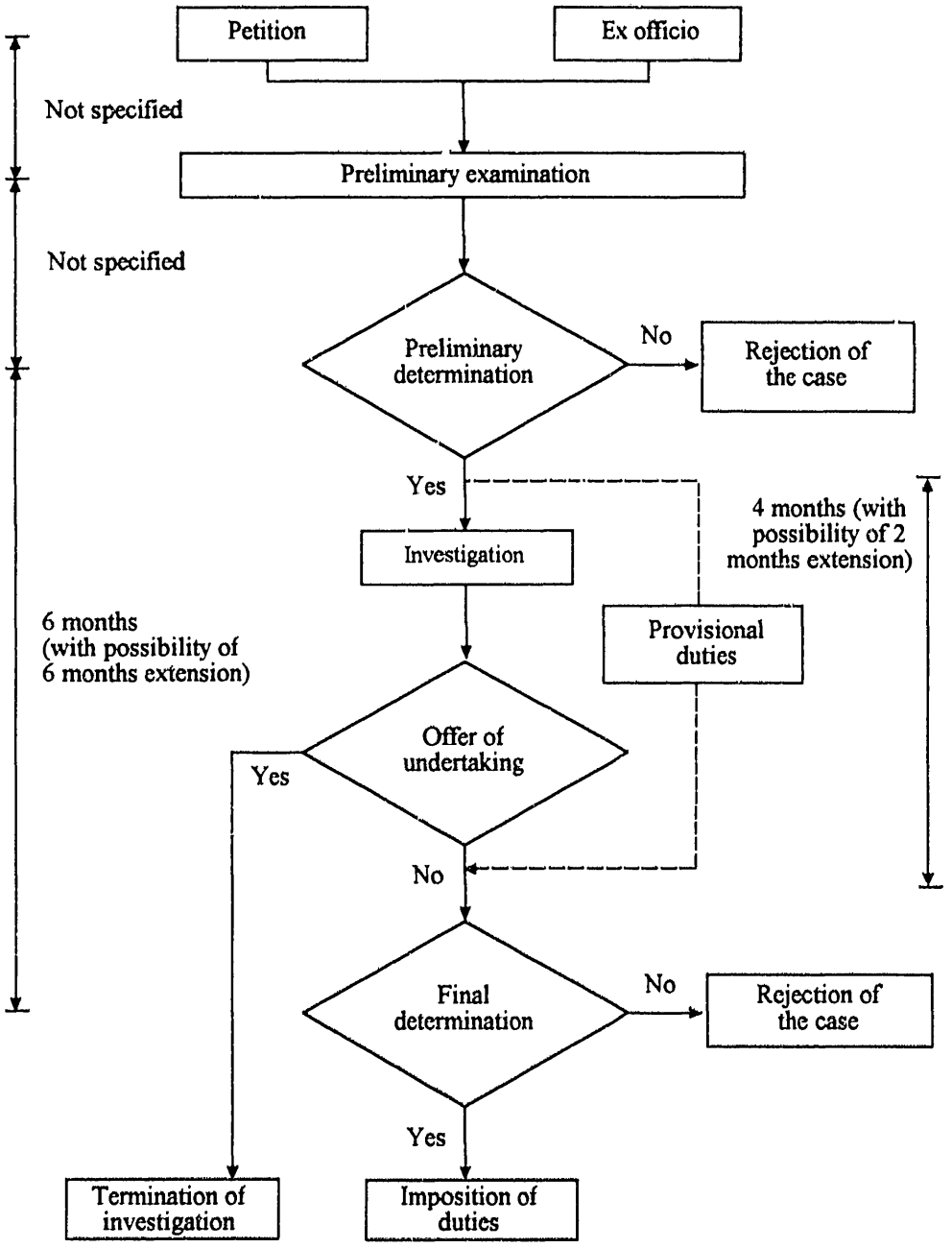
[79]VIIIth Plan (1992).

[80]Decree No. 93-6955, 5 April 1993.

[81]According to the authorities, there is a task force unit in each of the two Ministries, working jointly in practice.

Chart IV.8
Anti-dumping and countervailing investigation procedures



Source: Decree No. 93-695 of 5 April 1993.

(xx) Safeguard actions and Balance-of-Payments measures (BOP)

77. Tunisia does not have any specific legislation on safeguards corresponding to Article XIX. However, the authorities stated that, should need arise, the Government could take action directly under Article XIX.

78. Tunisia has been consulting on balance-of-payments restrictions under Article XVIII:B since 1965.[82] In 1992, the Committee on Balance-of-Payments Restrictions invited Tunisia to disinvoke the Article, "as soon as the balance of payments recovered its structural stability".[83]

(xxi) Measures implemented in exporting countries

79. According to the authorities, the Tunisian Government does not maintain any agreements with foreign governments that entail restrictions on exports to Tunisia.

(3) Measures Directly Affecting Exports

84. As noted earlier, a key element in Tunisia's development strategy, particularly since 1986, has been the move from import substitution towards export orientation in its trade and investment policy régimes. The main components of this strategy are duty and tax concessions, designed to overcome higher costs associated with remaining import protection, as well as Government supported export finance, export promotion and marketing schemes. The export régime also has certain restraints, as a remnant from the past, with a list of restricted products.

(i) Registration, documentation

85. According to the authorities, export activities are not subject to any specific permit or registration requirements in Tunisia. In practice, however, all operators receive a customs code number for purely administrative reasons.

86. Export procedures require a detailed export declaration, relevant commercial documents and a Foreign Trade and Exchange Document. The document is either of the following two types: an export licence (*licence d'exportation*) for restricted goods or a definitive invoice (*facture définitive*) for liberalized goods. The document requirement is waived for goods listed in Annex B of the Foreign Trade and Exchange Notice No. 10, i.e. goods with the amount not exceeding 50 dinars, personal belongings, samples, and re-exports of goods imported temporarily for processing.[84] As in the case of imports, all export documents are subject to domiciliation or being made payable by authorized banks.

(ii) Export taxes, charges, levies

87. According to the authorities, there are no export taxes as such in Tunisia. However, as for imports, a customs service fee (*redevance de prestations douanières*) is levied on all exports. The

[82]GATT, BISD 13S/108: Tunisia, as a country having acceded provisionally to GATT, informed the Secretariat that quantitative restrictions were maintained on balance-of-payments grounds and was invited to consult in 1965. See also document L/2500 and Add.1.

[83]GATT document BOP/R/202, 9 November 1992.

[84]Foreign Trade and Exchange Notice No. 10 (GATT document L/6075/Add.2).

rate is fixed at 2 per cent ad valorem or 5 dinars per article.[85] In 1992, revenue from indirect taxes on exports accounted for less than 1 per cent of total fiscal revenue.

88. Under the EC preferential arrangement, Tunisian exports of olive oil to the EC are subject to a special charge or levy imposed either by Tunisia or by the Communities (Article 16 of the EC-Tunisia Agreement). However, the Tunisian authorities confirmed that no export charge had ever been levied on the Tunisian side.

(iii) Minimum export prices

89. The Secretariat is not aware of any minimum export prices operated by Tunisia. However, under the 1976 EC-Tunisia Agreement, some Tunisian exports (e.g. sardines (Article 18); wine (Article 20)) must comply with minimum export prices in order to enjoy the EC preferential treatment.

(iv) Export prohibitions

90. All exports to Israel are prohibited; Tunisia invokes Article XXXV in this respect.[86] Export of goods of archeological value are prohibited. No further information was made available concerning product specific export prohibition.

(v) Export licensing

91. Exports are subject to the same dual treatment that applies to imports, namely there are lists of liberalized and restricted goods (positive and negative lists). Liberalized goods may be exported freely on presentation of a definitive invoice, while the export of restricted goods requires prior authorization in the form of an export licence. However, the detailed coverage of restrictions is unknown, since the comprehensive list was not made available to the Secretariat.

92. It is understood that restricted goods subject to an import licence are listed in a Notice to Importers and Exporters. According to the Tunisian authorities, the list includes:

- certain agricultural products related to the conservation of species (e.g. camels, snails, flowering plants);
- goods regarded as "strategic" or that have "particular" reasons for prohibition (e.g. petroleum, tobacco, mineral products); and
- goods related to national security, environmental protection or that have dangerous nature (e.g. military arms, objects of art).

93. An export licence is issued by the Ministry of National Economy with the endorsement of the Central Bank. A licence is valid for three months from the date of the endorsement; an unused licence

[85]The rate of the former Customs Formalities Tax (*Taxe de formalités douanières*) was fixed at a lower level for exports than for imports, "in order to encourage exports" (1.5 per cent against 5 per cent) (GATT document Spec(87)23, 6 May 1987).

[86]GATT document L/6713, 27 July 1990; IMF (1993).

may be renewed when it expires.[87] The criteria for granting licences, as well as the period normally required, are unclear.

94. The export of non-restricted goods may be carried out without prior authorization only on presentation of a definitive invoice to customs.[88] The invoice must fulfil both of the following conditions: (a) the export is to be effected by residents enrolled in the register of commerce; and (b) the settlement must take place within a 180-day time limit established by the Central Bank. Any export which fails to meet these conditions requires a prior authorization from the Central Bank.

(vi) Export quotas

95. The Secretariat is not aware of any export quotas maintained by Tunisia. However, olive oil exports under the EC preferential arrangement have been limited to 46,000 tonnes per year since the conclusion of the 1976 Agreement.

(vii) State-trading enterprises (See also Section (2)(xii))

96. About 20 per cent of total exports is exclusively carried out by State-trading enterprises (Table IV.11).[89] These enterprises include: the *Entreprise tunisienne des activités pétrolières* (for petroleum); the *Office national de l'huile* (for olive oil until 1993); the *Office national de la vigne* (for wine); and the *Office national des mines* (for mineral products).

Table IV.11
Share of export monopolies in total exports

	Operator	1986		1993	
		Exports (D million)	Share (per cent)	Exports (D million)	Share (per cent)
Petroleum	*Entreprise tunisienne des activités pétrolière*	202.0	14.38	...	...
Mining products	*Office national des mines*	26.4	1.88	...	...
Olive oil	*Office national de l'huile*	53.5	3.81	...	...
Wine	*Office national de la vigne*	5.2	0.37	...	...
Total export monopolies	n.a.	287.1	20.44	...	...

... Not available.

n.a. Not applicable.

Source: Government of Tunisia; GATT document Spec(87)23, 6 May 1987.

[87]Foreign Trade and Exchange Notice No. 10 (GATT document L/6075/Add.2).

[88]Until 1987, a repatriation commitment (*engagement de rapatriement*) was required in the place of a definitive invoice (Notice of 23 June 1987).

[89]GATT document L/6075/Add.1, 18 November 1986; IMF (1993); Exporters' Encyclopedia (1992).

97. In 1993, the State monopoly on olive oil exports, operated by the *Office national de l'huile* was eliminated in an attempt to reduce excess stocks through export enhancement.[90] Following the abolition of the monopoly, some 20 private operators entered the market. However, exports to the EC, which enjoy preferential tariff treatment and account for approximately one-third of the total, remain under the control of the State-owned enterprise (Chapter V).

(viii) Export cartels

98. According to the authorities, no export cartels operate in Tunisia.

(ix) Voluntary restraints, surveillance and similar measures

99. Tunisia is not a signatory to the Multifibre Arrangement. However, Tunisia has applied voluntary restrictions on exports of certain textile products to the European Communities since 1974.[91]

100. The agreement between Tunisia and the EC was renegotiated for a two-year period in 1989 and further extended for two years in 1991. Two products (cotton fabrics and trousers) are subject to restraint. For 1993, the quota levels were 14,036 tonnes of cotton fabric, 19.8 million pairs of trousers in direct sale and 31.7 million on the basis of outward processing *(transfert de perfectionnement passif - TPP)*. For cotton fabrics a further community reserve of 1,100 tonnes was established, usable by member States, after consultation when their imports reached 70 per cent of their quota level.[92]

101. Control of imports into the EU under the agreement is done through retrospective Community surveillance. There is no double-checking mechanism.

(x) Export subsidies

102. Tunisia has observer status under the Tokyo Round Agreement on Subsidies and Countervailing Measures. As regards the new Subsidies Code to operate under the WTO, Tunisia, with GNP per capita well over US$1,000, will be required to phase out all prohibited export subsidies within a transitional period of eight years (Article 27 and Annex VII of the new Code).

103. No information concerning explicit export subsidies was made available by the Tunisian authorities. However, export promotion schemes include, inter alia, fiscal incentives extended to export-oriented enterprises (Chapter III), preferential discount rates applied to export credit, export insurance granted by COTUNACE and financial assistance offered by FOPRODEX or FOPRODI (see below).

(xi) Duty and tax concessions

104. In an attempt to mitigate the anti-export bias of the import régime, Tunisia has offered a wide assortment of duty-free entry schemes, including a suspensory régime (*régime douanier suspensif de paiement des droits*); a free zone régime (Section (3)(xvi)); and a duty-free admission scheme (Section (2)(iii)).

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[90]EIU (1993).

[91]GATT documents L/5030, 29 September 1980; L/5674, 13 September 1984; GATT (1990); GATT (1991); GATT (1992).

[92]Promethée, Annuaire 1993 des Accords Textiles de la CEE, Bruxelles, 1993.

105. Under the suspensory régime, which includes transit, warehousing and temporary admission, the imposition of duties is suspended for imported goods intended to be re-exported with or without transformation in Tunisia. The temporary admission scheme (*admission temporaire*) allows duty-free entry for certain goods intended for the production of certain re-exportable products.[93] Eligible goods include, inter alia, cocoa, sugar, sesame, packaging cases, sheet iron or steel, and fresh tuna.[94] A deposit, required on entry, is refunded when goods are re-exported. Goods must be re-exported within six months from entry (extendable up to one year). When goods are directed to domestic consumption, importers must comply with all import formalities which had been waived at the entry stage (e.g. duty payments, import documents, etc.). Under the processing warehouse formula (*Entrepôt industriel*), processing enterprises which re-export a portion of their processed outputs and sell the rest to domestic markets are entitled to import free of duty inputs used in such processing. The enterprises must receive prior authorization from the Ministry of National Economy, which fixes the period allowed for processing, the quantity of inputs and outputs, as well as the relative shares for re-exportation and domestic sales.[95]

106. In addition, the Customs Code provides a general duty-draw back scheme for all re-exported goods (*remboursement des droits de douane à l'exportation*).[96] The duty refund is accorded to all exporters of foreign origin goods, or products incorporating foreign origin goods, which had been retired from domestic markets.

(xii) Export finance[97]

107. Tunisia maintains export subsidies in the form of preferential rediscounting of export credit by the Central Bank. The scheme involves two types of export credits: short-term pre-financing credit for export (usually for a period up to nine months), and credit for investment in export-oriented enterprises (Chapter III); their rediscounting rates at the Central Bank at about 4 percentage points below normal discounting rates or money market rates (Chart IV.9). In recent years, however, the volume of credit, as well as the preferential rate differentials, have been considerably reduced, and the authorities are committed to phasing-out the preferences in the near feature (Chapters I and III).

108. Tunisia also maintains some Government funds to assist resident exporters. These are FOPRODI (Chapter III) and FOPRODEX (*Fonds de promotion des exportations*).

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[93]Articles 153 to 158 of the Customs Code.

[94]The goods are specified individually by Ministerial orders (e.g. Orders of 22 May 1956).

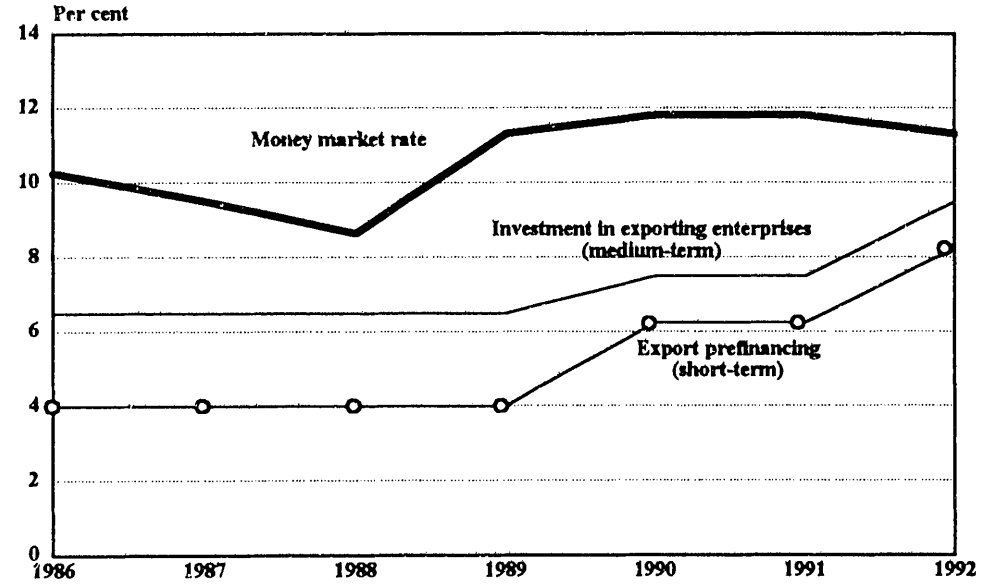
[95]Article 150 *bis* of the Customs Code; Ministerial order of 14 May 1968.

[96]Article 193 *bis* of the Customs Code; Ministerial order of 4 November 1986.

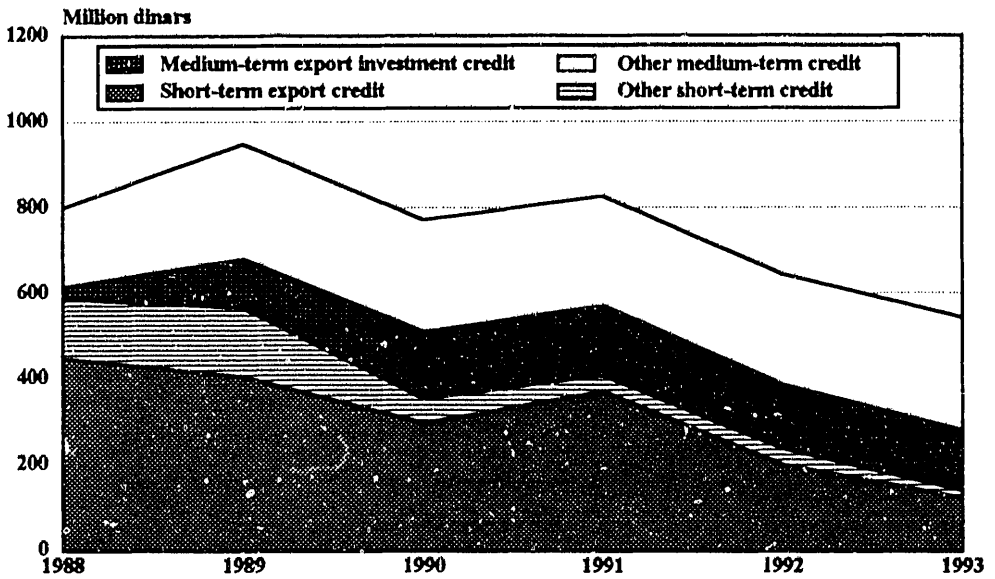
[97]The Subsidies Code prohibits "export credit at low rates below those which they (the authorities) actually have to pay for the funds so employed, or would have to pay if they borrowed on international capital markets" (Section k) of the Illustrative List).

Chart IV.9
Central Bank rediscounting

(a) Preferential rediscount rates



(b) Outstanding credit at year end (except for 1993)



Source: Banque centrale de Tunisie.

(xiii) Export insurance and guarantees

109. Export insurance is offered by COTUNACE (*Compagnie tunisienne d'assurance du commerce extérieur*), a mixed-capital company established in 1988 under the supervision of the Ministry of Finance. The COTUNACE offers several types of insurance, covering export credits, enterprise asset and stock against political or commercial risks and irregularity.

(xiv) Export promotion, marketing assistance

110. Tunisia's main export promotion agency is the CEPEX (*Centre de promotion des exportations*) created by Law No. 73-20 (1973). The CEPEX, placed under the aegis of the Ministry of National Economy, is a 100 per cent State-financed institution which offers exporters a variety of services free of charge. Its range of services include, inter alia, market research, commercial information and promotional assistance.

111. As a part of its export promotion activities, the Government has opened the Tunisian "Trade Point" in 1993.[98] The Trade Point is a one-stop centre for advice and services for traders, where all the relevant administrations and institutions (e.g. the Ministry of National Economy, Customs, the Central Bank, the INNORPI, Chambers of Commerce, etc.) are brought together. In addition to the central office located within the CEPEX, there are already 15 Trade Points abroad and further 35 or so are envisaged in the future.

(xv) Export performance requirements

112. The Secretariat is not aware of any export performance requirements in Tunisia.

(xvi) Free-trade zones, export-processing zones (Chapter III)

113. Since 1972, Tunisia has accorded free-zone treatment to all export-oriented industries regardless of their location (Chapter III). The growth of the export promotion strategy in the mid-1980s led to the enlargement of the free zone régime, and eventually gave birth to the concept of the Free Economic Zone (*Zone franche économique*) in 1992.[99] The latest development in this area is the new Investment Incentives Law (1993) which encompasses the Free Economic Zone régime.

114. Under the new Investment Law, all enterprises located within a Free Economic Zone are automatically treated as export-oriented enterprises; they enjoy all advantages with respect to tax treatment, financial support, trade system and exchange control (Chapter III). A Free Economic Zone may be established within Tunisian territory by a decree of the Minister of National Economy. The management of a Zone is conceded to a legal person named as "Developer" (*Exploitant*), who carries out the necessary infrastructural investment and supplies maintenance services, in exchange for user fees paid by enterprises installed in the Zone. Any natural or legal person, resident or non-resident, in export-oriented activities may freely carry out investment in the Zone by filing a notification with the Developer.

[98]The creation of the Trade Point was recommended by UNCTAD in 1992 (EIU (1993)).

[99]Law No. 92-81, 3 August 1992.

115. There are currently two Free Economic Zones in Tunisia. One zone at Zarzis combines a seaport facility with an airport, office accommodation and warehouses. The other zone at Bizerte is expected to start operation in 1995.[100]

(4) Measures Affecting Production and Trade

(i) Price controls and competition policy

116. Up to the mid-1980s, the Tunisian State kept most domestic prices under stringent control at both production and distribution stages, with the intention of both enhancing production and stabilizing consumer prices.[101] However, by repressing price competition among domestic products as well as between domestic and imported products, the controls led to stagnation in productivity growth (Chapter I). The liberalization of domestic prices since 1986 has proceeded in tandem with trade liberalization. Since then, the share of liberalized goods at the production level increased from 10 per cent in 1986 to 87 per cent in 1993. At distribution stage, the liberalization has proceeded more cautiously, reaching some 70 per cent of total domestic absorption in 1993.

117. The liberalization efforts were encapsulated in a new Competition Law passed in 1991, which replaced the 1970 Law as from 1992.[102] The new legislation declared free price competition as a principal rule of markets (*régime de la liberté des prix*), while admitting exceptions for (a) goods and services of prime necessity, and (b) goods and services of sectors where price competition is unworkable because of a particular market situation, e.g. monopolies, supply difficulties or regulatory restrictions. According to the latest decree (1993), items remaining under control include not only goods and services of prime necessity (e.g. foodstuffs, public utility services, motor fuel, medicine, etc.) but also such goods as motor vehicles and electrical apparatus (e.g. television sets, refrigerators, washing machines). Price controls are administered either through authorized price régimes at all levels, authorized price régimes at producer level only or authorized profit margin régimes at retail level (Table AIV.1).[103]

118. The law also laid the cornerstone of Tunisian competition policy. All anti-competitive practices, such as concerted actions, cartels or abuse of dominant market position, are prohibited, subject to fine and/or imprisonment.[104] However, according to Article 8, practices, limited in time, recognized by competent authorities as contributing to the economic progress of society are not considered as "anti-competitive".[105] The surveillance of anti-competitive practices, including inquiry and on-the-spot

[100]Decree No. 93-2051 of 4 October 1993 (MOCI, 8 November 1993).

[101]The degree of the State intervention in pricing varied according to goods. The former Law No. 70-26 of 19 May 1970 provided five price régimes, i.e. a fixed price régime, an authorized price régime, an authorized profit margin régime, a controlled free prices régime, and a régime of total freedom (GATT document L/6273, 30 November 1987).

[102]Law No. 91-64 of 29 July 1991.

[103]Decree No. 93-59 of 11 January 1993.

[104]Maximum fine up to 100,000 dinars and imprisonment up to one year.

[105]Article 8 stipulates: *"Ne sont pas considérées comme anti-concurrentielles, les pratiques dont les auteurs justifient auprès des autorités compétentes qu'elles ont pour effet d'assurer un progrès économique et qu'elles procurent aux utilisateurs une partie équitable du profit qui en résulte. Toutefois ces pratiques doivent être limitées dans le temps."*

investigation, is under the responsibility of the Competition Commission (*Commission de la concurrence*), which consists of twelve members appointed from business as well as the legal economics professions. To date, 15 cases have been investigated by the Commission. On the other hand, all "restrictive practices", including below-cost sales with a view to gaining a market dominant position, are prohibited, with fines of up to 20,000 dinars (Articles 26 and 39).

(ii) Production subsidies

119. Production subsidies take diverse forms in Tunisia. As mentioned above, price controls at the production level, maintained until recently for a wide range of agricultural and industrial products, aimed at enhancing domestic production; direct subsidies have also been extended to agricultural inputs such as fertilizer, feedstuffs, pesticides and irrigation water, although many of them are now being phased out (Chapter V).[106] In addition, under the new Investment Incentives Law (1993), various advantages are accorded to agricultural production, regarded as one of the most important strategic sectors in the VIIIth Plan. The advantages include fiscal incentives commonly available to all investment[107]; a total income allowance during the first ten years for income derived from agricultural investment; and a grant (*prime*) whose amount is fixed according to the size of entrepreneur (Articles 30 to 33).

(iii) Assistance for research and development

120. The VIIIth Plan, which regards research and development (R&D) as a key to economic growth, establishes the objective of achieving total expenditure on R&D by 1996 equivalent to 0.4 per cent of GDP, up from the current level of 0.25 per cent.[108] To this end, the Investment Incentives Code has made investment in R&D a priority item (Chapter III). In addition to the usual incentives, investment in R&D benefits from: (a) State subsidies to the training costs of personnel; (b) total exemption from customs duties for imported capital goods not locally produced and total suspension of VAT payments on all imported capital goods; and (c) grants of up to 100,000 dinars to cover the cost of preliminary research (Articles 39, 42).

121. Moreover, FOPROMAT (*Fonds de promotion et de maîtrise de la technologie*), a State-financed fund, managed by API, provides small- and medium-size enterprises with financial assistance up to 50,000 dinars for investment in development of technology (Chapter III).[109]

(iv) Regional assistance

122. Regional development is another priority item in the Investment Incentives Code (Chapter III). In addition to the basic incentives, investment carried out by enterprises located within a designated "regional development promotion zone (*zone d'encouragement au développement régional*)" enjoys: (a) total deduction from taxable income of invested income or profit; (b) a income allowance, i.e.

[106]Tunisian commitment in the Uruguay Round (April 1994).

[107]Such incentives are: the deductibility from taxable income of reinvested income or profit; the possibility of using accelerated depreciation scheme; and the reduction of custom duties and suspension of VAT payments on imported capital goods (Chapter III).

[108]VIIIth Plan (1992).

[109]BCT (1993a).

income derived from the investment is deductible, totally (for the first ten years) or partially (up to 50 per cent for the following ten years), from the taxable income base; (c) a grant to cover part of expenditure in investment or necessary infrastructure; and (d) a reduction in the social security charge (Articles 23 to 25).

123. As mentioned earlier, FOPRODI (*Fonds de promotion et décentralisation industrielle*) offers a variety of financial supports to investment effected within a designated "decentralization zone (*zone de décentralisation*)" (Chapter III). Such financial supports include: mid- or long-term loans with 3 per cent interest rates for investment up to 1,000,000 dinars; interest rate support for bank credit relating to investment up to 500,000 dinars; and grants covering the cost of preliminary studies up to 5,000 dinars.

(v) Protection of intellectual property

124. Tunisia is a signatory to the Paris Convention (1967), but not to the Berne Convention (1971), the Rome Convention (1961), nor the Treaty on Intellectual Property in respect of Integrated Circuits (1989).

125. A new copyright law was introduced in February 1994 (Law No. 94-36).[110]

126. Three Decrees, some dating back to more than a century ago, provide the legislative framework for the protection of patents, trademarks and industrial designs in Tunisia; no specific legislation exists for integrated circuits or undisclosed information. INNORPI is responsible for receiving, examining, registering and publishing the application for patents, trademarks and industrial designs (Section (3)). Under the legislation, national treatment is generally accorded to foreign nationals; however, for registering trademarks, foreigners are required possess an address in Tunisia.

127. The Decree of 26 December 1883 serves as the principal basis for patent protection. The decree spells out some limitations on patentability. Patents are not available for inventions which have already received sufficient publicity, within or outside Tunisia, prior to the application for registration. All inventions contrary to public order or morality, as well as inventions related to financial instruments or credit arrangement schemes, are not patentable. Patents are likewise not accorded to medicine or foodstuffs themselves; only the process of production may be covered by patents. The term of protection can be 5, 10 or 15 years according to the choice of patent holders, yet progressive annual charges must be paid during the period. No specific provisions exist as to compulsory licence or border measures against counterfeiting.

128. Trademarks and industrial designs are covered under the Decrees of 3 June 1988 and of 25 February 1911, respectively. Registration at INNORPI is compulsory for establishing such rights. The term of protection is 15 years, renewable indefinitely, for trademarks, and 5, 10 or 15 years, according to the choice of owners, for industrial designs; charges must be paid in both cases. Import prohibitions apply to all foreign products containing false Tunisian trademarks.[111]

[110]A copy is available in the GATT Secretariat.

[111]Article 28 of the Decree of 3 June 1988; Article 30 of the Customs Code.

129. The authorities have indicated their appreciation of the importance of protection of intellectual property, not only as a means of protecting domestic inventors but also as an element attracting foreign investment. According to the authorities, new legislation concerning patents and trademarks is currently under preparation. It is designed to strengthen the INNORPI's examination process and also to provide clauses relating to compulsory licensing, counterfeiting and penalties.[112]

[112]INNORPI (1993b).

V. TRADE POLICIES AND PRACTICES BY SECTOR

(1) Overview

1. In the last few decades, Tunisia has been gradually transformed from a predominantly agrarian economy, buoyed by petroleum revenue, into a semi-industrialized economy whose productive structure is more closely aligned to its comparative advantage. The manufacturing sector, particularly the relatively labour-intensive clothing branch, has expanded significantly, in sharp contrast with a decline in the share of the energy sector (Table V.1). Agricultural production remains short of meeting domestic food demand, despite the Government's efforts in the area of infrastructure development. The productivity gain in agriculture has also liberalized resources which have not been totally absorbed in the growing manufacturing sector, with a consequent rise in unemployment.

2. Self-sufficiency remains the Government's main policy objective in agriculture and energy, while in manufacturing the inefficient import-substitution policy of the past has given way to a very highly export-oriented policy, with numerous concessions intended to offset the costs associated with the structure of remaining protection. This has been accompanied by a substantial reduction in the use of restrictive import licensing. There has also been a reduction in the number of State monopolies and in the scope of domestic price controls. As a result of tariff reform and rationalization, the dispersion of estimated effective tariff protection in most sectors of manufacturing - and to some extent in agriculture - has declined over time (Table V.2, Chart V.1). Nevertheless, the legacy of high and often escalating tariff barriers persists in all sectors, including in major exporting branches of agriculture and manufacturing (Chart V.2), and even strengthened in some sectors by the introduction in 1991 the *droit complémentaire provisoire* - DCP (Chapter IV(2)(iii)(b)). Apparently low effective tariff protection in agriculture and mining, on the other hand, does not necessarily reflect overall moderate Government assistance: other forms of intervention, such as State monopolies, direct subsidies and public investment, are still maintained in these sectors, with the objectives of securing stable supplies of basic commodities and energy, and the official goal of self-sufficiency.

Table V.1
GDP, employment and productivity
(a) Gross domestic product by sector, 1970-93

	1970	1975	1980	1985	1990	1991	1992	1993
(i) Growth (Index; 1980=100)								
Agriculture and fisheries	51.9	93.4	100.0	129.7	317.1	362.5	386.4	359.4
Manufacturing	34.0	57.1	100.0	140.0	393.1	409.7	443.1	456.5
- agro-food industry	...	...	100.0	129.3	316.7	337.5	387.8	355.2
- construction materials	...	...	100.0	147.7	396.6	402.6	419.9	437.6
- machinery and electrical	...	...	100.0	156.2	409.4	421.7	442.7	469.4
- chemicals	...	...	100.0	135.8	207.1	213.1	223.4	232.7
- textiles, clothing and leather goods	...	...	100.0	127.1	522.6	546.9	589.5	627.3
- other	...	...	100.0	164.6	454.0	475.6	512.8	554.8
Non-manufacturing industry	50.6	74.8	100.0	107.9	213.9	227.3	233.7	234.9
- mining	...	...	100.0	97.6	205.5	205.7	203.5	191.0
- petroleum and gas	...	...	100.0	96.5	173.7	196.8	196.7	182.1
- electricity	...	...	100.0	152.4	292.9	307.6	333.8	355.9
- water	...	...	100.0	128.7	329.7	340.5	347.7	355.4
- public construction	...	...	100.0	121.9	266.1	264.6	281.8	311.0
Services	48.5	73.2	100.0	122.4	341.8	336.2	377.9	398.8
- transportation	...	...	100.0	96.9	316.2	301.4	337.2	362.2
- communications	...	...						
- tourism	...	...	100.0	106.6	311.0	233.3	337.8	361.4
- renting	...	...	100.0	121.0	317.8	327.7	337.2	346.9
- commercial services	...	...	100.0	126.5	341.5	348.4	379.4	401.4
Administration services	61.9	77.6	100.0	132.8	355.2	369.0	386.0	402.2
GDP at factor cost	49.2	75.2	100.0	124.1	318.1	330.4	356.6	364.4
(ii) Share of sectors in total (per cent)								
Agriculture and fisheries	17.3	20.3	16.4	17.1	16.3	17.9	17.7	16.1
Manufacturing	9.4	10.4	13.6	15.4	16.9	16.9	17.0	17.1
- agro-food industry	...	...	3.3	3.5	3.3	3.4	3.6	3.2
- construction materials	...	...	2.0	2.4	2.5	2.5	2.4	2.4
- machinery and electrical	...	...	1.8	2.2	2.3	2.3	2.2	2.3
- chemicals	...	...	1.6	1.8	1.1	1.0	1.0	1.0
- textiles, clothing and leather goods	...	...	3.2	3.3	5.3	5.4	5.3	5.6
- other	...	...	1.7	2.2	2.4	2.4	2.4	2.5
Non-manufacturing industry	22.8	22.1	22.2	19.3	14.9	15.3	14.6	14.3
- mining	...	...	1.5	1.2	1.0	0.9	0.8	0.8
- petroleum and gas	...	...	12.3	9.6	6.7	7.4	6.8	6.2
- electricity	...	...	1.1	1.4	1.0	1.0	1.0	1.1
- water	...	...	0.6	0.7	0.7	0.7	0.6	0.6
- public construction	...	...	6.6	6.5	5.5	5.3	5.2	5.7
Services	35.3	34.8	35.8	35.3	38.4	36.4	37.9	39.1
- transportation	...	...	5.6	4.3	5.5	5.1	5.3	5.5
- communications	...	...	0.0	1.1	1.3	1.4	1.5	1.6
- tourism	...	...	4.5	3.9	4.4	3.2	4.3	4.5
- renting	...	...	5.3	5.2	5.3	5.3	5.0	5.1
- commercial services	...	...	20.3	20.7	21.8	21.4	21.6	22.4
Administration services	15.2	12.5	12.1	12.9	13.5	13.5	13.1	13.3
GDP at factor cost	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table V.1 (cont'd)

(b) Employment growth, 1975-93 (Index; 1980=100)

	1975	1980	1985	1990	1991	1992	1993
Agriculture and fisheries	92.2	100.0	86.4	94.0	94.4	94.6	94.9
Manufacturing	78.3	100.0	123.3	134.3	138.7	143.0	148.0
- Food industry	63.3	100.0	96.7	146.7	153.3	156.7	163.3
- Construction materials	50.0	100.0	145.0	180.0	185.0	195.0	200.0
- Machinery and electrical	81.3	100.0	96.9	140.6	146.9	153.1	162.5
- Chemicals	72.7	100.0	100.0	154.5	163.6	163.6	172.7
- Textiles	84.8	100.0	124.6	117.0	119.9	122.8	126.3
- Other manufacturing	75.0	100.0	158.3	169.4	175.0	180.6	188.9
Non-manufacturing industry	81.0	100.0	134.6	140.5	141.0	141.5	142.4
- Mining	83.3	100.0	76.7	63.3	63.3	60.0	60.0
- Energy	76.5	100.0	82.4	94.1	94.1	94.1	58.8
- Construction	81.0	100.0	151.3	160.1	160.8	162.0	163.3
Services	87.5	100.0	142.0	156.2	161.2	166.6	173.3
- Transportation	80.0	100.0	128.6	140.0	141.4	142.9	147.1
- Tourism	74.2	100.0	129.0	167.7	171.0	177.4	193.5
- Commerce	82.1	100.0	116.0	166.0	170.8	175.5	181.1
- Financial services	60.0	100.0	140.0	160.0	160.0	150.0	160.0
- Other non-administration services	340.5	100.0	223.8	283.3	307.1	331.0	361.9
- Administration	38.6	100.0	133.7	174.8	179.2	184.2	188.6
- Other services	105.1	100.0	184.7	...	...	...	...
TOTAL	86.7	100.0	118.1	128.3	130.9	133.7	137.1

(c) Labour productivity growth*, 1975-93 (Index; 1980=100)

	1975	1980	1985	1990	1991	1992	1993
Agriculture and fisheries	101.3	100.0	150.1	337.3	384.1	408.6	378.6
Manufacturing	72.8	100.0	113.5	292.6	295.5	309.9	308.4
- agro-food industry	..	100.0	133.8	215.9	220.1	247.5	217.5
- construction materials	..	100.0	101.8	220.3	217.6	215.3	218.8
- machinery and electrical	..	100.0	161.2	291.1	287.1	289.1	288.9
- chemicals	..	100.0	135.8	134.0	130.2	136.5	134.7
- textile, clothing and leather goods	..	100.0	102.0	446.8	456.2	480.0	496.6
- other	..	100.0	104.0	268.0	271.8	284.0	293.7
Non-manufacturing industry	92.4	100.0	80.1	152.2	161.3	165.2	164.9
- minerals	...	100.0	127.3	324.5	324.8	339.2	318.3
- petroleum and gas	...	100.0	117.2	184.5	209.2	209.0	309.6
- public construction	...	100.0	80.6	166.2	164.6	173.9	190.5
Services	83.6	100.0	86.2	218.8	208.5	226.8	230.1
- transportation	...	100.0	75.4	225.9	213.1	236.1	246.1
- tourism	...	100.0	82.6	185.4	136.4	190.4	186.7
- commercial services	...	100.0	109.1	205.7	204.0	216.2	221.6
- financial services							
Administration services	200.9	100.0	99.4	203.2	205.9	209.6	213.2
GDP in factor cost	86.7	100.0	105.0	247.9	252.3	266.7	265.8

* Measured as value added per employee

... Not available.

Source: GATT Secretariat estimates, based on data from the Government of Tunisia

Table V.2
Effective rates of tariff protection
(per cent)

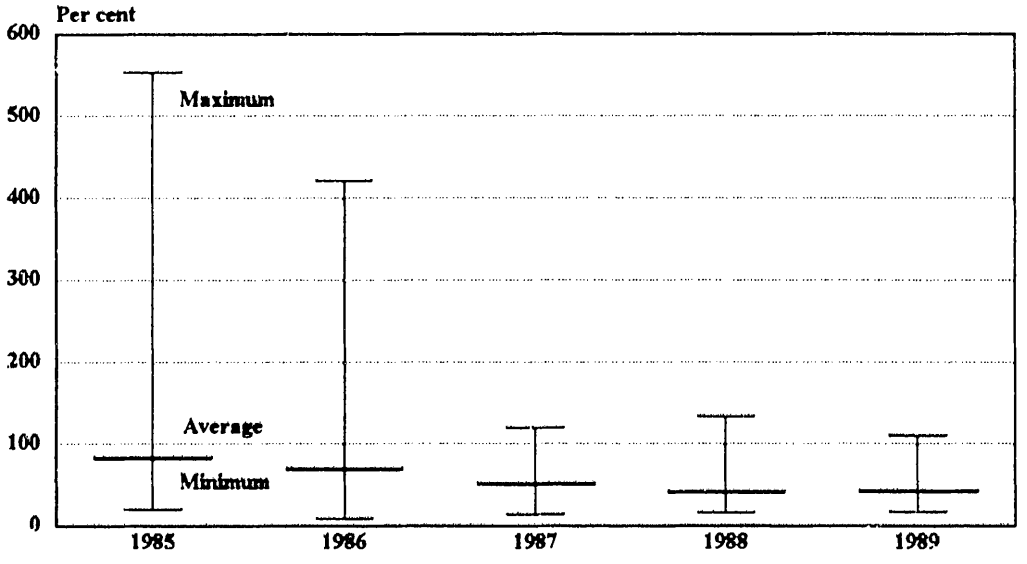
	1980	1983	1984	1985	1986	1987	1988	1989
Agriculture	27	33	46	48	46	43	25	22
Mining	10	24	23	20	9	14	16	17
Manufacturing	242	178	153	207	124	81	78	87
Food and beverages	258	191	1,404	553	421	120	134	110
Construction materials	98	...	...	...	40	...	...	91
Chemicals	111	161	92	100	88	62	62	70
Textiles	272	175	98	203	194	107	82	76
Machinery and electrical	96	67	92	104	88	73	63	98
Others	224	...	...	...	101	...	...	78
Services (transportation)	2	...	...	...	-7	...	...	-8
Total	70	67	74	84	70	52	42	43

... Not available.

Note: This refers to m.f.n. tariff protection only and does not take account of drawbacks, subsidies, etc.

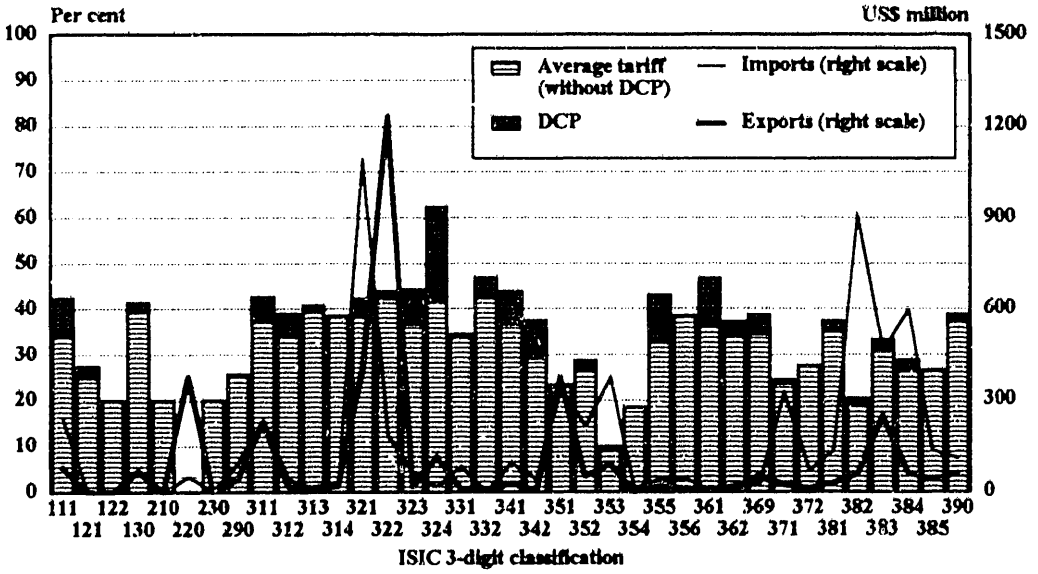
Source: Institut d'économie quantitative.

Chart V.1
Evolution of effective rates of tariff protection, 1985-1989



Source: Institut d'Economie Quantitative.

Chart V.2
Average tariffs, 1994 and trade 1993, by 3-digit ISIC major group



Note: DCP = Provisional Complementary Duties.

ISIC	Major groups
111	Agricultural and livestock production
112	Agricultural services
113	Hunting trapping and game propagation
121	Forestry
122	Logging
130	Fishing
210	Coal mining
220	Crude petroleum and natural gas production
230	Metal ore mining
290	Other mining
311	Food products
313	Beverages
314	Tobacco
321	Textiles
322	Clothing
323	Leather products
324	Footwear
331	Wood products
332	Furniture except metal
341	Paper products
342	Printing
351	Industrial chemicals
352	Other chemicals, incl. pharm.
353	Petroleum refineries
354	Petroleum and coal products
355	Rubber products
356	Plastic products
361	Pottery and china
362	Glass and products
369	Other non-metallic mineral products
371	Iron and steel
372	Non-ferrous metals
381	Fabricated metal products
382	Non-electrical machinery incl. computers
383	Electrical machinery
384	Transport equipment
385	Professional and scientific equipment
390	Other manufactured products

Source: Government of Tunisia.

(2) Agriculture, Fisheries and Food Processing (ISIC 111-130, 311-314)

(i) Major features of Tunisian agriculture

3. The agriculture sector (including the food processing industry) produces almost one-fifth of GDP and provides employment for a quarter of the total labour force. Of the 5 million hectares arable land, 1.5 million hectares are used for grain production and 1.4 million for olives. Around 15 per cent of total annual output is accounted for by cereals, 15 per cent by olives, 30 per cent by livestock, and another 10 per cent by fishing (Chart V.3, Table AV.1).

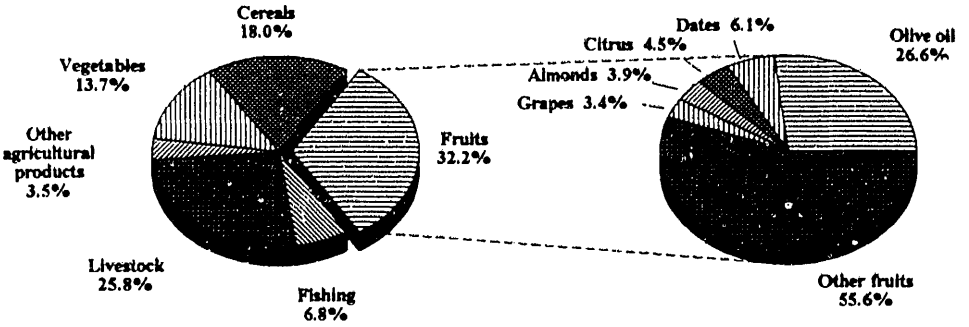
4. During the last few decades, agricultural output has expanded at a pace comparable to Tunisia's overall economic growth; all products have contributed more or less equally to this process (Table AV.1). Growth in productivity, as measured by value-added per employee, has been particularly rapid in this sector (Table V.1). However, this has led neither to a larger share of agriculture in GDP nor to the achievement of self-sufficiency; but rather to the contraction of agricultural employment, which has induced a rural exodus, increasing unemployment, especially in urban areas (Chapter I). Despite wage improvements, farmers' incomes have not equalled the levels in other sectors.

5. Tunisia is a net importer of agricultural products (Box V.1). The top three imports (cereals, sugar and vegetable oil) account for two-thirds of all food imports, while olive oil and sea food account for a similar share in total food exports (Chart V.3, Table AV.3). The self-sufficiency ratio, varying according to products, is lowest for wheat - the staple food - whose production is highly sensitive to Tunisia's irregular rainfall patterns (Table V.3, Charts V.4, V.5).

Chart V.3
Agricultural production, food imports and exports

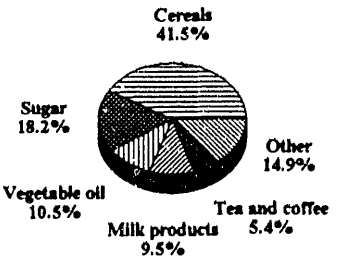
(a) Agricultural production, 1992

Total 2,753 million dinars

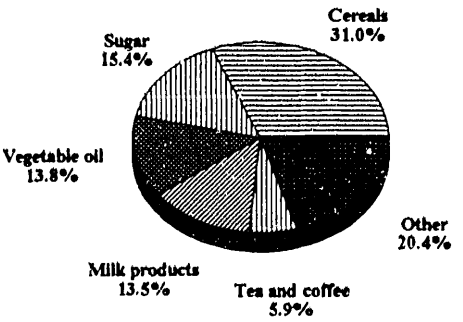


(b) Food imports, 1980 and 1992

1980
Total 167.6 million dinars

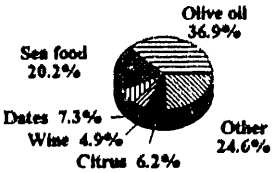


1992
Total 380.0 million dinars

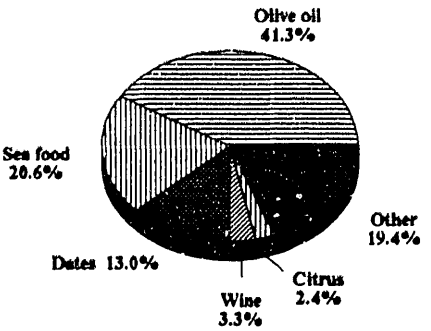


(c) Food exports, 1980 and 1992

1980
Total 61.5 million dinars



1992
Total 335.5 million dinars



Source: Ministère de l'Agriculture.

Box V.1: Food security and Government intervention

Tunisia is a net importer of agricultural products; nutritionally self-sufficient in the 1960s, its food deficit widened throughout the 1970s and the 1980s, until in the early 1990s when the country experienced two successive bumper crop years (1991-92) (Table AV.3).

The causes of the long-term deterioration in sufficiency developments may be found both on the supply and the demand side.

On the demand side, the increase in national income over time resulted in growing demand for agricultural products for which Tunisia did not have comparative advantage (e.g. soft wheat used for bread[1], barley and other feed for livestock, and sugar); in this context, it may be possible to regard soft wheat as a "superior" good and hard wheat as an "inferior" good. Some also argue that consumer price subsidies on these goods have hastened this evolution (Radwan (1991); Hopkins (1989)).

On the other hand, considerable investment on the supply side appears to have fallen short of generating sufficient output increase to meet the growth and changes in demand patterns. The complex combination of State intervention measures (viz., price controls, subsidies, preferential credits and State monopolies) does not permit a clear analysis as to their influence on output; yet an argument exists that one of the overall effects of intervention was a production shift away from hard wheat toward soft wheat, barley or vegetables, and this eventually exacerbated the deficit (Radwan, 1991).

[1]There are two types of wheat consumed in Tunisia and they are effectively treated as different types of cereals. Hard wheat (*blé dur*) is used to make traditional food, i.e., semolina and couscous, while soft wheat (*blé tendre*) is consumed almost wholly in the form of bread. Hard wheat is the main variety grown in Tunisia, whereas there is a general shortfall in the production of soft wheat, most of which is imported (Chart V.5)

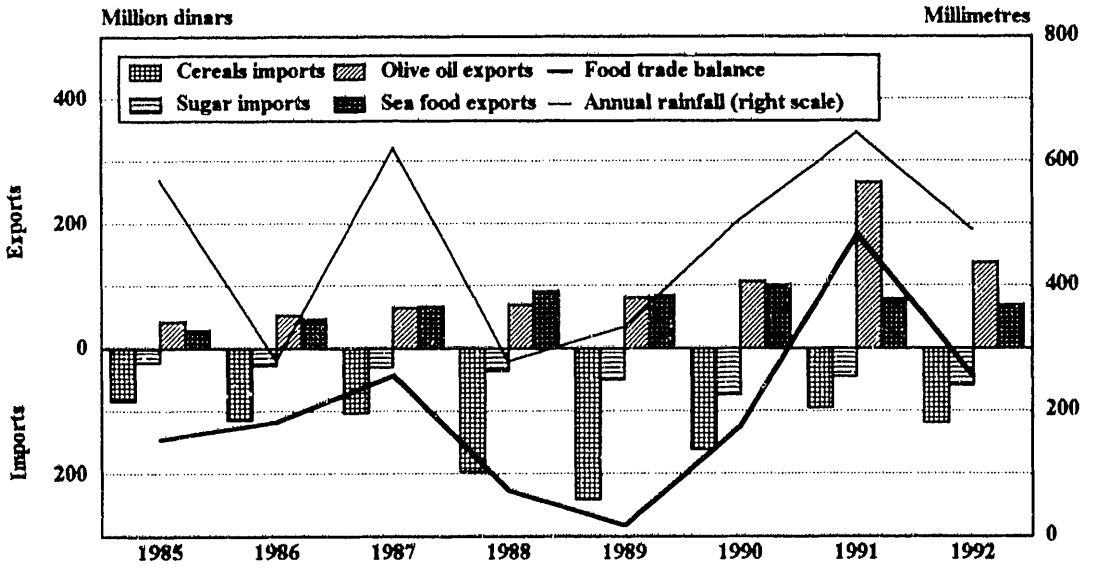
Table V.3
Self-sufficiency ratios for selected food products[a], 1983-89

NAP[b]	Product	1983	1986	1989
Over self-sufficient products:				
22	Fruits (citrus, dates, almonds)	1.08	1.28	1.20
81	Sea food	1.61	1.27	1.37
132	Couscous and pasta	1.00	1.00	1.01
141	Olive oil	2.75	1.68	3.83
151	Canned or juice of fruit and vegetables	1.06	1.09	1.09
152	Canned fish	1.00	7.07	5.54
162	Confectionery	0.99	1.01	1.04
182	Wine	1.37	1.40	1.13
Near self-sufficient products:				
141	Sugarbeet	0.97	0.94	0.93
311	Potatoes	0.94	0.88	0.83
511	Live cattle	0.67	0.90	0.94
523	Eggs	0.93	0.99	0.99
Under self-sufficient products:				
111	Soft wheat	0.20	0.20	0.15
142	Tobacco	0.18	0.25	0.15
1612	Sugar in powder form	0.38	0.52	0.39
1614	Other sugar	0.50	0.04	0.25

a Self-sufficiency measured by the ratio of domestic production to domestic demand by volume.
b *Nomenclature des activités et des produits* (Activity and product classification in Tunisian national accounts).

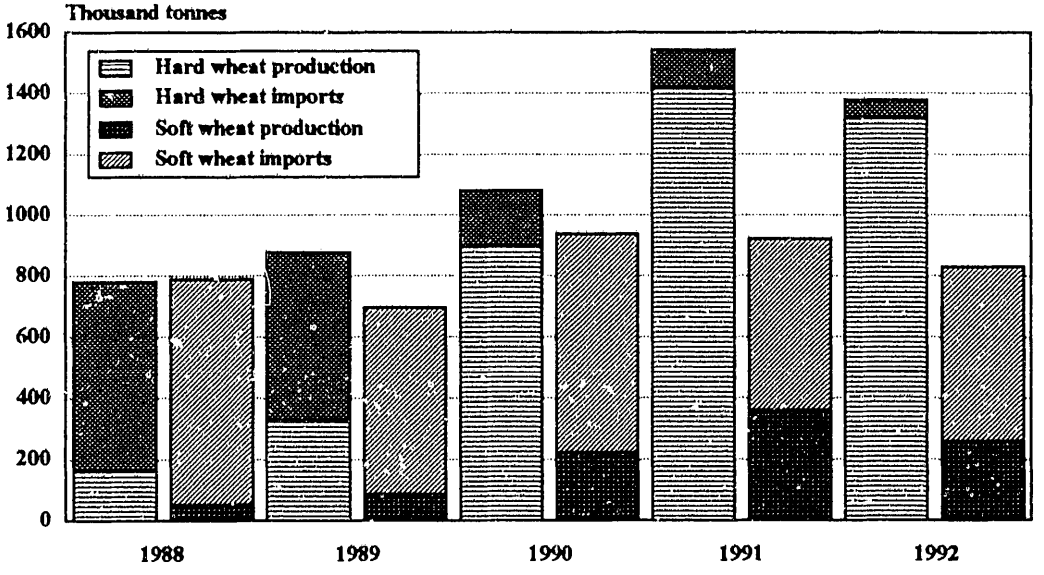
Source: IEQ (1992).

Chart V.4
Food imports and exports, 1985-92



Note: Annual rainfall is given for Tunis for an agricultural year (September to August).
Source: Ministère de l'agriculture, Institut national de la statistique.

Chart V.5
Cereal production and imports, 1988-1992



Source: Ministère de l'agriculture.

(ii) Agricultural policy in Tunisia

General direction

6. The development of agriculture has been one of the top priorities of Tunisia's economic strategy, not only because of its weight in the economy as a whole, but also to promote national food security, regional development and social stability.

7. Tunisia's agriculture has, in the past, suffered from four structural weaknesses, according to the Government.[1] These are: (a) natural constraints, i.e. irregular rainfall patterns, for which irrigation has not yet been able to compensate; (b) human resource constraints, including a particularly high illiteracy rate among farmers; (c) economic constraints, e.g. the predominance of small-scale farms[2], the lack of a transparent wholesale price mechanism, and inadequate private finance; and (d) institutional factors such as under-development or fragmentation in the distribution and marketing system.

[1]VIIIth Plan (1992).

[2]More than 80 per cent of holdings are smaller than 20 hectares.

Table V.4
Domestic support for agricultural products, 1986-88

Product	Production affected	Price support (dinars per tonnes)					Subsidies to inputs (million dinars)				Total support AMS	Total support in total production
		Administered price	External price	Price support	Related charges	Total price support	Fertilizer	Other inputs	Related charges	Total input subsidies		
	('000 tonnes)	(dinars per tonne)			(million dinars)	(million dinars)					(million dinars)	(per cent)
	(1)	(2)	(3)	(4)=(2)-(3)	(5)	(6)=(1) x(4)-(5)	(7)	(8)	(9)	(10)=(7) +(8)-(9)	(11)=(6) +(10)	(11)/((1)x(2))
Hard wheat								pesticide				
- 1986	186	160	98	62	-	11.5	4.1	0.6	-	4.7	16.2	54.5
- 1987	489	185	109	76	-	37.1	3.4	0.7	-	4.1	41.2	45.5
- 1988	143	210	138	72	-	10.3	3.0	0.6	-	3.6	13.9	46.3
ave 86-88						19.6				4.1	23.8	48.8
Soft wheat								pesticide				
- 1986	76	160	92	68	-	5.2	0.8	0.3	-	1.1	6.3	51.5
- 1987	222	170	80	90	-	20.0	0.7	0.2	-	0.9	20.9	55.3
- 1988	40	190	118	72	-	2.9	0.5	0.3	-	0.8	3.7	48.4
ave 86-88						9.4				1.0	10.4	51.8
Barley												
- 1986	12	110	65	45	-	0.5	3.3	-	-	3.3	3.8	290.9
- 1987	213	120	60	60	-	12.8	2.7	-	-	2.7	15.5	60.6
- 1988	6.2	140	104	36	-	0.2	2.4	-	-	2.4	2.6	302.2
ave 86-88						4.5				2.8	7.3	217.9
Milk												
- 1986	160	220	160	60	1.1	8.5	-	-	-	0.0	8.5	24.1
- 1987	175	240	171	69	1.3	10.8	-	-	-	0.0	10.8	25.7
- 1988	180	240	181	59	1.3	9.3	-	-	-	0.0	9.3	21.6
ave 86-88						9.5				0.0	9.5	23.8
Olive oil												
- 1986	71	935	1210	-275	2.0	-21.5	-	-	-	0.0	0.0	0.0
- 1987	53	1026	1151	-125	1.6	-8.2	-	-	-	0.0	0.0	0.0
- 1988	21	1240	1355	-115	1.0	-3.4	-	-	-	0.0	0.0	0.0
ave 86-88						-11.1				0.0	0.0	0.0

Table V.4 (cont'd)

Product	Production affected	Price support (dinars per tonnes)					Subsidies to inputs (million dinars)				Total support AMS	Total support in total production
		Administered price	External price	Price support	Related charges	Total price support	Fertilizer	Other inputs	Related charges	Total input subsidies		
	('000 tonnes)	(dinars per tonne)			(million dinars)	(million dinars)					(million dinars)	(per cent)
	(1)	(2)	(3)	(4)=(2)-(3)	(5)	(6)=(1) x(4)-(5)	(7)	(8)	(9)	(10)=(7) +(8)-(9)	(11)=(6) +(10)	(11)/((1)x(2))
Sugarbeet												
- 1986	205	25	9	16	0.1	3.2	-	-	-	0.0	3.2	62.0
- 1987	304	25	10	15	0.1	4.5	-	-	-	0.0	4.5	58.7
- 1988	256	25	12.5	12.5	0.1	3.1	-	-	-	0.0	3.1	48.4
ave 86-88						3.6				0.0	3.6	56.4
Poultry meat								feed				
- 1986	...	...	...	...	...	0.0	-	5.4	-	5.4	5.4	...
- 1987	...	...	...	...	...	0.0	-	3.9	-	3.9	3.9	...
- 1988	...	...	...	...	...	0.0	-	13.0	-	13.0	13.0	...
ave 86-88						0.0				7.4	7.4	...
Bovine meat								feed				
- 1986	...	...	...	...	...	0.0	-	2.3	-	2.3	2.3	...
- 1987	...	...	...	...	...	0.0	-	1.7	-	1.7	1.7	...
- 1988	...	...	...	...	...	0.0	-	5.5	-	5.5	5.5	...
ave 86-88						0.0				3.2	3.2	...
Tomatoes								pesticide				
- 1986	...	...	...	...	...	0.0	0.5	0.2	0.1	0.6	0.6	...
- 1987	...	...	...	...	...	0.0	0.4	0.3	0.2	0.5	0.5	...
- 1988	...	...	...	...	...	0.0	0.4	0.3	0.3	0.4	0.4	...
ave 86-88						0.0				0.5	0.5	...
Potatoes								seeds				
- 1986	...	...	...	...	...	0.0	0.5	1.3	0.1	1.7	1.7	...
- 1987	...	...	...	...	...	0.0	0.4	1.2	0.2	1.4	1.4	...
- 1988	...	...	...	...	...	0.0	0.4	1.4	0.1	1.7	1.7	...
ave 86-88						0.0				1.6	1.6	...

Table V.4 (cont'd)

Product	Production affected	Price support (dinars per tonnes)					Subsidies to inputs (million dinars)				Total support AMS	Total support in total production
		Administered price	External price	Price support	Related charges	Total price support	Fertilizer	Other inputs	Related charges	Total input subsidies		
	('000 tonnes)	(dinars per tonne)			(million dinars)	(million dinars)					(million dinars)	(per cent)
	(1)	(2)	(3)	(4)=(2)-(3)	(5)	(6)=(1) x(4)-(5)	(7)	(8)	(9)	(10)=(7) +(8)-(9)	(11)=(6) +(10)	(11)/((1)x(2))
Citrus								irrigation water				
- 1986	...	...	...	...	...	0.0	1.0	0.5	0.2	1.3	1.3	...
- 1987	...	...	...	...	...	0.0	0.8	0.5	0.2	1.1	1.1	...
- 1988	...	...	...	...	...	0.0	0.8	0.5	0.2	1.1	1.1	...
ave 86-88						0.0				1.2	1.2	...
TOTAL												
- 1986	...	...	...	-24.0	3.2	7.4	10.2	10.6	0.4	20.4	49.3	...
- 1987	...	...	...	185.0	3.0	76.9	8.4	8.5	0.6	16.3	101.4	...
- 1988	...	...	...	136.5	2.4	22.4	7.5	21.6	0.6	28.5	54.3	...
ave 86-88						35.6				21.8	68.4	...

Source: Tunisia's Uruguay Round commitment list (April 1994).

8. The last two elements are closely linked to excessive State intervention in the past when the Government controlled producer prices for most food products and extended subsidies to main agricultural inputs (Table V.4). Today, some major items still remain subject to price controls, albeit at levels which are more in line with international prices than before. In addition, State enterprises monopolized the distribution and trade of key products, while the Central Bank offered preferential rediscounting facilities and the public sector carried out significant agricultural investment.

9. In 1987, the growing recognition of structural weaknesses led to the adoption of the mid-term Agricultural Structural Adjustment Programme (PASA), which formed an integral part of the global Structural Adjustment Programme (Chapter I). The objectives of the programme were to increase the sector's contribution to overall economic growth, external and budgetary balancing and job creation, through improved resource utilization. To this end, the PASA focused on the liberalization of price controls, the rationalization of State intervention and monopolies, the improvement of efficiency in public investment, and better use of natural resources.

Border protection (Table AV.4)

10. Since the mid-1980s the authorities have pursued the reduction of both tariff and non-tariff barriers (Chapters I, IV). Nevertheless, Tunisia's agricultural sector remains shielded by high border protection: the sector's average tariff level of over 40 per cent (including DCP) is the highest among the three major sectors of the economy. Tariffs are generally high for all domestically produced agricultural products and even for major export products such as olive oil (Box V.2), dates, raw fish, citrus and wine (Table V.5). Moreover, variable levies, whose tariff equivalent could amount to more than 200 per cent ad valorem, apply to certain bovine and ovine meat and dairy products (Chapter IV and Box V.3). On the other hand, major agricultural imports, such as wheat, sugar, vegetable oil, maize, tea and coffee, enjoy relatively moderate tariffs (Table V.5).

Table V.5
Major agricultural exports and imports, 1993, and tariffs, 1994

ISIC	HS	Product	Average tariffs without DCP[a] (1994) (per cent)	DCP[a] (1994) (per cent)	Import restriction coverage[b] (1994) (per cent)		Exports (1993) (US$ thousand)	Imports (1993) (US$ thousand)
					(F)	(P)		
(1) Major agricultural exports								
3115	1509	Olive oil and its fractions	43.0	0	-	100.0	176,590	0
1110	0804	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens	43.0	25.7	14.3	85.7	47,531	49,297
1301	0307	Molluscs, aquatic invertebrates other than crustaceans	38.3	0	-	-	25,111	30
1301	0302	Fish, excluding fish fillets and fish meat	39.8	0	-	-	22,399	1,087
3114	0306	Crustaceans, etc.	38.4	0	-	-	20,269	4
3140	2402	Cigars, cheroots, cigarillos	34.0	0	-	100.0	17,428	29,181
3121	1901	Malt extract, food preparations of flour, meal, starch or malt extract	32.2	5.0	-	16.7	9,898	2,645
1110	0805	Citrus fruit	43.0	30.0	20.0	80.0	9,546	0
1110	0105	Live poultry	28.0	7.5	25.0	25.0	9,031	3,504
1302	0307	Molluscs, aquatic invertebrates other than crustacear[illegible]	38.8	0	-	-	8,821	5
(2) Major agricultural imports								
1110	1001	Wheat and meslin	18.5	0	-	100.0	0	89,991
3118	1701	Cane or beet sugar and chemically pure sucrose	26.2	0	-	40.0	5	58,138
3115	1507	Soya-bean oil and its fractions	29.0	15.0	-	50.0	0	53,287
1110	1005	Maize (corn)	16.0	0	-	-	0	36,492
3112	0402	Milk and cream	15.0	0	-	40.0	6,878	34,377
1110	5201	Cotton	17.0	0	-	-	0	32,255
3115	2304	Flours, meals and pellets of meat, fish, crustaceans, mollusc, etc.	17.0	0	-	-	0	31,114
3140	2402	Cigars, cheroots, cigarillos	34.0	0	-	100.0	17,428	29,181
1110	2401	Unmanufactured tobacco, tobacco refuse	31.0	0	-	100.0	801	20,109
3121	0902	Tea	15.0	0	33.3	66.6	0	14,093

- No variable for this entry.

a DCP = Provisional Complementary Duties *(Droit complémentaire provisoire)*.

b Import restrictions are calculated at 7-digit HS tariff line level. They include lines fully (F) and partially (P) affected by import restrictions.

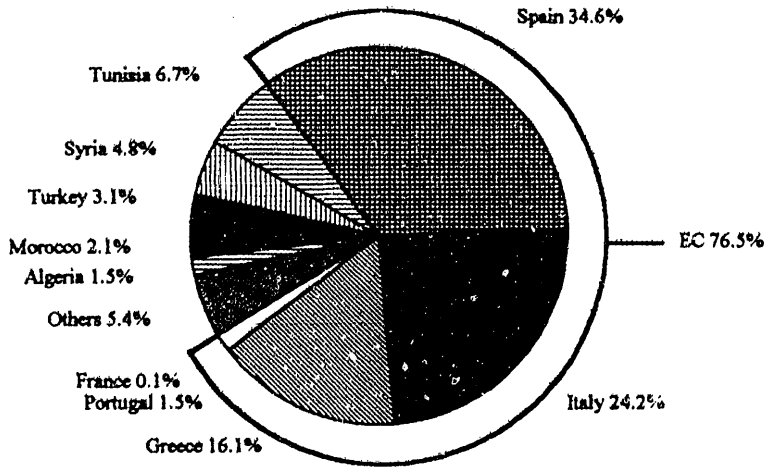
Note: Classification by 4-digit ISIC and 4-digit HS level among agriculture and processed food group (ISIC 111-130, 311-314).

Source: GATT Secretariat.

Box V.2: Olive oil (ISIC 3115)

Tunisia is the world's second largest producer of olive oil after the EC. Olive oil has traditionally been one of the most important export sectors of the country; by using a third of total arable land, the sector produced 15 per cent of agricultural production and earned 40 per cent of food export revenues in 1992 (Chart V.3). It also has important social significance; as in other Mediterranean countries, Tunisia's 55 million olive trees are concentrated in poor, semi-arid regions where it is not possible to substitute any other crop (ENA (1987)).

World olive oil production, 1992/93 season

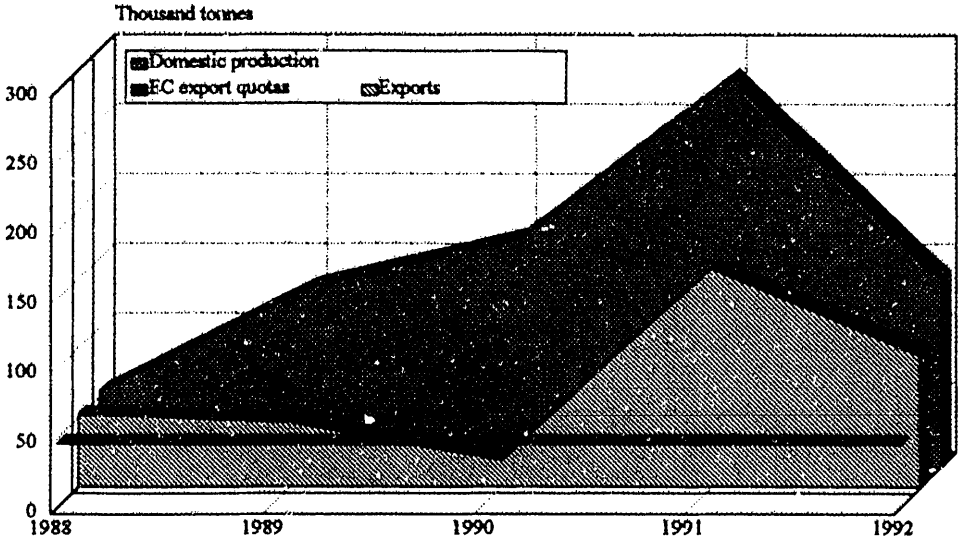


Note: Period for November 1992 to October 1993.
Source: International Olive Oil Council.

Olive oil exports are mainly oriented towards the European market. However, under the EC-Tunisia preferential agreement, Tunisian exports face quotas of 46,000 tonnes per annum (Chapters II, IV). The level of 46,000 tonnes, which remains unchanged since the conclusion of the agreement in 1976, is well below Tunisia's production capacity, which reached 280,000 tonnes in 1991/92 season (Chart V.4). On the import side, Tunisia maintains high border protection for olive oil, despite its international competitiveness; all olive oil imports, of which there are virtually none, are subject to import licence and a 43 per cent tariff.

Box V.2 (cont'd)

Olive oil production and exports, 1988-92



Note: Figures for production are in harvest year (November to October of the following year), exports are in calendar year.

Source: Ministry of Agriculture.

The Tunisian olive oil sector has undergone significant deregulation in recent years (Chapter IV). Up till the end-1980s, ONH (*Office national de l'huile*) operated a monopoly on the collection, distribution, and exportation of olive oil and the importation of vegetable oil. In May 1990, the Government announced the elimination of the export monopoly on olive oil, allowing some 20 private operators to enter the market; this decision sought to lighten the stock burden of ONH and through enhance exports. Successively, the import monopoly on vegetable oil was lifted in May 1992 and the collection and distribution of olive oil was liberalized in October 1993 (Decree No. 93-2328). Nevertheless, ONH remains as a major player in the sector, particularly through its control of all exports under EC quotas.

Box V.3: Livestock (ISIC 1110, 3111)

Tunisia is a net importer of bovine meat and milk products, and is self-sufficient in poultry meat and sheep meat (Tables V.6, AV.1, AV.2, AV.3).

The northern region of the country is the centre of production for bovine meat, with about 80 per cent of the national herd. The region enjoys plentiful fodder resources because of generally mild weather and the proximity of urban markets for meat products.

For years, the Government has intervened extensively in this sector: producer and consumer prices were controlled and subsidized; production inputs (e.g. feedstuff) were subsidized to try to expand production; and imports were controlled by a State monopoly, *Ellouhoum*. Some 10 million dinars has been spent annually on this sector by the State (AMS basis) (Table V.4).

However, domestic production stagnated during the latter half of the 1980s, partly due to the drought in 1988-89. On the other hand, a sharp increase in feed prices, coupled with fixed retail prices for beef, has, by reducing profit margins, discouraged cattle farmers from the fattening and valorization of cull animals. This situation lasted until 1990, when retail prices were deregulated.

In line with the PASA, a number of liberalization measures have been launched since 1990: the liberalization of domestic bovine meat prices for both production and consumption; the elimination of consumer price subsidies for bovine meat; and the raising of controlled consumer prices for imported meat in June 1991, when consumer prices for imported fresh bovine meat were raised from D 3,500 to D 4,200 per kg. for boneless meat, and from D 2,700 to D 3,000 per kg. for meat with bone. Imports of bovine meat were liberalized and the trade monopoly by *Ellouhoum* was abolished in 1990. However, the liberalization was accompanied by the introduction of variable levies on fresh chilled and frozen beef, and sheepmeat, while tariffs stand at 27 per cent for beef and between 34 and 43 per cent for sheepmeat.

The achievement of self-sufficiency remains the principal long-term objective of sectoral policy. The VIIIth Plan sets 1996 as a target year for self-sufficiency completion; bovine meat production is to be increased significantly from 43,350 tonnes in 1992 to 52, 100 tonnes in 1996 to cover 99.7 per cent of national consumption requirements (Table V.6b). Deregulation steps taken under the PASA are expected to further this process.

Source: GATT documents IMC/W/89, 21 June 1993; IMC/W/90, 23 June 1993; IMC/INV/15/Rev.7, 1 June 1992; IMC/INV/15/Rev. 8, 17 June 1993.

Table V.6a
Meat supply and demand
('000 tonnes)

	1988	1989	1990	1991	1992	1993
Beef and veal						
Production	33.5	33.3	33.9	40.9	52.1	45.0
Imports	11.5	11.9	14.9	15.0	14.0	16.0
Consumption	45.6	48.3	49.6	51.1	51.0	...
Exports	...	...	...	...	...	...
Stocks	0.2	0.6	0.2	0.2	0.2	...
Poultry meat						
Production	46.9	51.3	57.0	58.1	67.2	...
Imports	...	...	...	...	...	...
Consumption	46.9	51.3	57.0	58.1	67.2	...
Exports	...	...	...	...	...	...
Stocks	...	...	...	...	...	...
Sheep meat						
Production	33.3	32.4	32.9	33.9	33.0	...
Imports						...
Consumption	33.5	32.7	33.4	34.1	33.0	...
Exports	...	...	...	...	...	...
Stocks	...	...	...	...	...	...

... Not available.

Note: 1992 estimate, 1993 forecast.

Source: GATT document IMC/W/90, 20 June 1993 (Meat Statistics).

Table V.6b
Bovine meat production, 1987-96
(tonnes)

(1) Bovine meat production, 1987-91

	1987	1988	1989	1990	1991
Meat + offal	38,200	38,500	38,300	38,950	40,900
Meat excluding offals	33,200	33,500	33,300	33,900	35,500

(2) VIIIth Plan targets for bovine meat production, 1992-96

	1992	1993	1994	1995	1996
Bovine meat (including offals)	43,350	44,950	47,000	49,500	52,100
Total meat production (including poultry)	154,070	158,463	163,669	169,095	174,918
National consumption requirements	165,877	163,931	166,832	169,846	175,484
Shortfall	11,807	5,468	3,163	751	566
Coverage (per cent	92.9	96.7	98.1	99.55	99.7

Source: GATT document IMC/INV/15/Rev.8, 1 June 1992.

11. Tariff escalation is apparent within the food processing sector (ISIC 311, 312), as well as between basic agricultural products and processed food products (Table IV.4). The escalation appears to be further steepened by the surcharge (DCP) concentrated on finished and intermediate food products. While the effective rate of protection is low for agricultural products, processed food shows the highest effective rate among all products (Table V.2).

12. Regarding non-tariff protection, import licensing requirements affect, wholly or partly, some 35 per cent of total 7-digit tariff lines for agricultural products. Food security concerns appear to be one of the guiding principles for import restriction; according to the authorities, restrictions apply only to subsidized basic commodities, goods related to national security and luxury goods (Chapter IV). Restricted products, however, appear to include not only subsidized essential goods such as cereals, but also major export items (e.g. olive oil, dates, almonds, and prepared vegetables or fish, bread, pasta, dairy products, potatoes and wine). The combination of higher tariffs with import restrictions and other supportive measures is likely to raise effective protection well above that given by tariffs alone.

State monopolies

13. With the objective of securing stable food supplies, the State has until recently kept a large part of the food trade under monopoly (Chapter IV); all major food imports (cereals, vegetable oil, sugar, tea and coffee) and exports (olive oil, wine) have been carried out exclusively by State enterprises (e.g. *Office des céréales, Office national de l'huile, Office du commerce de la Tunisie, Office national de la vigne*). In line with the trade liberalization programme, however, exports of olive oil and imports of some vegetable oil have recently been opened to private operators (Box V.2).

14. Moreover, State enterprises have maintained monopolies on the collection and distribution of major crops (e.g. cereals, olive oil, and wine; the monopoly, however, was recently lifted for cereals (1990) and olive oil (1993).

Price support and subsidies

15. According to calculations of the Aggregate Measure of Support (AMS) for Tunisian agriculture made during the Uruguay Round, price supports and subsidies cost the Tunisian economy some 70 million dinars annually; two-thirds of this was taken up by support for cereals production (Table V.4).[3] The deregulation of price controls, which aimed to improve efficiency in the economy and to help redress the budgetary imbalance, was thus considered as a cornerstone of the structural adjustment programme (Chapters I, IV). The agricultural sector was the first sector to be deregulated; the ratio of agricultural products free of price controls rose from about 75 per cent in 1986 to 85 per cent in 1993. However, reflecting the food security concern, some key products remain under price controls, including hard wheat, soft wheat, barley, milk and sugar beet (Table AIV.1); although not controlled, olive oil prices are strongly influenced by intervention prices fixed by the Ministry of Agriculture, taking account of world prices (Box V.2). Controlled prices have recently been substantially increased to encourage domestic production and to bring domestic and international prices into closer alignment; the prices on wheat are to be equivalent to a five-year moving average of unsubsidized international

[3]The AMS (Aggregate Measurement of Support), referred to in the Agreement on Agriculture of the Uruguay Round, is calculated in principle by using the gap between a fixed external reference price and the applied administered price multiplied by the quantity of production affected. The AMS does not include some domestic supports exempt from the Uruguay Round Commitment, such as direct payments to producers and certain structural adjustment assistance.

prices inclusive of freight, import duty of 15 per cent and handling charges. In addition, the Government is committed to phase out, by 2004, 13 per cent of subsidies extended to inputs, including fertilizer, pesticide, animal feed, seeds and irrigation water. These reductions are included in Tunisia's commitment in the Uruguay Round.

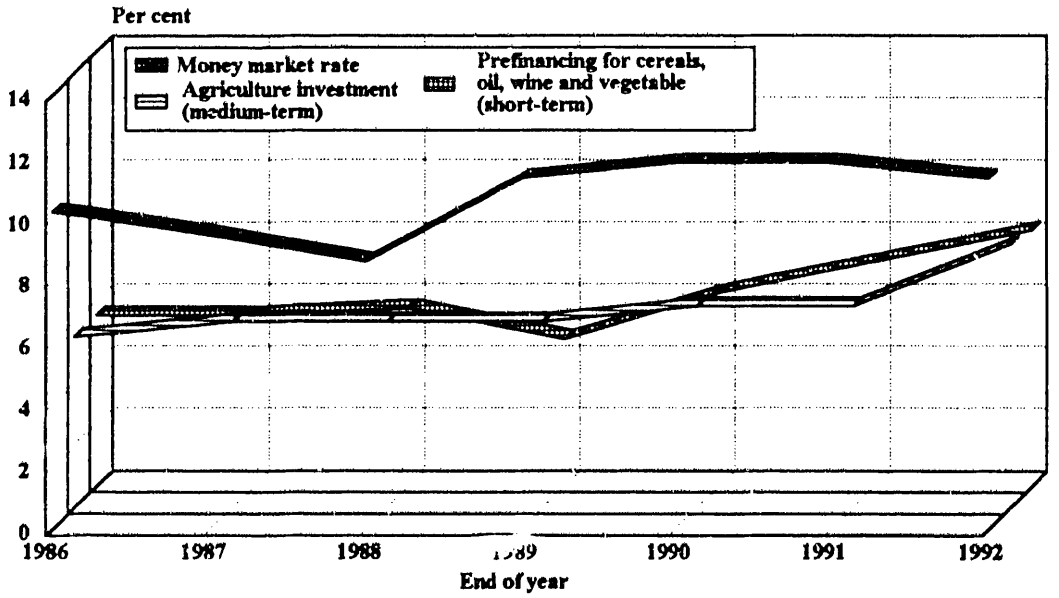
16. The Government also intends to rationalize prices of agricultural inputs supplied by State enterprises, viz., fertilizer (*Société tunisienne des engrais chimiques*), tractors and harvesters (*Société nationale de motoculture*), and irrigation water (regional offices of Ministry of Agriculture).

Financial support

17. The State provides a variety of financial supports to farmers: the Central Bank extends preferential rated rediscounting for agricultural credit; a special fund, FOSDA (*Fonds spécial de développement agricole*), responds to the financial need of small- and medium-sized farmers; and the National Agricultural Bank (*Banque nationale agricole*) offers subsidized *(bonifiés)* loans to small farmers.

18. However, in order to correct what has been an excessively selective credit policy and adverse effects of negative real interest rate (Chapter I), the Central Bank has been narrowing the preferential rate differential, and it is intended that this should be completely phased-out in the near future (Chart V.6).

Chart V.6
Selected interest rates, 1986-92



Source: Banque centrale de Tunisie.

Investment incentives

19. As noted earlier, the new Investment Incentives Code provides specific incentives for agricultural investment (Chapters III, IV). The State extends tax allowances and subsidies to investment in agricultural infrastructure development (e.g. irrigation) and in the livestock and fruit sectors. Tunisia considers that these incentive measures are exempt from the reduction commitment of the Uruguay Round Agriculture Agreement.[4]

20. The State has been also carrying out massive public investment for the development of agricultural infrastructure since independence. The greater part of this investment has been devoted to irrigation, which is targeted to continue to receive a third of total agricultural investment under the VIIIth Plan. Recent policy priorities also cover research and development programmes.

(3) Mining and Energy (ISIC 210-290, 353-354)[5]

21. The petroleum and phosphate industries dominate Tunisia's mining and energy sector; among other mineral products, sea salt, iron ore, lead, zinc and fluorspar are of some importance (Table V.7). Average tariff levels, as well as effective rates of tariff protection, in the mining sector are low compared to other sectors (Tables IV.3, V.2). Import licensing requirements have relatively narrower coverage than in other sectors.

Table V.7
Production in mining and energy sector, 1975-93
('000 tonnes)

	1975	1980	1985	1990	1991	1992	1993[a]
Crude oil	5,023	5,626	5,408	4,503	5,195	5,199	2,386
Phosphate	3,512	4,503	4,505	6,259	6,353	6,455	2,594
Iron ore	616	389	307	291	295	300	141
Lead	17.0	13.9	4.0	3.6	1.3	1.2	0.3
Zinc	8.7	16.8	10.1	13.5	9.4	4.0	1.5
Fluorspar	30	39	41	41	38	14	...
Sea salt	233	317	382	445	406	422	166

... Not available.

a First 6 months of 1993.

Source: BCT (1993b).

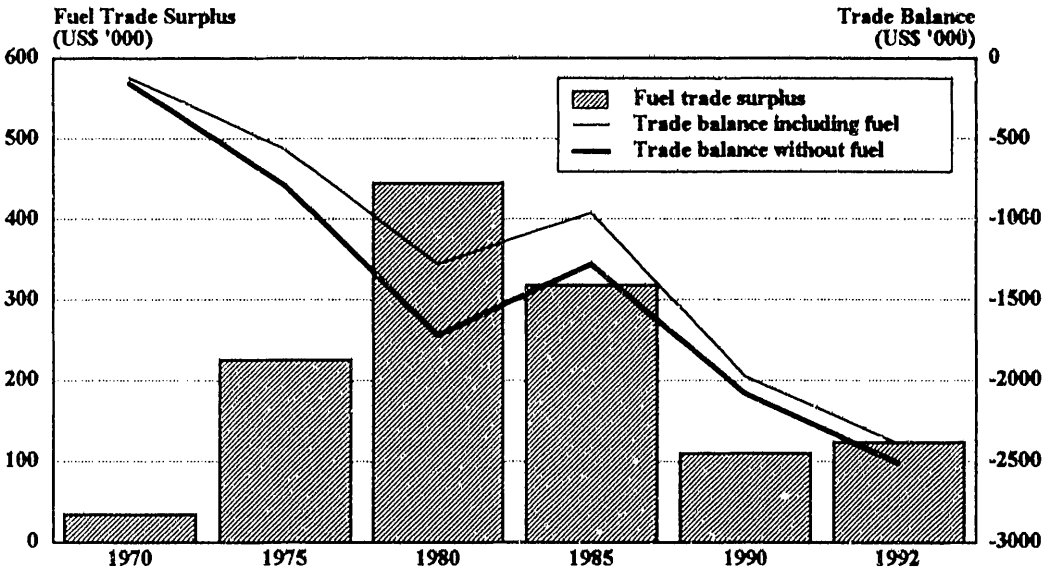
[4]See Annex 2 (Exempted domestic support) and Article 15 (Special and differential treatment) of the Agreement.

[5]This section also includes related chemical industries, i.e., petrochemical and phosphoric derivatives industries.

(i) Major features of the petroleum industry[6]

22. Among the world's oil exporting countries, Tunisia ranks as a modest petroleum producer with 5 million tonnes of crude oil output per year.[7] This capacity, however, was more than enough to push the economy along a rapid development path during the 1970s, when oil prices recorded their highest levels. Petroleum revenues not only eased Tunisia's balance-of-payments constraint (Chart V.7), but also helped improve macro-economic balances. A significant budget resources were generated for public investment, there were important foreign direct investment inflows and national savings were bolstered. As noted earlier, funds were also used to revert to the earlier pattern of heavy State intervention (Chapters I, III). On the other hand, the turnabout in the mid-1980s was due not only to the collapse of world oil prices, but also to structural changes, stemming from a decline in oil reserves and growing energy consumption, leading to a serious balance-of-payments crisis (Chapter I).

Chart V.7
Trade balance and petroleum, 1970-92



Note: Based on detailed commodity trade statistics, which are computed on a different basis from BOP data in chapter I.
Source: UNSTAT Comtrade database.

[6]VIIIth Plan (1991); Dinh (1984); Decaluwé (1990); Hopkins (1989); Gharbi, "Le pétrole, ce n'est pas fini", JA No. 1668-1669 (24 décembre 1992 - 6 janvier 1994); Vincent, "Miskar sauvé des eaux", JA No. 1712-1713 (28 octobre - 10 novembre 1993).

[7]El Borma, the country's eldest and largest oil field, produces over 60 per cent of total national crude oil production.

23. Today, the petroleum sector accounts for less than 10 per cent of GDP and 1 per cent of the labour force, half the figures of 1980; yet, reflecting its capital-intensive nature, the industry enjoys the highest labour productivity level of all sectors (Table V.1).

Table V.8
Energy balance, 1986-92
(million tonnes, million dinars)

(1) **Domestic energy balance (million tonnes)**

	1986	1987	1988	1989	1990	1991	1992
Domestic resource	6.08	5.68	5.82	5.91	5.43	6.12	6.20
petroleum	5.25	4.99	4.91	4.93	4.50	5.20	5.20
gas (El Borma and Zinnia)	0.46	0.36	0.39	0.42	0.27	0.24	0.24
gas pipeline transit fee	0.37	0.32	0.52	0.56	0.54	0.69	0.76
Consumption	3.48	3.71	3.95	4.12	4.15	4.29	4.63
Balance	+2.60	+1.97	+1.87	+1.79	+1.28	+1.84	+1.57

(2) **Trade balance by volume (million tonnes)**

	1986	1987	1988	1989	1990	1991	1992
Exports	4.27	4.07	3.83	4.36	3.90	3.85	4.45
crude petroleum	3.99	3.69	3.33	3.80	3.34	3.30	3.99
refined petroleum	0.28	0.38	0.50	0.56	0.57	0.54	0.46
Imports	2.29	2.68	2.13	3.37	3.59	2.94	4.00
crude petroleum and coke	0.41	0.42	0	0.62	0.42	0.12	0.34
refined petroleum	1.56	1.33	1.36	1.68	2.15	2.19	2.25
gas	0.31	0.93	0.76	1.07	1.01	0.64	1.40
Balance	+1.98	+1.39	+1.71	+0.99	+0.32	+0.90	+0.45

(3) **Trade balance by value (million dinars)**

	1986	1987	1988	1989	1990	1991	1992
Exports	341	431	341	544	521	464	525
crude petroleum	321	393	298	487	451	408	475
refined petroleum	20	38	43	57	70	56	50
Imports	197	263	183	361	342	354	385
crude petroleum and coke	35	44	0	69	54	15	42
refined petroleum	138	157	134	211	206	274	258
gas	24	62	49	81	82	65	85
Balance	+144	+168	+158	+183	+179	+110	+140

Note: 1992 figures are estimates.

Source: Nsouli (1993).

24. Tunisia's refining capacity is some 1.5 million tonnes per year; out of 5 million tonnes of crude oil produced in Tunisia, nearly 3.5 million are exported. On the other hand, some 2 million tonnes of refined oil are imported to serve the local market (Table V.8). According to the VIIIth Plan forecast, Tunisia, whose oil exports currently account for 15 per cent of total exports, could become a net energy importer in the foreseeable future (Table V.9).[8] In terms of budget resources, petroleum-related revenues, which once amounted to some 30 per cent of total State income, are likely to shrink to around 5 per cent by 1995 (Chart V.8). A decline in both prices and production of petroleum would imply, ceteris paribus, substantial negative effects on Tunisia's GDP growth and balance-of-payments situation.[9] The authorities note that the diversification of economic activities will alleviate this situation.

Table V.9
VIIIth Plan energy balance outlook, 1991-96
(million tonnes, million dinars)

(1) **Domestic energy balance (million tonnes)**

	1991	1992	1993	1994	1995	1996
Proper resource	4.55	4.53	4.37	4.44	4.11	3.86
petroleum	3.65	3.59	3.42	3.50	3.21	2.98
gas (El Borma and Zinnia)	0.30	0.26	0.26	0.24	0.20	0.18
gas pipeline transit fee	0.60	0.68	0.69	0.70	0.70	0.70
Consumption	4.47	4.75	5.08	5.29	5.50	5.85
Balance	+0.08	-0.22	-0.71	-0.85	-1.39	-1.99

(2) **Trade balance by value (million dinars)**

	1991	1992	1993	1994	1995[a]	1996
Exports	430.4	461.2	468.7	529.9	235.1	211.0
crude petroleum	410.1	440.8	447.9	508.7	201.1	176.1
refined petroleum	20.3	20.4	20.8	21.2	34.0	34.9
Imports	337.2	419.3	497.5	574.4	414.8	500.0
crude petroleum and coke	6.6	6.4	8.6	9.6	10.1	31.6
refined petroleum	262.8	365.9	425.1	477.3	315.0	384.4
gas	67.8	47.0	63.8	87.5	89.7	84.0
Balance	+93.2	-41.9	-28.8	-44.5	-279.7	-289.0

a New refinery plants are planned to start their operation beginning 1995.

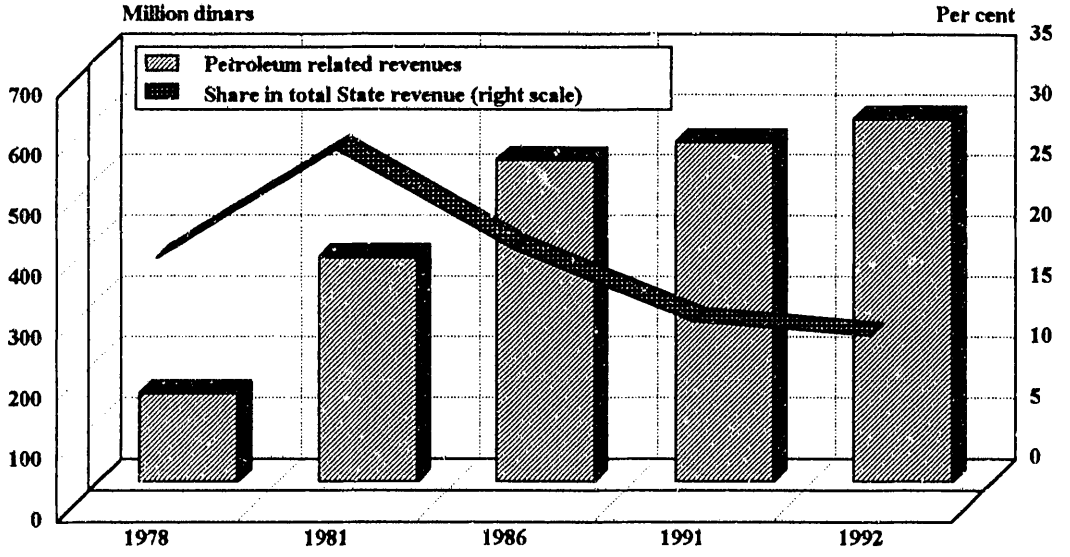
Note: Effects of natural gas reserves in Miskar (estimated 20-25 billion m^3) and of the enlargement plan of Trans-mediterranean gas pipeline are not included (Box V.4).

Source: VIIIth Plan (1992).

[8]In 1993, Tunisia reportedly recorded a deficit in its energy balance for the first time in twenty years (MEED, 8 April 1994).

[9]According to Decaluwé (1990), a 5 per cent reduction in crude oil production, coupled with a 10 per cent price decrease, would result in 1.3 per cent GDP contraction and 9 per cent deterioration in balance-of-payments.

Chart V.8
Petroleum revenues, 1978-92



Note: Petroleum related revenues include profits from petroleum exploitation, excise taxes on refined petroleum products, direct taxation on petroleum companies' revenues, etc.
Source: Dinh (1984); Nsouli (1993).

(ii) Policies in the petroleum sector (Table AV.4)

25. Faced with dwindling oil reserves, Tunisia's petroleum policy under the VIIIth Plan is increasingly focused on: (a) intensification of research and exploration of new reserves; (b) improvement in the productivity of existing deposits; (c) energy conservation; and (d) improvement in the capacity of refineries and stocking.

26. While average tariff levels are relatively low for petroleum and gas, the strategy of refining capacity reinforcement has been translated into tariff escalation between crude petroleum (ISIC 220, HS 2709), which enters duty-free, and refined petroleum (ISIC 353, HS 2710), which faces an average 10 per cent tariff (Table V.10).[10] Some escalation is also apparent within the refined petroleum products group (ISIC 353) (Table IV.4); the DCP surcharge applies at 30 per cent to one four-digit HS product (brake and transmission fluids).

[10]Duties on gas-oil and fuel oil are 20 per cent and on bitumen 23 per cent.

Table V.10
Petroleum products - tariffs, import restrictions 1994, and trade, 1993

ISIC	HS	Product	Average tariff without DCP[a] (1991) (per cent)	DCP[a] (1994) (per cent)	Import restriction coverage[b] (1994) (per cent) (F)	(P)	Imports (1993) (US$ million)	Exports (1993) (US$ million)
220	Crude petroleum and natural gas		Free	0	-	16.7	50.7	376.7
2200	2709	Petroleum oils and oils obtained from bituminous minerals, crude	Free	0	-	-	50.7	374.8
	2711	Petroleum gases and other gaseous hydrocarbons	Free	0	-	25.0	0.0	1.9
353	Petroleum refineries		9.1	0.9	14.7	17.6	376.9	92.6
3530	2710	Petroleum oils and oils obtained from bituminous minerals, other than crude	10.2	0	-	44.4	287.4	92.0
	2711	Petroleum gases and other gaseous hydrocarbons	Free	0	-	20.0	81.5	0.0
	2712	Petroleum jelly, paraffin wax,micro-crystalline petroleum wax, etc.	14.5	0	-	-	1.1	0.0
	2713	Petroleum coke, petroleum bitumen and other residues of petroleum oils, etc.	10.8	0	50.0	-	6.8	0.0
	3819	Hydraulic brake fluids and other prepared liquids for hydraulic transmission, not containing or containing less than 70 per cent by weight of petroleum oils or oils obtained from bituminous minerals	43.0	30.0	100.0	-	0.1	0.6

- No variable for this entry.

a DCP = Provisional Complementary Duties *(Droit complémentaire provisoire)*.

b Import restrictions are calculated at 7-digit HS tariff line level. They include lines fully (F) and partially (P) affected by import restrictions.

Source: Government of Tunisia; GATT Secretariat.

27. Imports of petroleum products and exports of crude oil are subject to licensing. In addition, there are extensive State trading practices and stringent price controls in the sector, intended to provide a framework for stable energy supplies. The State is involved directly or through public enterprises in virtually all stages of petroleum exploitation and production. The ETAP (*Entreprise tunisienne des activités pétrolières*) carries out exploration and production operations, alone or jointly with private operators; exploration permits are granted by the State. The ETAP also has a monopoly for the export of crude oil, as well as the import of petroleum and gas products. Authorized foreign companies may export what they extract under conditions fixed in the permit. The STIR (*Société tunisienne des industries de raffinage*), on the other hand, dominates petroleum refining in Tunisia although other operators may enter this area, according to the authorities. Another State agency, the AME (*Agence nationale de la maîtrise de l'énergie*) has the task of promoting energy conservation. In addition, the STEG (*Société tunisienne de l'électricité et du gaz*), one of the biggest oil consumers, is in charge of the production and distribution of electricity and gas. The State also applies tight price controls at all levels: production, importation and distribution, which may have induced over-consumption of petroleum, and contributed to discouraging private investment in the sector.

28. Of all sectors, petroleum appears to be least affected by the recent liberalization policy. However, the recognition of dwindling reserves led the Government to reinforce incentives for foreign investment petroleum exploration: the law enacted in 1987 offered foreign investors a better profitability and important tax incentives.[11] The energy sector, which continues to absorb some 60 per cent of total foreign investment, affects substantially the macroeconomic balance of the country (Chapter III).

Box V.4: Natural gas (ISIC 2200, 3530, HS 2711)

The Government is engaged in a diversification policy to make more use of gas as a substitute for domestically produced petroleum, reserves of which are declining; since 1983, Tunisia has received around 13 billion m^3 of Algerian gas as a transit fee (5.25 per cent) for the Trans-Mediterranean gas-pipeline linking Algeria and Italy via Tunisia (Table V.8). There are plans to expand the capacity of the pipeline.

Recent natural gas funds appear to offer greater potential for development than petroleum; proven reserves were estimated at 85 billion m^3 at the beginning of 1991. The most promising is the project of Miskar gas deposit, whose exploitation is being undertaken by British Gas with a $US 600 million investment, the largest foreign investment ever made in Tunisia. The deposit, with confirmed reserves of 20 to 30 billion m^3 (equivalent to 17 to 24 million tonnes of petroleum), starts its operation in 1995 with 1.5 billion m^3 of production per year. This, together with the gas pipeline transit fee, is expected to assure Tunisia's self-sufficiency in energy at least until the end of the century. The price of gas sold by British Gas to the STEG will be the equivalent of 85 per cent of the international price used at Mediterranean ports.

All petroleum gas enjoys duty-free entry into Tunisia, but is subject to import licensing (Table V.10).

(iii) Major features and policies in phosphates sector (ISIC 2902, 3511, 3512)

29. Tunisia is the world's fifth largest producer of phosphates, following the United States, Russia, Morocco, and China. Phosphate mining, together with the related chemical industry, accounts for a minor part of GDP and of labour force, yet represents near 13 per cent of Tunisia's total exports, or roughly 80 per cent of total exports by chemical sector (ISIC 351, 352). Natural phosphate rock is processed firstly into its intermediate liquid form, i.e., phosphoric acid (P_2O_5), by using sulphuric acid, and then into a wide variety of phosphate fertilizers with different levels of P_2O_5 content.[12] Out of 6 million tonnes phosphate rock produced annually in Tunisia, more than 80 per cent is domestically processed into phosphoric derivatives or fertilizers before being exported (Table V.11).

[11]Hopkins (1989).

[12]For example, single superphosphate with 21 per cent content, triple superphosphate with 46 per cent, mono-ammonium phosphate with 54 per cent, diammonium with 46 per cent.and various formulas of NPK.

Table V.11
Exports of phosphates and derivatives, 1986-92
('000 tonnes, million dinars)

	1986		1988		1990		1992	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Phosphate rock	1,206	26	1,156	28	593	16	956	22
Phosphoric acid	252	75	514	147	421	120	543	139
Superphosphate	716	77	822	109	751	90	783	95
Ammonium phosphate	488	75	471	85	503	81	657	96
Bicalcium phosphate	...	...	41	7	47	8	54	9
Hyperphosphate	34	5	35	2	41	3	32	2

... Not available.

Note: 1992 is preliminary.

Source: Nsouli (1993).

30. Average tariff levels are around 20 per cent ad valorem, while escalation patterns are seen among phosphate and its derivatives. Imports of finished products (e.g., phosphatic fertilizers) enjoy the lowest tariff of 15 per cent, yet are subject to import licensing (Table V.12).

Table V.12
Phosphate and related inputs and derivatives - tariffs, import restrictions, 1994, and trade, 1993

ISIC	HS	Product	Average tariff (1994)[a] (per cent ad valorem)	Import restriction coverage[b] (1994) (per cent)		Imports (1993) (US$ million)	Exports (1993) (US$ million)
				(F)	(P)		
2902	2503	Sulphur	17.0	-	-	63.8	0.0
	2510	Natural calcium phosphates, natural aluminium calcium phosphates and phosphatic chalk	20.0	-	-	0.0	32.3
3511	2809	Diphosphorus pentoxide, phosphoric acid and poly phosphoric acids	29.0	-	-	0.1	120.4
	2835	Phosphinates (hypophosphites), phosphinates (phosphites), phosphates and polyphosphates	25.4	-	-	6.9	35.3
3512	3103	Mineral or chemical fertilizers, phosphatic	15.0	-	33.3	0.0	178.7

- No variable for this entry.

a No phosphate and related inputs and derivatives are subject to DCP.
b Import restrictions are calculated at 7-digit HS tariff line level. They include lines fully (F) and partially (P) affected by import restrictions.

Source: Government of Tunisia; GATT Secretariat.

31. Phosphate mining is dominated by a public enterprise, the CPG (*Compagnie des phosphates de Gafsa*), which suffers from a long-standing deficit, partly because of the need to restructure and rationalization its management - key priorities in the VIIIth Plan for the sector.

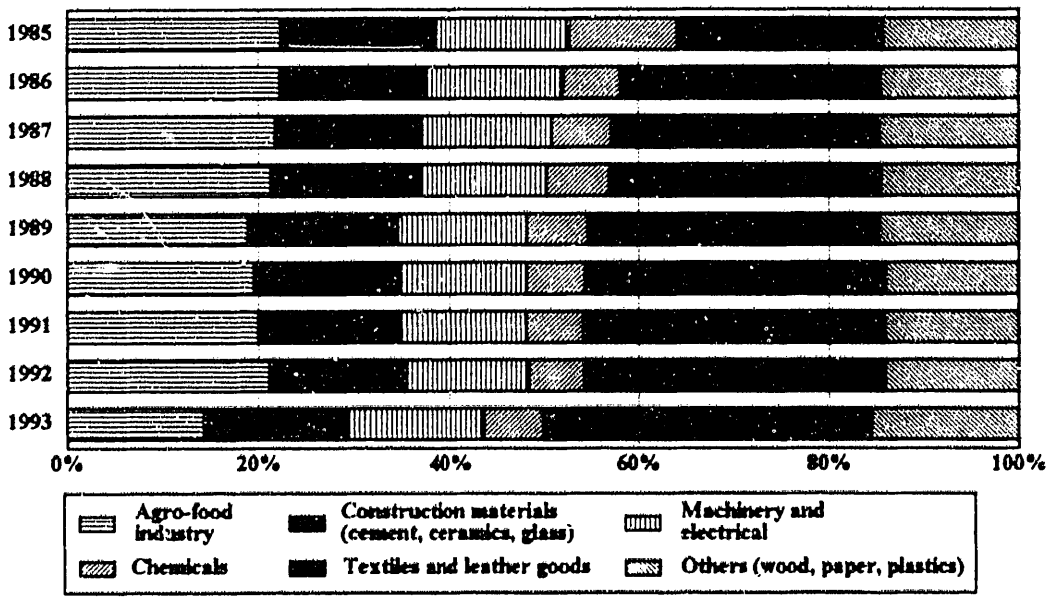
(4) Manufacturing (ISIC 311-390)[13]

(i) Major features of manufacturing in Tunisia

32. Manufacturing, whose share of GDP has risen from 14 to 17 per cent since 1980, is the most rapidly-growing sector of the Tunisian economy; some 450,000 workers, or one-fifth of the active population, are engaged in the creation of one-sixth of GDP and over 70 per cent of exports (Table V.1). Textiles and clothing (Box V.5), the largest manufacturing activity, contributes a third of total value added in the sector, followed by the agro-food, construction materials and machinery and electrical industries (Chart V.9). By contrast, the chemicals industry, largely based on capital-intensive petrochemical or phosphoric derivatives production, has shown some stagnation.

33. Rapid growth in manufacturing has coincided with a significant improvement in labour productivity, particularly in the textiles and clothing sector. Wage levels, on the other hand, remain uneven and dispersed, with the chemicals industry enjoying the highest wages, and the textiles and clothing the lowest.

Chart V.9
Composition of manufacturing value added, 1985-93
(Constant 1990 prices)



Source: Ministry of Planning and Regional Development.

[13]See also previous sections, for food processing, petrochemicals and phosphate industries.

Box V.5: Textiles and clothing (ISIC 321-322)

On the last ten years, the textiles and clothing sector has replaced petroleum as Tunisia's leading exporting industry The sector, which embraces over 200,000 employees, or half the total workers in manufacturing sector, has recorded the highest growth in value added among all sectors.

The sector is highly dependent on external trade; over 60 per cent of domestic production is directed towards exports, while imports account for some 50 per cent of domestic demand (Table V.14). There is virtually no domestic production of raw materials (cotton, silk, wool); Tunisian industry imports most raw materials and semi-manufactures. Tariffs, although generally high for all textile products, tend to be lower for up-stream textile products, which are inputs in domestic production, than down-stream finished goods, which compete with local production (Tables IV.4, V.13). In practice, escalation is even steeper than shown in the tables, since all export enterprises enjoy duty-free treatment for imported raw materials and semi-finished goods (Chapters III, IV). Such duty exemptions are very important since totally export-oriented enterprises account for more than a third of the total number of textile enterprises, and are concentrated in the down-stream processing activities (i.e. garment production). Moreover, import licensing restrictions tend to be more pervasive for downstream products than for upstream products.

Tunisian textile production is highly integrated into the European outward-processing industry. More than 90 per cent of textiles imports originate in the European Union, while practically all clothing exports are directed towards the European market, where Tunisian products enjoy duty-free access under the EC-Tunisia Agreement (Chapter II); some Tunisian exports, however, are subject to voluntary export restraints, coupled with import surveillance measures on the EU side (Chapter IV). Accordingly, the intra-industry trade index for textiles and clothing sector has increased from around 5 per cent in 1970 to roughly 25 per cent in the 1980s. Moreover, a large majority of foreign investors in the Tunisian clothing sector are European firms (Chapter III).

In sum, five elements appear to have been pivotal for the development of the Tunisian textile industry; moderate labour costs, proximity to major markets and capital suppliers, bilateral preferential agreements, the tariff concession régime, and investment incentives.

34. The importance of the textile and clothing sector is further underscored in trade patterns. More than 50 per cent of exports of manufactures consist of clothing, and some 20 per cent of manufactured imports consist of its major input, textiles (Box V.5). Electrical machinery and other semi-manufactures exports also appear to be increasing, while chemical exports, mostly phosphatic fertilizers, have been losing their relative importance (Chart V.10). The import pattern, on the other hand, is more diversified: imports are divided more or less equally among various products which are inputs in the production of other manufactures such as textiles, semi-manufactures, iron and steel, and consumer goods such as automobiles and chemical products, mostly pharmaceuticals.

35. Tunisian manufacturing is increasingly dependent on external trade, whose growth has largely outpaced that of value added in recent years (Table V.14). Despite significant growth in exports, the overall trade balance in manufactures remains in deficit; a recent rise in clothing exports has not been enough to offset stagnation in chemical exports and a surge in overall imports, including an increase in the derived demand for textile imports (Chart V.11).

36. In general, the level of intra-industry trade in manufactures remains low, of the order of 20 per cent overall, although there are significant sectoral variations.

Table V.13
Textiles, clothing and related inputs - tariffs, 1994, import licences, 1994, and trade, 1993

ISIC	HS	Product	Average tariff without DCP[a] (1994) (per cent)	DCP[a] (1994) (per cent)	Import restriction coverage[b] (per cent)		Imports (1993) (US$ million)	Exports (1993) (US$ million)
					(F)	(P)		
321	Textiles total		38.4	3.8	52.3	12.0	1,091.9	400.3
3211	Spinning, weaving, and finishing textiles		(36.3)	(4.8)	(44.5)	(8.8)	(899.1)	(92.5)
	50	Silk	33.2	0	-	-	2.7	0.0
	51	Wool, etc.	31.2	2.8	-	27.8	32.2	34.4
	52	Cotton	39.0	6.1	59.5	2.4	443.5	62.6
	53	Other vegetable textile fibres, etc.	34.3	0	-	12.9	5.7	1.7
	54	Man-made filaments	30.9	4.9	48.5	2.9	106.8	2.1
	55	Man-made staple fibres	39.7	6.7	67.0	3.0	237.6	18.6
	56	Wadding, yarns, twine, cordage, etc.	32.5	0	-	-	2.8	0.0
	58	Special woven fabrics, etc.	39.5	4.5	31.8	34.1	53.3	1.3
	63	Other made up textile articles, etc.	41.4	0	80.0	20.0	27.3	4.3
3212	Made-up plastics and plasticised textile goods		(42.0)	(2.1)	(54.8)	(28.8)	(10.8)	(13.4)
	39	Plastics and articles thereof	37.0	0	-	-	0.8	0.1
	58	Special woven fabrics, etc.	43.0	0	50.0	-	2.7	0.9
	63	Other made up textile articles, etc.	42.6	2.5	60.0	33.3	7.3	12.5
3213	Knitted and crocheted fabrics		(42.7)	(1.3)	(78.3)	(8.7)	(119.8)	(269.7)
	60	Knitted or crocheted fabrics	43.0	9.2	73.1	-	37.6	0.9
	61	Articles of apparel and clothing accessories, knitted or crocheted	42.7	0	79.1	10.1	82.0	268.8
3214	Carpets and rugs		(43.0)	(15.5)	(41.4)	(55.2)	(0.4)	(10.1)
	57	Carpets and other textile floor coverings	43.0	15.5	41.4	55.2	0.4	10.1
3215	Cordage, rope, twine, netting		(39.7)	(0)	(55.6)	(5.6)	(3.7)	(10.5)
	56	Wadding, yarns, twine, cordage, etc.	39.7	0	55.6	5.6	3.7	10.5
3219	Textiles, n.e.c.		(30.9)	(1.1)	(23.9)	(4.3)	(58.3)	(4.1)
	56	Wadding, yarns, twine, cordage, etc.	33.8	4.2	58.3	-	34.5	1.4
	58	Special woven fabrics, etc.	35.5	0	75.0	25.0	0.5	1.9
	59	Impregnated, coated, covered, laminated textile fabrics, etc.	29.1	0	6.7	3.3	23.3	0.8
322	Clothing total		42.4	1.5	66.7	20.4	185.4	1,231.8
3220	Clothing		(42.4)	(1.5)	(66.7)	(20.4)	(185.4)	(1,231.8)
	39	Plastics and articles thereof	31.5	0	-	-	3.9	0.1
	42	Articles of leather, etc.	43.0	30.0	55.6	22.2	5.4	7.9
	62	Articles of apparel and clothing accessories, not knitted nor crocheted	42.9	0	74.4	21.9	173.7	1,218.0
	65	Headgear and parts thereof	37.4	0	-	-	1.8	5.8
	94	Furniture; bedding, mattress, etc.	43.0	0	-	100.0	0.7	0.0

- No variable for this entry.

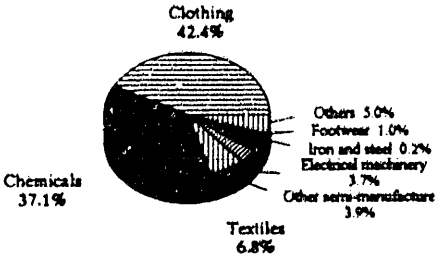
a DCP = Provisional Complementary Duties *(Droit complémentaire provisoire)*.
b Import restrictions are calculated at 7-digit HS tariff line level. They include lines fully (F) and partially (P) affected by import restrictions.

Source: Government of Tunisia; GATT Secretariat.

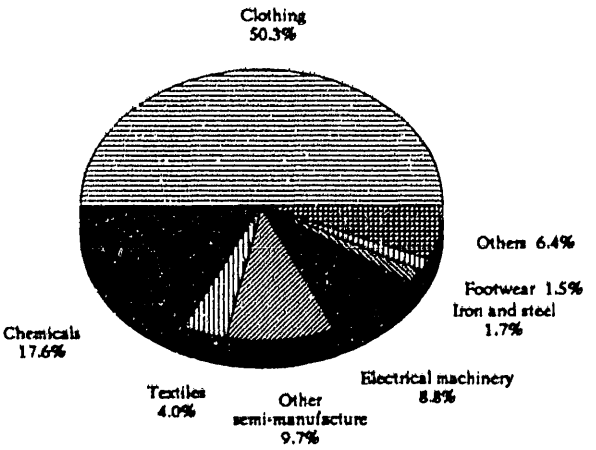
Chart V.10
Exports and imports of manufactures, 1980 and 1992

Exports

1980
Total US$ 797.8 million

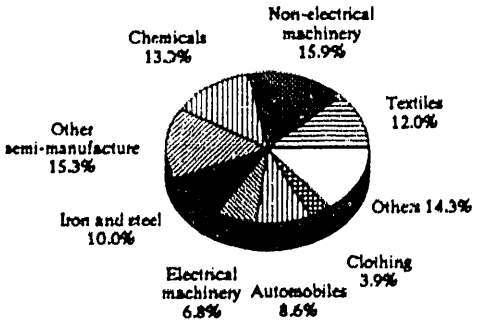


1992
Total US$ 2,943.6 million

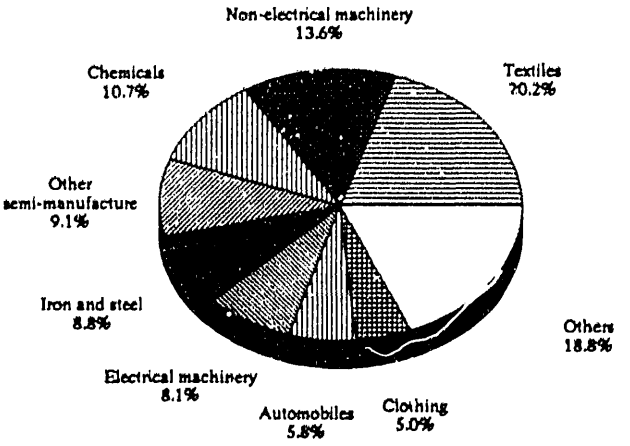


Imports

1980
Total US$ 2,017.8 million

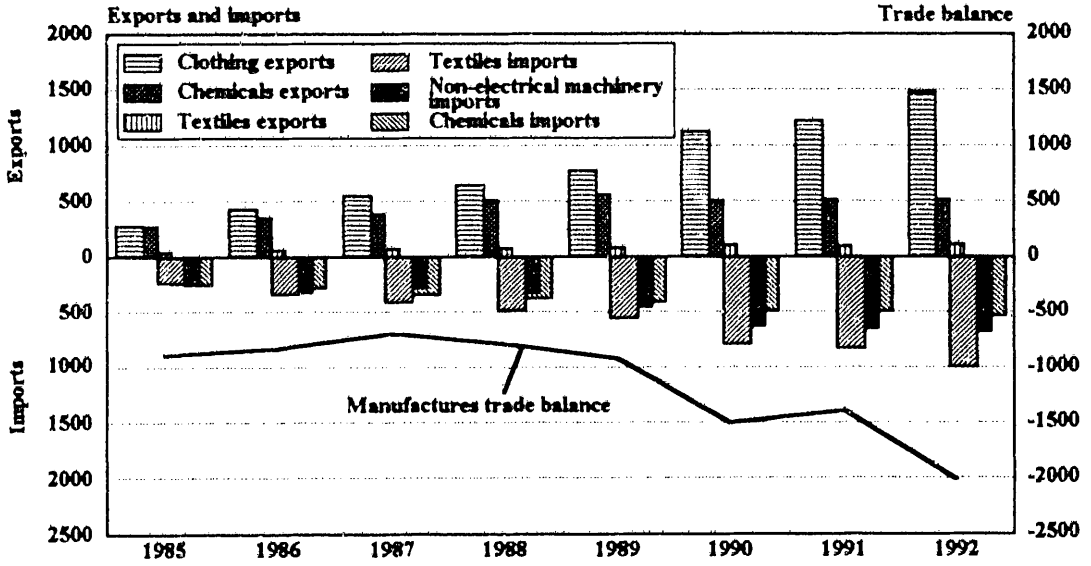


1992
Total US$ 4,954.0 million



Source: UNSTAT Comtrade database.

Chart V.11
Manufactures trade, 1985-92
(US$ thousand)



Source: UNSTAT Comtrade database.

Table V.14
Trade dependency by sector, 1990 (based on input-output table of national accounts)
(Million dinars and per cent)

	Production	Imports	Total resources	Exportation	Import dependency	Export dependency
	a	b	c	d	b/(c-d)	d/a
Agriculture and fishing	2,195.4	242.7	2,619.2	138.7	9.8	6.3
Manufacturing	7,702.9	4,392.8	13,822.7	2,554.0	39.0	33.2
- Agro-food industry	2,027.8	272.7	2,628.5	210.7	11.3	10.4
- Construction materials	578.2	69.8	715.5	90.0	11.2	15.6
- Machinery and electricals	1,216.6	1,952.7	3,825.5	376.3	56.6	30.9
- Chemical products	1,198.9	619.6	2,016.0	460.4	39.8	38.4
- Textiles, clothing, leather goods	1,886.1	991.2	3,108.8	1,187.1	51.6	62.9
- Other manufacturing	795.3	486.8	1,528.4	229	37.5	28.9
Non-manufacturing industry	3,147.4	434.2	3,747.8	556.3	13.6	17.7
- Mining	150.2	22.0	208.1	33.0	12.6	22.0
- Petroleum and gas	1,181.0	412.2	1,723.6	523.3	34.3	44.3
- Electricity	279.0	0.0	279.0	0.0	0.0	0.0
- Water	74.6	0.0	74.5	0.0	0.0	0.0
- Public construction	1,462.6	0.0	1,462.6	0.0	0.0	0.0
Services	7,181.5	403.4	6,392.5	1,410.5	8.1	19.6
- Commerce	1,192.4	0.0	n.a.	0.0	0.0	0.0
- Transportation, telecommunication	1,254.8	162.0	1,416.9	358.1	15.3	28.5
- Hotels and restaurants	981.9	0.0	981.9	0.0	0.0	0.0
- Financial services	474.7	23.2	497.8	8.7	4.7	1.8
- Miscellaneous commercial services	1,424.7	76.5	1,501.2	115.7	5.5	8.1
- Non-commercial services	1,853.0	0.0	1,853.0	0.0	0.0	0.0
- Tourism and others	n.a.	141.7	141.7	928.0	n.a.	n.a.
TOTAL	20,227.3	5,473.0	26,582.2	4,659.4	25.0	23.0

n.a. Not available.

Source: Institut National de la Statistique, "Les Comptes de la nation 1983-1990".

(ii) Trade policies towards the manufacturing sector

General direction

37. The Tunisian authorities recognize that past protectionism penalized exporting activities. As noted in Chapters III and IV, to help overcome this bias, they have introduced widespread, general incentives for investment in, and production by, export-oriented enterprises. These apply across-the-board, without specific sectoral orientation. (Specific export-related measures in the form of duty and tax concessions, export finance and free-zone treatment are discussed in Chapter IV(3)(xi) and (xvi) and investment incentives in Chapter III(2)(ii).)

38. The Tunisian Government views exports as a driving force of economic growth; the development of export-oriented manufacturing sector is perceived as a sine qua non for economic and social development. Consequently, many export-promotion incentives have been revised and enhanced. All industries with export potential are treated as strategic sectors and, according to the authorities, this has not been translated into any explicit sectoral targeting or sector-specific industrial policy.

39. Recent micro-economic reforms, particularly import liberalization and price deregulation, are regarded as a more direct approach to improving the competitiveness and productivity of Tunisian manufacturing.[14]

Protection in the manufacturing sector (Table AV.4)

40. Although recent liberalization has led to a significant rationalization of the tariff structure, tariff protection levels, with an average of around 33 per cent ad valorem (including DCP), remain high across all manufacturing sectors, including the fastest growing export-oriented sectors; the only exception is found in petrochemicals sector (ISIC 353), where average tariff is below 10 per cent (Table IV.4, Chart V.2). The DCP, mainly affecting food products, textiles and leather goods, rubber products and ceramics, pushes up the average tariff for all manufactures by 3 percentage points. These tariffs, however, apply only to goods for sale in Tunisia: exports, and imports of inputs to export industries, benefit generally from drawback and other tariff rebate schemes. Effective protection, as calculated from tariffs alone, is therefore likely to be misleading; export-oriented industries benefit from free access to goods, while those producing for the domestic market do so behind still quite substantive tariff walls. In addition, relatively labour-intensive sectors (e.g. textiles, clothing and food processing) appear to attract higher tariffs than capital-intensive sectors (e.g. petrochemicals, iron and steel).

41. As noted earlier, tariff escalation is widespread in manufacturing (Chart IV.5, Table IV.4). Escalation is accentuated by the addition of the DCP, concentrated in finished and intermediate goods. The clearest tariff escalation patterns are found in textiles and clothing (ISIC 321-322) (Box V.5), leather and footwear (ISIC 323-324), paper (ISIC 341), rubber (ISIC 355), and non-ferrous metal sector (ISIC 372). As a result, the effective rate of tariff protection is comparatively high for manufacturing, reaching almost 90 per cent in 1989 (Table V.2). While the liberalization process since 1986 has reduced the overall level of effective protection, the first phase of tariff reduction, focused on capital goods and raw materials rather than on finished goods, resulting in an increase in the effective rate for some sectors. The recent introduction of DCP is likely to have further increased the effective rate of protection in some sectors.

42. Import restrictions as at end-April 1994 cover some 27 per cent of all 7-digit tariff lines in manufactures, including, inter alia, vitamins and antibiotics, explosives and detonators, textiles and clothing, footwear, articles of diamond, gold and other precious metals, motor vehicles, and watches, clocks and pens. According to the authorities, 8 per cent of imports are covered. Restrictions are justified by the Tunisian authorities on the grounds of environmental reasons, national security and/or to limit consumption of "luxury" goods.

43. As stated above, the most significant Government assistance to manufacturing is through a series of general export-promoting measures, in the form of tariff relief and other financial, fiscal and technical support to exporting enterprises.

[14]VIIIth Plan (1992).

44. As in other sectors, a certain number of State enterprises operate in manufacturing, although no significant State monopoly exists at the production, distribution or trade levels. According to the authorities, no explicit subsidies or supports are extended to any specific sectors.

45. Price controls have, in the past, been even more pervasive in manufacturing than in agriculture. Recent deregulation, however, has largely dismantled the restrictions (Table V.15), leaving only 15 per cent of production under control. The price control list, nevertheless, continues to include goods such as motor vehicles, some electrical apparatus and paper products (Chapter IV, Table AIV.1).

Table V.15
Ratio of products free of price controls at production level, 1986-94
(per cent)

	1986	1990	1994
Agro-food industry	25.2	32.2	...
Construction materials	0.0	54.4	...
Machinery and electrical	13.6	26.3	...
Textiles and leather goods	0.0	91.2	...
Chemicals	2.7	95.2	...
Other	3.8	73.3	...
Total manufacturing	10.2	66.2	85.0

... Not available.

Source: Ben Aissa, "Réglementation des prix et de la concurrence en Tunisie", in Institut arabe des chefs d'entreprises (1992).

46. As mentioned earlier, State-financed funds offer low rate loan facilities for certain cross-sectoral objectives. These include FOPROMAT for R & D investment by small- and medium-size enterprises, FOPRODI for investment in regional development, development of technology, quality improvement and exporting, FOPRODEX for exporting enterprises, and FONAPRAM (*Fonds national de promotion de l'artisanat et des petits métiers*) for craftsmen (Chapters III, IV).

47. Unlike other sectors, most investment in manufacturing is carried out by private enterprise.[15] However, the State seeks to encourage private investment by using various fiscal and financial incentives, most of which have been consolidated in the new Investment Incentives Code (Chapter III).

[15]Among 3,050 million dinars of investment in manufacturing sector projected during the VIIIth Plan period (1992-96), around 86 per cent is to be carried out by private sector, compared to only 46 per cent and 34 per cent for agriculture and non-manufacturing industry sectors, respectively (VIIIth Plan (1992)).

VI. TRADE DISPUTES AND CONSULTATIONS

(1) GATT Dispute Settlement

1. Tunisia has not been directly involved, as complaint or defendant, in any GATT dispute settlement procedure to date.

2. In 1982, Tunisia, as a provisional contracting party of the GATT, was indirectly involved in a case under Article XXIII[1] in which the United States challenged the European Communities' preferential treatment of citrus products imported from Mediterranean countries, including Tunisia (Chapter II).[2] The United States argued that US citrus exports were adversely affected by tariff preferences provided in bilateral agreements between the EC and these countries[3], which failed to meet the requirements set out by Article XXIV in respect of free-trade areas.[4] The report of the panel, which did not make a judgement on the conformity of the bilateral agreements with the provisions of Article XXIV, concluded that the EC tariff preferences had operated in practice, for certain products, to result in the impairment of the United States' benefits in the sense of Article XXIII: 1(b), and recommended the EC to narrow the preferential margins. To date, the panel report has not been adopted by the Council.

(2) Other Fora

3. The EC-Tunisia Co-operation Agreement (1976) and the Treaty of Arab Maghreb Union (1989), which together cover some 80 per cent of Tunisia's trade (Chapter II), contain their own dispute settlement procedures. Under the EC-Tunisia Agreement, any dispute which arises between the parties concerning the interpretation of the Agreement may be placed before the Co-operation Council, composed of the members of the EC Council, the EC Commission and the Government of Tunisia (Articles 44, 51). On the other hand, the Treaty provides for a judicial organ, composed of two judges designated by each member State, which is in charge of examining disputes as to the interpretation and application of the Treaty, and is empowered to pass judgements (*arrêts*) which are irrevocable and self-executory (Article 13).

4. The Tunisian Customs Code (Article 11) empowers the President of the Republic to apply a surtax, up to twice the general tariffs or the value of merchandise, on merchandise originating in a country that imposes particularly high tariffs on Tunisian exports or which treats Tunisian exports less favourably than merchandise from other countries.

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[1]GATT documents L/4379, 23 July, 1974; L/5337, 18 June 1982; L/5776, 7 February 1985; C/M/186, 19 April 1985; C/M/187, 31 May 1985; C/M/190, 5 July 1985.

[2]The United States called into question preferences accorded by bilateral agreements with Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Spain, Tunisia (1976 EC-Tunisia Co-operation Agreement) and Turkey. Among these countries, those which were contracting parties to the GATT (including those with provisional status) were invited to present their views to the panel.

[3]The preferential margins for citrus products (EC tariff headings 08.02, 13.03, 20.06 and 20.07) generally ranged from 60 to 80 per cent for Maghreb countries.

[4]According to the United States, the agreements provided only non-reciprocal tariff elimination on the part of EC for a limited range of products, and thus could not be justified as agreements establishing "a free-trade area" where "the duties and other restrictive regulations of commerce are eliminated on substantially all the trade between the constituent countries". The Communities, on the other hand, noted that Part IV of the General Agreement does not require reciprocity from developing countries.

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APPENDIX TABLES

Table AI.1
Merchandise exports of Tunisia, by broad product categories, 1970-92
(US$ million and per cent)

Commodity	1970	1980	1985	1986	1987	1988	1989	1990	1991	1992
TOTAL TRADE (US$ million)	182.5	2,233.7	1,627.3	1,759.6	2,152.4	2,392.9	2,932.4	3,498.3	3,699.5	4,039.7
					Percentage share					
AGRICULTURE	34.6	8.1	10.5	13.0	13.5	13.2	10.9	11.9	15.7	10.7
- Food	29.9	7.2	9.7	12.2	12.7	12.3	9.9	11.0	15.0	10.1
- Agricultural Raw Materials	4.7	0.9	0.8	0.7	0.8	0.9	1.0	1.0	0.7	0.6
MINING	46.2	56.1	44.7	26.8	25.8	18.8	22.6	18.9	15.4	16.4
- Fuels	27.2	52.5	42.2	24.3	23.6	16.1	20.0	17.3	14.3	15.1
- Ores	15.6	2.9	2.4	2.3	2.0	2.5	2.4	1.4	1.0	1.2
- Non-ferrous metals	3.4	0.7	0.1	0.2	0.1	0.1	0.2	0.2	0.1	0.1
MANUFACTURES	19.1	35.7	44.5	59.8	60.3	67.6	66.1	69.1	68.9	72.9
- Clothing	0.5	15.2	17.2	24.5	25.5	27.0	26.5	32.3	33.1	36.7
- Chemicals	9.6	13.2	17.0	20.0	18.1	21.2	19.2	14.5	14.0	12.8
- Other semi-manufactures	1.5	1.4	2.0	3.5	4.7	5.8	7.3	7.2	6.4	7.1
- Other elec. mach.	0.1	1.3	2.1	3.0	3.7	4.1	4.1	4.9	5.4	6.4
- Textiles	1.6	2.4	2.8	3.4	3.5	3.3	3.0	3.1	2.7	2.9
- Other misc. manufs.	0.6	0.5	0.7	0.9	1.1	1.8	1.8	2.0	1.9	1.7
- Iron & steel	4.7	0.1	0.4	1.1	0.6	0.7	1.0	1.0	1.2	1.3
- Footwear	0.0	0.3	0.3	0.4	0.4	0.4	0.5	0.7	1.0	1.1
- Other non-elec. mach.	0.1	0.2	0.8	0.4	0.6	0.8	0.5	0.6	0.7	0.8
- Automotive prods.	0.0	0.3	0.4	0.7	1.0	1.2	1.0	1.1	0.8	0.7
- Telecommunications app.	0.1	0.3	0.1	0.3	0.4	0.4	0.4	0.6	0.7	0.5
- Travel goods & bags	0.0	0.2	0.3	0.4	0.3	0.3	0.3	0.4	0.3	0.3
- Furniture	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.2	0.2	0.3
- Power generating mach.	0.0	0.0	0.2	0.2	0.2	0.3	0.2	0.3	0.3	0.2
- Office machinery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
- Agricultural mach.	0.0	0.0	0.0	0.5	0.0	0.0	0.1	0.0	0.1	0.1
- Other transport equip.	0.1	0.2	0.1	0.2	0.1	0.2	0.2	0.3	0.2	0.0
OTHER	0.1	0.1	0.3	0.5	0.4	0.4	0.4	0.0	0.1	0.0

Note: The definition of products follows Table AI.2.

Source: UNSTAT, Comtrade database.

Table AI.2
Merchandise imports of Tunisia, by broad product categories, 1970-92
(US$ million and per cent)

Commodity	1970	1980	1985	1986	1987	1988	1989	1990	1991	1992
TOTAL TRADE (US$ million)	304.6	3,508.7	2,586.9	2,897.7	3,021.7	3,680.9	4,366.0	5,471.1	5,184.9	6,425.4
					Percentage share					
AGRICULTURE	33.4	17.3	18.1	18.3	16.7	21.4	19.7	15.0	11.6	12.0
- Food	27.9	13.7	14.1	14.4	11.9	17.1	15.1	10.6	8.0	8.3
- Agriculture Raw Materials	5.5	3.6	4.0	3.9	4.8	4.3	4.6	4.3	3.7	3.7
MINING	8.1	25.1	19.0	13.9	16.9	12.9	14.6	13.4	12.4	10.9
- Fuels	4.8	20.7	14.2	6.8	10.8	7.1	9.2	9.0	8.3	7.6
- Ores	2.1	3.4	3.8	6.1	4.9	4.5	3.8	3.1	3.0	2.1
- Non-ferrous metals	1.1	0.9	1.0	1.1	1.2	1.3	1.6	1.2	1.1	1.2
MANUFACTURES	58.5	57.5	62.3	64.8	65.9	65.3	65.3	71.6	75.9	77.1
- Textiles	6.9	6.9	9.0	11.6	13.5	13.1	12.6	14.4	15.9	15.5
- Other non-elec. mach.	10.2	9.1	9.3	11.0	9.1	8.6	10.4	11.4	12.5	10.5
- Chemicals	7.4	7.6	9.7	9.7	11.3	10.2	9.4	8.9	9.5	8.2
- Other semi-manufactures	8.3	8.8	7.9	7.9	8.1	7.7	7.2	7.2	6.7	7.0
- Iron & steel	5.3	5.8	4.6	4.8	4.0	4.8	4.4	4.4	4.3	6.8
- Other elec. mach.	4.6	3.9	4.4	4.6	5.1	5.0	4.8	5.4	6.2	6.3
- Other misc. manufs.	3.7	2.7	2.7	2.8	3.6	4.1	4.0	4.7	4.8	5.0
- Automotive prods.	4.9	4.9	6.6	5.2	4.1	4.8	5.5	5.5	4.1	4.5
- Clothing	0.4	2.2	1.7	2.3	2.9	2.9	3.1	3.5	4.0	3.9
- Other transport equip.	0.4	1.7	1.7	0.7	0.3	0.2	0.3	1.5	1.6	2.9
- Telecommunications app.	2.5	1.0	1.2	1.2	1.0	0.9	0.8	1.1	1.8	1.9
- Power generating mach.	1.3	1.1	1.2	1.3	1.5	1.7	1.4	1.7	1.9	1.8
- Agricultural mach.	1.9	1.3	1.6	1.0	0.6	0.5	0.3	0.7	1.3	1.6
- Office machinery	0.4	0.2	0.5	0.5	0.6	0.8	1.0	0.9	1.1	1.0
- Furniture	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.2
- Travel goods & bags	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
- Footwear	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1
OTHER	0.0	0.2	0.6	3.0	0.5	0.4	0.3	0.1	0.0	0.0

Note: The definition of products follows this table.

Source: UNSTAT, Comtrade database.

NOTES: PRODUCT DEFINITIONS IN TABLES AI.1 AND AI.2

The list below is expressed in SITC Revision 1, which dates back to 1965. It is therefore not the same as the list in International Trade which is based on Revision 3. The differences are most marked in the area of manufactures. The reason for selecting Revision 1 is that it is the only series with data from 1970.

- Agriculture (SITC 0+1+2+4-27-28)
  - Food (SITC 0+1+22+4)
  - Agricultural raw materials (SITC 21+23+24+25+26+29)
- Mining (SITC 3+27+28+68)
  - Fuels (SITC 3)
  - Ores and other minerals (SITC 27+28)
  - Non-ferrous metals (SITC 68)
- Manufactures (SITC 5+6+7+8-68)
  - Clothing (SITC 84)
  - Chemicals (SITC 5)
  - Other semi-manufactures (SITC 61+62+63+64+66+69)
  - Other non-electrical machinery (SITC 715+717+718+719)
  - Textiles (SITC 65)
  - Other misc. manufactures (SITC 8-82-83-84-85)
  - Iron & steel (SITC 67)
  - Footwear (SITC 85)
  - Other electrical machinery and apparatus (SITC 72-724)
  - Automotive products (SITC groups 732+733)
  - Telecommunications apparatus (SITC 724)
  - Travel goods, handbags, etc (SITC 83
  - Furniture (SITC 82)
  - Power generating machinery (SITC 711)
  - Office machines (SITC 714)
  - Agricultural machinery (SITC 712)
  - Other transport equipment (SITC 73-732-733)
- Other (SITC 9)

Table AI.3
Exports of Tunisia by region and principal destination, 1970-92
(US$ million and per cent)

	1970	1980	1985	1986	1987	1988	1989	1990	1991	1992
World (US$ million)	182.5	2,233.7	1,627.3	1,759.6	2,152.4	2,392.9	2,932.4	3,498.4	3,699.6	4,039.9
					Percentage share					
Europe	78.1	75.8	76.8	80.8	85.4	80.3	77.2	81.2	80.7	81.3
EC12*	63.0	72.3	71.6	74.1	78.3	75.0	73.9	77.8	76.6	78.0
France	24.4	15.4	26.6	23.3	21.6	25.8	24.6	26.6	25.2	27.1
Italy	20.6	15.8	16.8	14.5	16.5	18.9	18.7	21.2	19.7	17.1
Germany	10.6	13.0	11.1	15.2	19.8	14.4	13.1	15.1	16.4	17.0
	1.5	3.0	4.2	5.5	6.5	5.9	6.1	7.0	6.2	6.9
Belgium-Luxembourg										
Spain	0.3	0.5	6.9	3.6	2.6	3.4	2.7	2.6	3.7	2.7
Netherlands	0.9	4.5	2.2	3.8	3.2	2.9	2.5	2.5	2.7	2.6
Greece	1.1	18.1	0.3	6.1	6.2	1.5	3.7	0.4	0.6	2.1
United Kingdom	2.6	1.6	2.8	1.9	0.9	1.6	1.5	1.6	1.3	1.8
Denmark	0.2	0.2	0.1	0.1	0.2	0.2	0.5	0.4	0.5	0.5
EFTA	3.9	0.4	1.7	1.0	1.2	0.8	0.7	0.8	0.9	0.7
Switzerland	2.4	0.3	1.4	0.4	0.8	0.4	0.3	0.4	0.5	0.3
East Europe & former USSR	8.9	1.3	1.8	3.3	2.9	2.4	1.4	1.5	2.2	1.4
Bulgaria	2.3	0.3	0.1	0.3	0.3	0.4	0.2	0.0	0.9	0.6
Russian Fededation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Poland	3.7	0.2	0.2	0.2	0.2	0.1	0.1	0.0	0.1	0.3
Other Europe	2.3	1.9	1.7	2.5	2.9	2.1	1.2	1.1	1.1	1.2
Turkey	0.5	1.1	1.2	1.7	2.0	1.5	0.8	0.8	0.7	0.9
Africa	16.3	3.2	5.2	7.1	5.3	5.7	8.2	8.8	9.4	9.0
Sub-Saharan Africa	2.0	0.3	0.4	1.0	1.0	1.0	1.1	1.1	0.8	0.9
Other Africa	14.4	2.9	4.8	6.0	4.3	4.7	7.1	7.7	8.6	8.1
Libya	9.3	0.8	0.9	0.3	0.4	1.6	4.1	4.6	5.5	4.4
Algeria	4.2	1.9	3.2	5.1	3.1	2.5	2.2	2.3	2.1	2.4
Morocco	0.7	0.1	0.3	0.4	0.8	0.5	0.6	0.7	0.7	1.1
Asia & Oceania	2.6	3.9	6.3	9.3	5.5	10.0	10.0	6.7	6.1	6.2
East Asia	0.3	0.6	0.9	0.8	0.7	1.7	1.8	1.1	0.9	0.8
China	0.0	0.5	0.8	2.6	0.7	1.0	0.7	0.7	0.5	0.7
Indonesia	0.1	0.5	0.9	0.8	0.5	1.1	1.3	0.7	0.3	0.7
Japan	0.0	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.3
South Asia	1.7	0.4	0.5	0.1	0.1	0.7	0.3	0.1	0.5	0.3
India	0.0	0.9	2.0	1.8	1.0	3.4	2.8	1.2	1.8	1.9
Middle East	0.6	1.3	2.1	4.1	2.8	3.1	4.2	3.4	2.1	2.3
Iran	0.5	0.3	1.0	0.8	0.7	0.3	1.3	0.8	0.5	0.7
Syria	0.1	0.6	0.1	0.6	0.4	0.6	0.6	0.7	0.4	0.5
Saudi Arabia	0.0	0.1	0.2	0.4	0.4	0.3	0.3	0.1	0.7	0.4
America	2.0	15.8	11.0	1.5	2.6	1.6	3.2	1.8	1.5	1.7
United States	1.0	14.5	7.4	0.7	1.8	1.0	2.3	0.9	0.7	0.8
Other America	1.0	1.3	0.6	0.8	0.7	0.5	0.8	0.9	0.8	0.8
Brazil	0.6	0.1	0.0	0.1	0.0	0.0	0.1	0.2	0.2	0.3

* Including the territory of the former German Democratic Republic.

Note: The definition of regions follows Table AI.4.

Source: UNSTAT, Comtrade database.

Table AI.4
Imports of Tunisia by region and principal destination, 1970-92

	1970	1980	1985	1986	1987	1988	1989	1990	1991	1992
World (US$ million)	304.6	3,508.7	2,586.9	2,900.6	3,023.4	3,680.9	4,370.5	5,476.0	5,189.1	6,432.0
					Percentage share					
Europe	72.9	76.1	76.2	75.9	77.3	76.2	76.8	79.6	80.6	79.4
EC12*	59.9	68.1	67.9	68.1	68.2	67.2	67.2	70.5	71.7	71.1
France	34.7	25.2	27.6	27.5	27.5	24.8	26.3	27.9	26.0	25.5
Italy	7.2	15.8	12.7	10.7	11.4	13.3	13.7	15.9	17.4	18.2
Germany	8.8	9.9	12.7	13.4	13.1	13.1	12.1	12.8	14.3	14.0
Belgium-Luxembourg	1.9	2.8	3.5	5.2	4.6	4.8	4.7	4.8	5.4	4.7
Spain	1.1	3.3	5.5	4.9	4.6	4.6	3.8	3.1	3.1	3.3
Netherlands	2.2	2.5	2.3	2.5	2.4	2.4	2.4	2.6	2.2	2.2
United Kingdom	2.8	2.0	1.8	1.9	1.7	1.7	1.5	1.7	1.8	1.8
EFTA	4.7	3.5	3.6	3.6	4.1	3.2	3.3	3.5	4.0	3.5
Switzerland	0.7	0.8	0.9	1.2	1.3	1.1	1.0	1.2	1.4	1.2
Sweden	1.3	1.1	1.3	1.3	1.2	0.7	1.0	1.0	1.3	1.1
East Europe & former USSR	6.4	3.0	3.8	3.5	3.8	3.3	4.5	4.0	3.4	3.5
Russian Federation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3
Poland	3.0	0.6	1.2	0.7	1.3	1.1	1.0	1.0	0.9	1.1
Other Europe	2.0	1.5	0.9	0.9	1.1	2.5	1.8	1.6	1.5	1.4
Turkey	1.1	0.9	0.5	0.5	0.5	1.9	1.5	0.9	1.1	0.9
America	21.6	9.4	9.7	11.4	9.7	12.2	9.5	8.1	8.0	7.9
United States	17.0	5.9	5.8	7.0	6.0	7.1	5.1	5.2	4.8	5.0
Canada	2.2	1.7	1.9	2.1	2.1	2.4	1.1	0.9	1.6	1.0
Other America	2.4	1.8	1.9	2.4	1.6	2.8	3.2	1.9	1.6	2.0
Argentina	0.4	0.4	0.7	1.0	0.4	0.8	0.5	0.6	0.7	0.8
Brazil	1.4	0.9	0.7	0.4	0.5	0.7	0.8	0.5	0.4	0.6
Africa	1.6	2.1	8.5	4.5	5.9	5.6	5.9	4.9	4.8	5.5
Sub-Saharan Africa	0.5	0.9	1.0	0.9	1.3	1.2	1.6	1.0	0.6	0.9
Other Africa	1.1	1.2	7.4	3.6	4.6	4.4	4.3	3.9	4.2	4.7
Algeria	0.6	0.2	5.7	2.8	3.4	2.4	2.3	2.0	1.9	2.4
Morocco	0.3	0.4	0.7	0.6	0.9	1.3	1.1	0.9	1.3	1.2
Libya	0.0	0.3	0.8	0.1	0.0	0.2	0.4	0.5	0.6	0.8
Asia & Oceania	2.7	10.3	2.0	4.7	5.0	2.9	5.1	4.2	2.8	2.6
East Asia	0.2	0.7	0.7	0.9	1.0	1.0	1.0	1.0	1.2	1.4
Japan	0.3	1.2	1.8	1.6	0.9	1.3	1.4	1.8	2.3	2.3
China	0.0	0.6	1.4	1.2	0.8	0.9	0.7	0.6	0.7	0.8
South Asia	0.8	0.2	0.2	0.1	0.1	0.1	0.0	0.1	0.2	0.1
Middle East	1.7	9.4	1.0	3.7	3.8	1.8	4.0	3.1	1.4	1.1

* Including the territory of the former German Democratic Republic.

Note: The definition of regions follows this table.

Source: UNSTAT, Comtrade database.

NOTES: DEFINITIONS OF REGIONS IN TABLES AI.3 AND AI.4

Europe

- EC12, EFTA, Eastern Europe and the (former) USSR, other Europe.
- EC12, includes DDR.
- Eastern Europe: USSR, Albania, Bulgaria, Czechoslovakia, Hungary, Poland and Romania.
- Other Europe: Cyprus, Gibraltar, Faroes, Turkey, Yugoslavia.

Asia and Oceania

- Australia, China, India, Japan, New Zealand, East Asia, South Asia, Middle East.
- East Asia: Cambodia, Laos, Vanuatu, Vietnam, Fiji, Hong Kong, Indonesia, Korea, Kiribati, Macau, Malaysia, Papua New Guinea, Philippines, Singapore, Solomon Is., Thailand, Tonga, Western Samoa (China shown separately).
- South Asia: Afghanistan, Bangladesh, Butan, Maldives, Nepal, Pakistan, Sri Lanka (India shown separately).
- Middle East: Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, UAR, Yemen, Yemen DR.

America

- USA, Canada, all Latin America and Caribbean countries, inc. Cuba.

Africa

- Sub-Saharan Africa: Angola, Burundi, Comoros, Djibouti, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Seychelles, Somalia, Sudan, Tanzania, Uganda, Zaire, Zambia, Zimbabwe, Benin, Upper Volta, Cameroon, Cape Verde, Central African Republic, Chad, Congo, Cote d'Ivoire, Eq. Guinea, Gabon, Gambia, Ghana, Guinea, Guinea Bissau,. Liberia, Mali, Mauritania, Niger, Nigeria, Sao Tome, Senegal, Sierra Leone, Togo.
- Other Africa: All Africa, inc Egypt and Libya, less Sub-Saharan Africa.

Table AI.5
Main elements of VIIIth Plan forecast, 1992-96
(Million dinars, per cent)

	1991	1992	1993	1994	1995	1996	AVE 1992-96
Nominal GNP	12,176	13,832	15,289	17,218	19,360	21,730	
= growth		13.6	10.5	12.6	12.4	12.2	12.3
Nominal GDP	12,131	13,772	15,239	17,168	19,300	21,700	
= growth		13.5	10.7	12.7	12.4	12.4	12.4
Real GDP (in 1990 prices)	11,375	12,163	12,658	13,469	14,353	15,319	
= growth		6.9	4.1	6.4	6.6	6.7	6.0
- Consumption	9,171	9,583	9,909	10,310	10,814	11,364	
= growth		4.5	3.4	4.0	4.9	5.1	4.2
- Investment	2,624	2,902	3,115	3,416	3,785	4,182	
= growth		10.6	7.3	9.7	10.8	10.5	9.6
- Domestic demand	11,841	12,473	12,971	13,788	14,708	15,607	
= growth		5.3	4.0	6.3	6.7	6.1	5.4
Sectoral development (in 1990 prices)							
- Agriculture and fishery	1,820	1,800	1,800	1,900	2,020	2,140	
= growth		-1.1	0.0	5.6	6.3	5.9	2.0
- Manufacturing industry	1,720	1,868	2,002	2,187	2,405	2,649	
= growth		8.6	7.2	9.2	10.0	10.1	8.7
- Other industry (mining,etc.)	1,510	1,573	1,603	1,686	1,735	1,794	
= growth		4.2	1.9	5.2	2.9	3.4	3.5
- Services	3,670	4,120	4,333	4,618	4,936	5,286	
= growth		12.3	5.2	6.6	6.9	7.1	8.1
External account (in 1990 prices)							
- Export							
-- goods	3,255	3,364	3,606	3,924	4,015	4,436	
= growth		3.3	7.2	8.8	2.3	10.5	8.4
-- services	1,249	1,735	1,872	2,000	2,169	2,333	
= growth		38.9	7.9	6.8	8.5	7.6	16.5
-- goods+services	4,504	5,100	5,479	5,924	6,184	6,769	
= growth		13.2	7.4	8.1	4.4	9.5	9.1
- Import							
-- goods	4,477	4,861	5,203	5,609	5,849	6,312	
= growth		8.6	7.0	7.8	4.3	7.9	16.1
-- services	493	549	589	634	691	745	
= growth		11.4	7.3	7.6	9.0	7.8	8.9
-- goods+services	4,970	5,410	5,792	6,243	6,539	7,057	
= growth		8.9	7.1	7.8	4.7	7.9	7.5
External account (in current prices)							
- Export							
-- goods	3,430	3,801	4,327	4,985	5,384	6,165	
= growth		10.8	13.8	15.2	8.0	14.5	15.0

Table AI.5 (cont'd)

	1991	1992	1993	1994	1995	1996	AVE 1992-96
-- services	1,334	1,968	2,245	2,524	2,863	3,210	
= growth		47.5	14.1	12.4	13.4	12.1	22.6
-- goods+services	4,764	5,769	6,572	7,509	8,246	9,374	
= growth		21.1	13.9	14.3	9.8	13.7	15.5
- Import							
-- goods	4,789	5,558	6,311	7,170	7,822	8,818	
= growth		16.1	13.5	13.6	9.1	12.7	22.6
-- services	530	626	711	804	915	1,031	
= growth		18.1	13.6	13.1	13.8	12.7	14.8
-- goods+services	5,319	6,184	7,022	7,974	8,736	9,850	
= growth		16.3	13.6	13.6	9.6	12.8	13.7
- Trade balance (goods)	-1,359	-1,757	-1,984	-2,185	-2,438	-2,653	
= shares in GDP	-11.2	-12.8	-13.0	-12.7	-12.6	-12.2	
- Trade balance (goods+services)	-555	-415	-450	-465	-490	-475	
= shares in GDP	-4.6	-3.0	-3.0	-2.7	-2.5	-2.2	
- Current account balance	-510	-355	-400	-415	-430	-445	
= shares in GDP	-4.2	-2.6	-2.6	-2.4	-2.2	-2.1	
- Capital inflows, net	400	505	600	665	710	765	
-- participations, net	145	190	215	240	275	340	
= growth		31.0	13.2	11.6	14.6	23.6	
= shares in capital inflow	36.3	37.6	35.8	36.1	38.7	44.4	
Investment-Savings Balance							
- National savings	2,308	2,865	3,267	3,983	4,720	5,559	
= growth		24.1	14.0	21.9	18.5	17.8	19.6
= shares in GDP	19.0	20.8	21.4	23.2	24.5	25.6	
- Investment	2,800	3,290	3,750	4,330	5,030	5,820	
= growth		17.5	14.0	15.5	16.2	15.7	15.8
= shares in GDP	23.1	23.9	24.6	25.2	26.1	26.8	
Public finance							
- Total revenue	3,179	3,622	3,967	4,385	4,895	5,524	
= growth		13.9	9.5	10.5	11.6	12.8	11.7
= shares in GDP	26.2	26.3	26.0	25.5	25.4	25.5	
- Total expenditure	4,397	4,779	5,210	5,660	6,152	6,800	
= growth		8.7	9.0	8.6	8.7	10.5	8.9
= shares in GDP	36.2	34.7	34.2	33.0	31.9	31.3	
- Deficit (gross)	-1,218	-1,157	-1,243	-1,275	-1,257	-1,276	
= shares in GDP	-10.0	-8.4	-8.2	-7.4	-6.5	-5.9	
- Deficit (net)	-486	-367	-350	-325	-284	-253	
= shares in GDP	-4.0	-2.7	-2.3	-1.9	-1.5	-1.2	
Monetary aggregate (M2)	5,857	6,503	7,187	8,000	8,926	9,979	
= growth		11.0	10.5	11.3	11.6	11.8	11.1

Source: VIIIth Development Plan (1992).

Table AI.6
Revised forecast by Economic Budget, 1994
(Million dinars, per cent)

	1991	1992	1993	1994
Nominal GNP	11,476	13,214	14,317	15,969
= growth		15.1	8.3	11.5
Nominal GDP	11,975	13,732	14,848	16,558
= growth		14.7	8.1	11.5
Real GDP (in 1990 prices)	11,212	12,123	12,433	13,195
= growth		8.1	2.6	6.1
- Consumption	8,802	9,305	9,608	10,032
= growth		5.7	3.3	4.4
- Investment	2,790	3,144	3,503	3,791
= growth		12.7	11.4	8.2
- Domestic demand	11,729	12,789	13,154	13,910
= growth		9.0	2.9	5.7
Sectoral development (in 1990 prices)				
- Agriculture and fishery	2,016	2,149	1,998	2,100
= growth		6.6	-7.0	5.1
- Manufacturing industry	1,868	2,024	2,078	2,234
= growth		8.4	2.7	7.5
- Other industry (mining,etc.)	1,479	1,518	1,513	1,614
= growth		2.6	-0.3	6.7
- Services	3,474	3,918	4,192	4,471
= growth		12.8	7.0	6.7
External account (in 1990 prices)				
- Export				
-- goods+services	4,495	5,004	5,232	5,614
= growth		11.3	4.5	7.3
- Import				
-- goods+services	5,012	5,671	5,953	6,329
= growth		13.1	5.0	6.3
External account (in current prices)				
- Export				
-- goods	3,446	3,597	4,043	4,491
= growth		4.4	12.4	11.1
-- services	1,361	1,782	2,052	2,313
= growth		30.9	15.2	12.7
-- goods+services	4,806	5,379	6,095	6,805
= growth		11.9	13.3	11.6
- Import				
-- goods	4,669	5,592	6,183	6,897
= growth		19.8	10.6	11.5

Table AI.6 (cont'd)

	1991	1992	1993	1994
-- services	713	747	848	920
= growth		4.8	13.5	8.5
-- goods+services	5,382	6,239	7,031	7,785
= growth		15.9	12.7	10.7
- Trade balance (goods)	-1,223	-1,995	-2,140	-2,406
= shares in GDP	-10.2	-14.5	-14.4	-14.5
- Trade balance (goods+services)	-576	-861	-935	-980
= shares in GDP	-4.8	-6.3	-6.3	-5.9
- Current account	-561	-883	-888	-913
= shares in GDP	-4.7	-6.4	-6.0	-5.5
- Capital inflow, net	354	886	918	1,048
-- participations, net	153	384	612	690
= growth		151.0	59.4	12.7
= shares in capital inflow	43.2	43.3	66.7	65.8
Investment-Savings Balance				
- National savings	2,557	3,187	3,497	4,082
= growth		24.6	9.7	16.7
= shares in GDP	21.4	23.2	23.6	24.7
- Investment	2,948	3,597	4,182	4,750
= growth		22.0	16.3	13.6
= shares in GDP	24.6	26.2	28.2	28.7
Public finance				
- Total revenue	3,179	3,648	4,054	4,475
= growth		14.8	11.1	10.4
= shares in GDP	26.5	26.6	27.3	27.0
- Total expenditure	4,397	4,871	5,339	5,893
= growth		10.8	9.6	10.4
= shares in GDP	36.7	35.5	36.0	35.6
- Deficit (gross)	-1,218	-1,224	-1,285	-1,418
= shares in GDP	-10.2	-8.9	-8.7	-8.6
- Deficit (net)	-486	-408	-357	-320
= shares in GDP	-4.1	-3.0	-2.4	-1.9
Monetary aggregate (M2)	5,507	5,956	6,315	6,820
= growth		11.0	6.0	8.0

Source: Budget économique 1994 (1993).

Table AII.1
Trade with the European Union[a], by broad categories, 1975-92

Commodity	Imports into Tunisia					Exports from Tunisia				
	1975	1980	1985	1990	1992	1975	1980	1985	1990	1992
Total (US$ million)	980	2,388	1,757	3,861	4,572	543	1,615	1,165	2,722	3,151
			(per cent)					(per cent)		
Agriculture	13.1	10.8	11.0	8.5	5.6	18.2	8.6	10.9	11.8	9.9
- Food	12.0	9.8	10.0	7.0	4.0	16.8	7.7	10.2	11.1	9.4
- Agriculture raw material	1.1	0.9	1.0	1.5	1.6	1.3	0.9	0.7	0.8	0.5
Mining	7.6	18.8	13.4	10.0	6.8	62.0	53.3	44.9	23.1	18.3
- Ores	0.8	1.2	0.6	0.9	0.7	9.4	2.3	1.6	1.1	0.5
- Non-ferrous metals	0.9	1.2	1.2	1.3	1.2	1.3	0.8	0.0	0.1	0.0
- Fuels	5.9	16.4	11.6	7.7	4.8	51.3	50.2	43.3	21.9	17.7
Manufactures	79.3	70.2	74.8	81.5	87.6	19.8	38.0	43.9	65.1	71.8
- Chemicals	10.2	9.5	11.3	9.2	9.0	7.6	8.9	9.5	6.6	5.1
- Textiles	6.5	8.6	12.0	18.4	20.3	2.8	2.9	2.9	2.4	2.4
- Iron and steel	6.2	7.6	6.1	4.1	7.6	0.0	0.0	0.0	0.3	0.7
- Other semi-manufactures	10.4	9.9	8.4	7.9	7.7	0.3	1.6	2.3	4.6	4.7
- Power generating machinery	2.1	1.2	1.2	1.9	1.7	0.0	0.1	0.2	0.2	0.2
- Agriculture machinery	2.4	1.6	2.0	0.5	1.3	...	...	0.0	0.0	0.0
- Office machinery	0.6	0.2	0.4	0.7	0.7	0.0	0.0	0.0	0.0	0.1
- Other non-electric machinery	15.4	10.9	10.8	12.3	11.4	0.1	0.3	0.8	0.3	0.5
- Telecommunication apparatus	1.9	1.2	1.3	1.0	1.8	0.2	0.4	0.2	0.7	0.6
- Other electric machinery	5.0	4.8	5.4	6.7	7.2	0.4	1.7	2.5	5.7	7.5
- Automotive products	9.7	6.6	9.0	6.7	4.7	0.2	0.1	0.4	0.7	0.6
- Other transport equipment	2.8	1.5	1.1	2.1	3.3	0.1	0.1	0.0	0.1	0.0
- Furniture	0.2	0.1	0.1	0.2	0.1	0.0	0.0	0.0	0.0	0.1
- Travel goods and bags	0.0	0.0	0.0	0.0	0.1	0.0	0.3	0.4	0.5	0.4
- Clothing	2.3	3.2	2.5	4.8	5.3	7.7	20.7	23.5	40.5	46.2
- Footwear	0.1	0.0	0.0	0.0	0.1	0.1	0.4	0.4	0.8	1.3
- Other miscellaneous manufactures	3.5	3.1	3.2	5.1	5.3	0.3	0.4	0.6	1.5	1.4
Other	0.0	0.2	0.7	0.0	0.0	...	0.1	0.3	0.0	0.0

... Not available.

a Including the territory of the former German Democratic Republic.

Source: UNSTAT, Comtrade database.

Table AII.2
Trade with the AMU countries, by broad categories, 1975-92

Commodity	Imports into Tunisia					Exports from Tunisia				
	1975	1980	1985	1990	1992	1975	1980	1985	1990	1992
Total (US$ million)	12	31	186	190	278	83	62	73	267	320
			(per cent)					(per cent)		
Agriculture	4.0	18.7	1.7	6.0	4.7	68.9	26.7	20.4	15.6	17.7
- Food	2.5	18.1	1.3	2.4	2.0	66.9	26.5	19.1	14.3	17.1
- Agriculture raw material	1.5	0.7	0.4	3.6	2.7	2.0	0.2	1.2	1.3	0.6
Mining	52.6	63.1	84.7	57.8	66.7	6.2	4.0	4.3	1.5	1.6
- Ores	38.9	25.5	0.5	1.7	1.6	3.1	0.7	1.3	0.7	0.8
- Non-ferrous metals	...	0.5	0.7	3.6	2.3	3.1	3.3	3.0	0.8	0.6
- Fuels	13.7	37.1	83.4	52.5	62.8	0.0	0.0	0.1	0.0	0.2
Manufactures	43.4	18.2	13.6	36.2	28.6	24.9	69.3	74.9	82.9	80.7
- Chemicals	3.8	3.1	8.3	9.3	5.3	7.3	39.7	48.5	19.3	14.2
- Textiles	12.8	2.6	1.1	7.3	2 6	1.5	5.5	0.6	2.7	4.1
- Iron and steel	1.3	0.3	2.3	2.6	4.4	2.1	1.6	8.1	6.9	5.8
- Other semi-manufactures	18.3	10.1	0.7	2.6	2.7	4.2	5.9	5.8	31.3	35.4
- Power generating machinery	...	0.0	0.0	1.7	0.6	0.1	0.0	0.0	1.6	0.6
- Agriculture machinery	0.0	0.0	0.2	4.4	8.2	0.0	0.1	0.5	0.4	0.6
- Office machinery	...	...	...	0.2	0.0	...	...	0.1	0.4	0.3
- Other non-electric machinery	0.9	0.0	0.0	1.0	0.8	0.1	0.9	1.3	3.1	4.3
- Telecommunication apparatus	0.0	...	...	0.5	1.0	...	...	0.0	0.5	0.4
- Other electric machinery	0.1	0.1	0.2	1.0	0.4	2.8	2.7	3.3	4.1	5.3
- Automotive products	1.5	1.5	0.3	3.7	1.4	0.0	4.6	1.1	2.6	2.1
- Other transport equipment	0.1	...	0.0	0.1	0.0	0.9	2.3	1.2	1.3	0.3
- Furniture	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.4	1.7	2.1
- Travel goods and bags	2.2	0.0	0.0	0.0	0.0	0.0	...	...	0.0	0.1
- Clothing	1.5	0.0	0.0	0.0	0.0	3.7	2.0	1.3	2.9	1.4
- Footwear	0.0	0.0	0.0	0.0	0.0	0.2	1.1	...	0.9	0.6
- Other miscellaneous manufactures	0.9	0.4	0.4	1.7	1.0	1.8	2.9	2.6	3.2	3.3
Other	0.0	0.0	0.0	0.0	0.0	...	...	0.4	0.0	0.0

... Not available.

Source: UNSTAT, Comtrade database.

Table AII.3
Trade with Algeria, by broad categories, 1975-92

Commodity	Imports into Tunisia					Exports from Tunisia				
	1975	1980	1985	1990	1992	1975	1980	1985	1990	1992
Total (US$ million)	3	6	148	112	152	36	42	53	81	98
			(per cent)					(per cent)		
Agriculture	4.8	43.6	0.0	0.2	0.6	67.9	18.5	21.8	10.3	10.3
- Food	2.4	43.6	0.0	0.1	0.2	66.8	18.2	21.6	10.3	10.2
- Agriculture raw material	2.4	0.0	...	0.1	0.4	1.2	0.3	0.1	0.0	0.0
Mining	45.4	53.8	90.8	92.0	92.2	10.2	5.5	6.0	1.3	0.2
- Ores	41.0	30.8	0.0	0.4	0.8	5.8	0.6	1.8	0.3	0.0
- Non-ferrous metals	...	2.7	0.5	2.4	1.2	4.4	4.9	4.1	1.0	0.1
- Fuels	4.4	20.3	90.2	89.2	90.2	...	0.0	0.1	...	0.1
Manufactures	49.8	2.6	9.2	7.8	7.2	21.9	76.0	71.8	88.4	89.5
- Chemicals	4.4	...	5.5	0.2	1.3	10.7	57.2	44.6	17.5	12.0
- Textiles	24.6	...	...	...	0.4	1.1	4.1	0.6	0.8	2.4
- Iron and steel	5.4	1.7	2.9	1.8	1.9	4.0	1.7	10.9	3.2	7.6
- Other semi-manufactures	10.3	0.0	0.0	0.3	0.3	0.5	7.0	7.2	50.9	52.5
- Power generating machinery	...	...	...	0.0	0.0	...	0.0	0.0	4.9	0.5
- Agriculture machinery	...	...	0.3	0.6	0.6	...	0.1	0.4	0.3	0.2
- Office machinery	...	...	...	...	0.0	...	...	0.2	0.0	0.2
- Other non-electric machinery	1.8	...	...	0.2	0.1	0.0	1.3	1.6	5.0	3.2
- Telecommunication apparatus	...	...	...	0.8	1.8	...	...	0.0	0.0	0.1
- Other electric machinery	0.1	...	0.2	1.3	0.5	2.9	0.1	1.6	1.6	4.7
- Automotive products	1.9	...	0.0	2.3	0.2	...	0.0	1.5	1.3	3.6
- Other transport equipment	...	...	0.0	...	0.0	1.5	2.2	0.4	0.3	0.0
- Furniture	0.0	...	...	...	0.0	0.0	0.0	0.5	0.9	0.7
- Travel goods and bags	...	...	...	...	...	...	...	...	0.0	0.0
- Clothing	0.0	0.0	...	...	...	0.1	0.3	0.2	0.3	0.3
- Footwear	...	...	...	...	0.0	...	...	...	0.0	0.4
- Other miscellaneous manufactures	1.3	1.0	0.3	0.2	0.2	1.0	1.9	2.1	1.5	1.1
Other	...	...	0.0	...	0.0	...	...	0.5	0.0	0.0

... Not available.

Source: UNSTAT, Comtrade database.

Table AIII.1
Bilateral treaties on the protection of investments and on double taxation, as of 1993

Countries concerned	Treaties on protection of investments (effective year)	Treaties on double taxation
Algeria		x
Argentina	x (1992)	
Austria		x
Belgium	x (1976)	x
Burkina Faso	x (1993)	
Canada		x
Czech Republic		x
Denmark		x
Egypt	x (1990)	x
France	x (1967)	x
Germany	x (1963)	x
Guinea	x (1990)	x
Greece	x (1992)	x
Hungary		x
Indonesia	x (1992)	x
Italy	x (1971)	x
Jordan		x
Libya	x (1973)	x
Mali	x (1986)	
Mauritania	x (1986)	x
Morocco		x
Netherlands	x (1963)	
Niger	x (1992)	
Norway		x
Oman	x (1991)	
Poland	x (1993)	
Portugal	x (1992)	
Romania	x (1987)	x
Senegal	x (1984)	x
Slovak Republic		x
South Korea	x (1975)	x
Spain	x (1991)	x
Sweden	x (1984)	x
Switzerland	x (1961)	
Togo	x (1991)	
Turkey	x (1991)	x
United Kingdom	x (1989)	x
United States	x (1990)	x

Source: Government of Tunisia.

Table AIV.1
Products and services under price controls, as of January 1993

A. Authorized price régime at all levels		
1. Bread, subsidized	7. Tea	13. Postal and telephone services
2. Flour and semolina, subsidized	8. Fuel, including LPG	14. Tobacco, matches and alcohol
3. Couscous and pasta, subsidized	9. Electricity, water and gas	15. Harbour services fee
4. Edible oils, subsidized	10. Passenger transportation fee	16. Coffee/tea served at coffee shops
5. Sugar, subsidized	11. Medicines	
6. Paper, texts and notebook, subsidized	12. Milk, subsidized	
B. Authorized price régime at producer price level		
1. Salt	4. Beer	7. Lime, cement and concrete
2. Yeast for bread	5. Barrels and packagings in metal	8. Compressed gas
3. Coffee	6. Motor vehicles	
C. Authorized profit margin régime at consumer price level		
1. Rice	26. Cigarettes, cigars, tobacco	51. Batteries
2. Coffee	27. Artificial cement	52. Telephone and telegraph machines
3. Citrus	28. White cement	53. Measurement instruments
4. Table grapes	29. Lime	54. Other electrical apparatus
5. Dates	30. Sanitary articles in ceramics	55. Television sets
6. Diverse fruits	31. Iron and steel	56. Refrigerators
7. Potatoes	32. Packagings in metal	57. Washing machines
8. Tomatoes	33. Farm tractors	58. Cooking machines
9. Pepper	34. Agricultural motor machines	59. Stoves
10. Onions	35. Other agriculture machines	60. Electrical radiators
11. Other vegetables	36. Motors (other than that for vehicles)	61. Heaters
12. Poultry	37. Motor equipment and parts	62. Ink
13. Eggs	38. Auto body parts	63. Detergent, bleach
14. Bran and products of miller	39. Motors for vehicles	64. Compressed gas
15. Biscuits	40. Passengers motor vehicles	65. Matches
16. Butter	41. Vans	66. Other chemicals products
17. Tomato concentrate	42. Buses	67. Tires
18. Harissa	43. Trucks	68. Articles of rubber
19. Roasted coffee	44. Other motor vehicles	69. Footwear
20. Tea	45. Motorcycles and bicycles	70. Paper
21. Yeast for bread	46. Parts for motorcycles and bicycles	71. Paper craft
22. Mineral water	47. Other transportation materials	72. Other paper products
23. Wine	48. Electrical motors	73. Toys, musical instruments, etc.
24. Beer	49. Electrical water heaters	74. Flour-milk for children
25. Alcohol	50. Car batteries	75. Salt

Note: In the authorized price régime, the Government sets prices in advance on the basis of information from enterprises, and in the authorized profit margin régime, enterprises set their own prices by using a margin previously fixed by the Government.

Source: Decree No. 93-59 of 11 January 1993.

Table AIV.2
Incorporation of conjunctural surcharge (*prélèvement conjoncturel*) into customs tariffs

Customs tariffs, before the incorporation of surcharge (per cent ad valorem)	Customs tariffs, after the incorporation of surcharge (as from January 1994) (per cent ad valorem)	Increase (percentage points)
0	0	0
10	10	0
17	20	3
18	22	4
19	23	4
20	24	4
21	25	4
22	26	4
23	27	4
25	29	4
26	30	4
27	31	4
29	33	4
30	34	4
31	35	4
32	36	4
33	37	4
34	38	4
35	39	4
36	40	4
38	42	4
40	43	3
43	43	0

Note: Customs tariffs excluding DCP (Provisional Complementary Duties).

Source: Loi de finances pour l'année 1994 (JORT No. 100, 31 December 1993).

Table AV.1
Agricultural production 1980-93

	1980	1985	1987	1988	1989	1990	1991	1992	1993
(a) Current prices (million dinars)									
Cereals	91.0	277.5	311.5	55.1	124.0	344.3	540.4	495.4	381.4
- Hard wheat	63.6	160.4	197.0	35.1	75.0	219.8	348.8	344.0	251.1
- Soft wheat	9.9	45.1	50.1	10.1	17.3	46.9	75.8	58.7	51.7
- Barley	17.5	72.0	64.4	8.8	29.0	71.6	108.1	85.5	70.5
Fruits	162.3	284.8	376.9	350.8	372.6	564.2	663.4	887.7	748.7
- Oil olives	38.2	76.0	102.6	97.5	61.0	178.8	247.5	424.0	211.1
- Citrus	25.3	40.2	60.0	52.4	57.2	74.1	74.9	71.3	84.7
- Wine grapes	7.8	6.8	8.8	5.4	8.2	11.6	18.5	19.8	21.7
- Table grapes	7.5	12.8	18.2	16.3	28.0	23.8	38.4	34.0	42.9
- Almonds	27.4	44.4	44.2	31.7	42.0	66.0	54.4	62.3	78.8
- Dates	21.2	41.1	53.2	73.2	82.1	91.1	90.0	97.5	114.8
Vegetables	111.7	187.6	217.8	219.5	247.0	331.1	348.8	377.1	419.7
- Potatoes	10.6	22.5	32.0	34.4	41.0	42.5	48.4	43.6	49.5
- Tomatoes	14.0	31.5	38.8	50.0	57.2	54.6	63.8	66.0	76.9
- Peppers	29.1	42.0	28.4	25.2	25.3	62.1	68.4	77.0	82.9
- Melons	28.0	38.4	52.5	41.3	42.5	75.2	63.0	72.2	80.0
Livestock	182.7	388.0	459.4	545.5	559.5	591.1	654.0	710.0	779.8
- Cattle	33.6	72.0	89.6	92.7	97.0	106.6	121.4	133.5	148.1
- Sheep	59.6	116.8	132.5	161.1	153.9	156.5	171.6	186.1	201.7
- Poultry	24.3	55.0	55.0	75.2	82.7	81.0	88.0	99.2	108.5
- Eggs	18.2	46.4	53.9	72.3	68.9	68.0	77.4	76.7	81.8
- Milk	30.9	63.0	81.9	88.8	98.9	116.0	126.9	133.5	145.7
Miscellaneous	20.3	54.9	57.1	44.2	52.7	61.9	79.0	95.4	107.4
- Chickpeas	5.4	21.0	24.0	14.8	18.0	24.6	33.1	44.4	46.8
- Sugarbeet	1.1	3.9	7.6	6.4	5.8	8.7	6.7	10.2	12.5
- Tobacco	1.6	2.1	2.8	3.9	4.6	4.5	5.9	6.1	7.0
Fishing	38.3	96.6	152.2	165.6	171.7	156.7	172.2	187.8	212.2
Total production	606.3	1,289.3	1,574.9	1,380.7	1,527.4	2,049.4	2,457.7	2,753.3	2,649.3
Total value added	500.3	1,048.0	1,226.0	1,018.0	1,172.0	1,587.0	1,927.0	2,170.0	2,100.0
(b) Share of sectors in total agricultural production (per cent)									
Cereals	15.0	21.5	19.8	4.0	8.1	16.8	22.0	18.0	14.4
- Hard wheat	10.5	12.4	12.5	2.5	4.9	10.7	14.2	12.5	9.5
- Soft wheat	1.6	3.5	3.2	0.7	1.1	2.3	3.1	2.1	2.0
- Barley	2.9	5.6	4.1	0.6	1.9	3.5	4.4	3.1	2.7

Table AV.1 (cont'd)

	1980	1985	1987	1988	1989	1990	1991	1992	1993
Fruits	26.8	22.1	23.9	25.4	24.4	27.5	27.0	32.2	28.3
- Oil olives	6.3	5.9	6.5	7.1	4.0	8.7	10.1	15.4	8.0
- Citrus	4.2	3.1	3.8	3.8	3.7	3.6	3.0	2.6	3.2
- Wine grapes	1.3	0.5	0.6	0.4	0.5	0.6	0.8	0.7	0.8
- Table grapes	1.2	1.0	1.2	1.2	1.8	1.2	1.6	1.2	1.6
- Almonds	4.5	3.4	2.8	2.3	2.7	3.2	2.2	2.3	3.0
- Dates	3.5	3.2	3.4	5.3	5.4	4.4	3.7	3.5	4.3
Vegetables	18.4	14.6	13.8	15.9	16.2	16.2	14.2	13.7	15.8
- Potatoes	1.7	1.7	2.0	2.5	2.7	2.1	2.0	1.6	1.9
- Tomatoes	2.3	2.4	2.5	3.6	3.7	2.7	2.6	2.4	2.9
- Peppers	4.8	3.3	1.8	1.8	1.7	3.0	2.8	2.8	3.1
- Melons	4.6	3.0	3.3	3.0	2.8	3.7	2.6	2.6	3.0
Livestock	30.1	30.1	29.2	39.5	36.6	28.8	26.6	25.8	29.4
- Cattle	5.5	5.6	5.7	6.7	6.4	5.2	4.9	4.8	5.6
- Sheep	9.8	9.1	8.4	11.7	10.1	7.6	7.0	6.8	7.6
- Poultry	4.0	4.3	3.5	5.4	5.4	4.0	3.6	3.6	4.1
- Eggs	3.0	3.6	3.4	5.2	4.5	3.3	3.1	2.8	3.1
- Milk	5.1	4.9	5.2	6.4	6.5	5.7	5.2	4.8	5.5
Miscellaneous	3.3	4.3	3.6	3.2	3.5	3.0	3.2	3.5	4.1
- Chickpeas	0.9	1.6	1.5	1.1	1.2	1.2	1.3	1.6	1.8
- Sugarbeet	0.2	0.3	0.5	0.5	0.4	0.4	0.3	0.4	0.5
- Tobacco	0.3	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.3
Fishing	6.3	7.5	9.7	12.0	11.2	7.6	7.0	6.8	8.0
Total production	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(c) Growth in volume (index, 1980=100)									
Cereals	...	...	...	...	...	...	...	...	...
- Hard wheat	100.0	144.5	143.9	22.6	45.0	121.3	192.4	178.8	125.7
- Soft wheat	100.0	241.1	228.4	41.1	67.4	174.1	281.1	202.3	170.5
- Barley	100.0	231.8	181.3	21.3	67.5	161.3	243.5	192.5	153.7
Fruits	...	...	...	...	...	...	...	...	...
- Oil olives	100.0	111.8	134.1	117.6	63.5	152.9	194.1	311.8	148.2
- Citrus	100.0	122.5	156.3	143.8	162.5	147.9	139.8	115.8	137.5
- Wine grapes	100.0	72.3	67.0	37.2	40.4	42.6	63.3	63.8	66.0
- Table grapes	100.0	166.7	183.3	150.0	183.3	133.3	200.0	166.7	200.0
- Almonds	100.0	140.5	124.3	81.1	94.6	140.5	108.1	121.6	135.1
- Dates	100.0	113.2	103.7	132.1	141.1	152.8	141.5	141.5	154.7

Table AV.1 (cont'd)

	1980	1985	1987	1988	1989	1990	1991	1992	1993
Vegetables	...	...	...	...	...	...	...	...	...
- Potatoes	100.0	125.0	156 7	150.0	150.0	180.8	183.3	181.7	187.5
- Tomatoes	100.0	150.0	173.2	142.9	157.1	189.3	207.1	196.4	217.9
- Peppers	100.0	121.7	130.4	104.3	95.7	152.2	156.5	165.2	169.6
- Melons	100.0	114.3	125.0	89.3	89.3	160.7	125.0	135.7	142.9
Livestock	...	...	...	...	...	...	...	...	...
- Cattle	100.0	107.1	114.3	116.1	116.1	116.1	123.2	126.8	133.9
- Sheep	100.0	115.9	118.4	128.7	117.5	119.0	122.7	124.6	128.6
- Poultry	100.0	99.5	99.5	107.2	114.8	112.1	114.5	121.2	126.6
- Eggs	100.0	142.1	128.1	155.6	141.7	137.7	152.3	146.7	150.1
- Milk	100.0	128.6	145.3	151.0	155.1	163.3	175.5	181.6	191.8
Miscellaneous	...	...	...	...	...	...	...	...	...
- Chickpeas	100.0	100.0	106.7	60.0	66.7	85.3	106.0	133.3	133.3
- Sugarbeet	100.0	213.7	415.1	350.7	315.1	396.0	287.7	398.2	438.4
- Tobacco	100.0	90.2	122.0	114.6	134.1	129.3	134.1	134.1	141.5
Fishing	...	...	...	...	...	...	...	...	...

... Not available.

Source: Ministry of Agriculture of Tunisia.

Table AV.2
Agricultural products

	1980	1985	1987	1988	1989	1990	1991	1992	1993
(a) By volume ('000 tonnes)									
Cereals	...	...	...	290	636	1,633	2,551	2,159	1,650
- Hard wheat	749	1,069	1,065	167	333	897	1,424	1,323	930
- Soft wheat	129	311	295	53	87	225	363	261	220
- Barley	296	686	537	63	200	478	721	570	455
Fruits	...	...	...	...	...	...	...	...	...
- Oil olives	425	475	570	500	270	650	825	1,325	630
- Citrus	160	196	250	230	260	237	224	185	220
- Wine grapes	94	68	63	35	38	40	60	60	62
- Table grapes	30	50	55	45	55	40	60	50	60
- Almonds	37	52	46	30	35	52	40	45	50
- Dates	53	60	56	70	75	81	75	75	82
Vegetables	...	...	...	...	...	...	...	...	...
- Potatoes	120	150	188	180	180	217	220	218	225
- Tomatoes	280	420	485	400	440	530	580	550	610
- Peppers	115	140	150	120	110	175	180	190	195
- Melons	280	320	350	250	250	450	350	380	400
Livestock	...	...	...	...	...	...	...	...	...
- Cattle	56	60	64	65	65	65	69	71	75
- Sheep	63	73	75	81	74	75	77	79	81
- Poultry	55	55	55	59	64	62	63	67	70
- Eggs	726	1,032	930	1,130	1,029	1,000	1,106	1,065	1,090
- Milk	245	315	356	370	380	400	430	445	470
Miscellaneous									
- Chickpeas	30	30	32	18	20	26	32	40	40
- Sugarbeet	73	156	303	256	230	289	210	291	320
- Tobacco	4	4	5	5	6	5	6	6	6
Fishing	...	...	...	103	95	89	88	90	97
(b) By volume (Index, 1980=100)									
Cereals	...	...	...	...	...	...	...	...	...
- Hard wheat	100.0	144.5	143.9	22.6	45.0	121.3	192.4	178.8	125.7
- Soft wheat	100.0	241.1	228.4	41.1	67.4	174.1	281.1	202.3	170.5
- Barley	100.0	231.8	181.3	21.3	67.5	161.3	243.5	192.5	153.7
Fruits	...	...	...	...	...	...	...	...	...
- Oil olives	100.0	111.8	134.1	117.6	63.5	152.9	194.1	311.8	148.2
- Citrus	100.0	122.5	156.3	143.8	162.5	147.9	139.8	115.8	137.5
- Wine grapes	100.0	72.3	67.0	37.2	40.4	42.6	63.3	63.8	66.0

Table AV.2 (cont'd)

	1980	1985	1987	1988	1989	1990	1991	1992	1993
- Table grapes	100.0	166.7	183.3	150.0	183.3	133.3	200.0	166.7	200.0
- Almonds	100.0	140.5	124.3	81.1	94.6	140.5	108.1	121.6	135.1
- Dates	100.0	113.2	105.7	132.1	141.1	152.8	141.5	141.5	154.7
Vegetables	...	...	...	...	...	...	...	...	...
- Potatoes	100.0	125.0	156.7	150.0	150.0	180.8	183.3	181.7	187.5
- Tomatoes	100.0	150.0	173.2	142.9	157.1	189.3	207.1	196.4	217.9
- Peppers	100.0	121.7	130.4	104.3	95.7	152.2	156.5	165.2	169.6
- Melons	100.0	114.3	125.0	89.3	89.3	160.7	125.0	135.7	142.9
Livestock	...	...	...	...	...	...	...	...	...
- Cattle	100.0	107.1	114.3	116.1	116.1	116.1	123.2	126.8	133.9
- Sheep	100.0	115.9	118.4	128.7	117.5	119.0	122.7	124.6	128.6
- Poultry	100.0	99.5	99.5	107.2	114.8	112.1	114.5	121.2	126.6
- Eggs	100.0	142.1	128.1	155.6	141.7	137.7	152.3	146.7	150.1
- Milk	100.0	128.6	145.3	151.0	155.1	163.3	175.5	181.6	191.8
Miscellaneous	...	...	...	...	...	...	...	...	...
- Chickpeas	100.0	100.0	106.7	60.0	66.7	85.3	106.0	133.3	133.3
- Sugarbeet	100.0	213.7	415.1	350.7	315.1	396.0	287.7	398.2	438.4
- Tobacco	100.0	90.2	122.0	114.6	134.1	129.3	134.1	134.1	141.5
Fishing	...	...	...	...	...	...	...	...	...

... Not available.

Source: Ministry of Agriculture of Tunisia.

Table AV.3
Trade balance and food balance, 1975-93
(Million dinars and per cent)

	1975	1980	1985	1990	1992	1993[a]
Global trade balance						
- Imports	572.8	1,428.4	2,287.0	4,818.6	5,638.9	...
- Exports	345.6	904.8	1,443.0	3,075.7	3,567.0	...
- Deficit	-227.2	-523.6	-844.0	-1,742.8	-2,071.8	...
Food balance						
- Food imports	90.5	167.6	278.3	444.3	380.0	373.0
cereals	14.6	69.5	83.3	159.7	117.8	110.0
sugar	25.0	30.5	21.4	73.0	58.5	60.0
vegetable oil	16.3	17.6	50.7	55.0	52.4	65.0
milk products	8.6	16.0	34.2	36.5	51.3	42.0
meat	...	...	13.4	23.6	26.7	19.0
tea and coffee	6.2	9.1	29.6	22.3	22.6	25.0
tobacco	4.4	7.1	...	...	...	...
other food imports	15.4	17.8	45.7	74.2	50.7	52.0
- Food exports	63.4	61.5	134.3	321.5	335.5	373.0
olive oil	31.0	22.7	42.8	106.9	138.5	150.0
sea foods	3.6	12.4	28.8	101.1	69.2	75.0
dates	2.3	4.5	26.4	44.9	43.6	50.0
preserved food	...	...	1.6	9.1	14.4	...
wine	6.9	3.0	5.9	9.9	11.2	11.0
citrus	1.4	3.8	10.4	9.8	8.0	10.0
potato	...	...	0.8	3.9	3.1	7.0
almonds	...	...	0.8	1.0	1.2	...
other food exports	18.2	15.1	16.8	34.9	46.3	70.0
- Deficit	-27.1	-106.1	-144.0	-122.8	-44.5	0.0
- Coverage rate	70.1	36.7	48.3	72.4	88.3	100.0

... Not available.

a Forecast.

Source: Ministry of Agriculture of Tunisia.

Table AV.4
Trade measures applied in Tunisia by ISIC category
(US$ million and per cent)

ISIC Code	Description	Import tariff rate 1994						Import licence coverage 1994		Trade 1993 (US$ million)	
		MFN tariff without DCP			MFN tariff with DCP						
			Dispersion			Dispersion					
		Simple average	Range	Std. dev.	Simple average	Range	Std. dev.	Fully covered	Partially covered	Imports	Exports
1	**Agriculture, hunting, forestry & fishing**	34.1	10-43	10.8	40.3	10-73	19.2	16.0	19.4	253.6	152.4
111	Agricultural and livestock production	34.4	10-43	10.9	42.4	10-73	20.7	19.3	24.9	241.9	82.1
12	Forestry and logging	23.4	20-43	6.6	25.1	20-73	12.0	8.3	8.3	10.3	0.8
121	Forestry	25.0	20-43	7.5	27.4	20-73	13.9	12.0	12.0	2.5	0.7
122	Logging	20.0	20	0.0	20.0	20	0.0	0.0	0.0	7.7	0.1
130	Fishing	39.8	20-43	7.2	41.5	20-73	10.5	7.3	3.6	1.5	69.5
1301	Ocean and coastal fishing	39.0	20-43	7.9	41.1	20-73	11.7	4.5	2.3	1.5	60.7
1302	Fishing not elsewhere classified	43.0	43	0.0	43.0	43	0.0	18.2	9.1	0.0	8.8
2	**Mining & quarrying**	22.9	0-43	9.5	23.1	0-73	10.4	8.4	3.4	152.7	421.5
210	Coal mining	20.0	20	0.0	20.0	20-20	0.0	0.0	0.0	1.2	0.0
220	Crude petroleum and natural gas production	0.0	0	0.0	0.0	0	0.0	0.0	16.7	50.7	376.7
230	Metal ore mining	20.0	20	0.0	20.0	20	0.0	0.0	0.0	2.6	1.1
2301	Iron ore mining	20.0	20	0.0	20.0	20	0.0	0.0	0.0	2.0	0.3
2302	Non-ferrous ore mining	20.0	20	0.0	20.0	20	0.0	0.0	0.0	0.5	0.8
290	Other mining	25.4	17-43	8.9	25.7	17-73	10.1	11.6	3.5	98.2	43.7
2901	Stone quarrying, clay and sand pits	26.5	20-43	8.9	27.2	20-73	11.3	0.0	5.3	17.0	1.2
2902	Chemical and fertilizer mineral mining	21.4	17-43	6.3	21.4	17-43	6.3	7.1	0.0	69.6	34
2903	Salt mining	25.5	20-31	7.8	25.5	20-31	7.8	50.0	0.0	0.2	5.1
2909	Mining and quarrying not elsewhere classified	25.8	20-43	9.7	25.8	20-43	9.7	25.8	3.2	11.4	3.3
3	**Manufacturing**	30.7	0-43	11.8	33.1	0-73	15.8	18.6	8.7	5763.7	3264.0
31	Manufacture of food, beverages and tobacco	37.5	15-43	8.9	42.1	15-73	15.7	17.3	18.3	317.7	282.5
311	Food products	37.8	15-43	8.8	42.7	15-73	15.9	17.6	14.4	236.9	228.5

ISIC Code	Description	Import tariff rate 1994						Import licence coverage 1994		Trade 1993 (US$ million)	
		MFN tariff without DCP			MFN tariff with DCP						
			Dispersion			Dispersion					
		Simple average	Range	Std. dev.	Simple average	Range	Std. dev.	Fully covered	Partially covered	Imports	Exports
3111	Slaughtering, preparing, preserving meat	37.4	20-43	8.5	38.5	20-73	10.8	4.9	3.7	21.7	0.5
3112	Manufacture of dairy products	25.3	15-43	8.4	25.3	15-43	8.4	26.3	26.3	46.4	7.9
3113	Canning, preserving fruit and vegetables	42.0	23-43	4.2	48.8	20-73	13.8	24.7	13.4	3.4	6.1
3114	Canning, preserving fish, crustacea etc.	40.5	17-43	6.1	44.5	17-73	12.9	12.1	6.1	0.8	22.5
3115	Manufacture of vegetable & animal oils & fats	32.7	15-43	10.7	36.2	15-73	16.8	3.3	16.7	99.4	180.2
3116	Grain mill products	38.8	20-43	8.4	53.8	20-73	20.7	50.0	38.1	2.1	7.8
3117	Manufacture of bakery products	39.7	31-43	5.6	47.9	31-73	16.9	45.5	27.3	2.2	0.4
3118	Sugar factories and refineries	26.8	15-43	13.6	26.8	15-43	13.6	0.0	25.0	58.2	0.0
3119	Manuf. of cocoa, choc., sugar confectionery	39.3	25-43	6.1	39.3	25-43	6.1	7.7	7.7	4.6	1.3
312	Other food products and animal feeds	34.4	15-43	9.7	39.0	15-73	17.1	13.8	23.1	43.5	18.6
3121	Food products n.e.s.	34.6	15-43	9.4	37.7	15-73	15.0	10.3	22.4	40.0	17.1
3122	Manufacture of prepared animal feeds	32.7	17-43	12.9	49.9	17-73	28.9	42.9	28.6	3.4	1.4
313	Beverages	39.7	20-43	8.2	40.8	20-73	10.3	25.0	46.4	8.0	14.8
3131	Distilling, rectifying, blending spirits	37.3	20-43	10.4	37.3	20-43	10.4	25.0	50.0	6.0	7.2
3132	Wine industries	40.4	20-43	7.7	40.4	20-43	7.7	44.4	55.6	0.7	5.5
3133	Malt liquors and malt	43.0	43	0.0	43.0	43	0.0	0.0	33.3	1.1	0.3
3134	Soft drinks, carbonated waters industries	43.0	43	0.0	50.5	43-73	15.0	0.0	25.0	0.1	1.9
3140	Tobacco manufacturing	38.5	34-43	4.9	38.5	34-43	4.9	0.0	100.0	29.3	20.6
32	Textile, wearing apparel and leather industries	39.1	17-43	7.4	43.0	17-73	12.0	52.4	13.4	1359.9	1768.8
321	Textiles	38.4	17-43	8.0	42.1	17-73	11.8	52.3	12.0	1091.9	400.3
3211	Spinning, weaving, finalising textiles	36.3	17-43	8.9	41.1	17-53	13.0	44.5	8.8	899.1	92.5
3212	Manuf. of textile goods excl.weaving apparel	42.0	20-43	4.2	44.1	20-73	8.9	54.8	28.8	10.8	13.4
3213	Knitting mills	42.7	20-43	2.1	44.0	20-53	4.1	78.3	8.7	119.6	269.7
3214	Manufacture of carpets and rugs	43.0	43	0.0	58.5	43-73	15.3	41.4	55.2	0.4	10.1

Table AV.4 (cont'd)

ISIC Code	Description	Import tariff rate 1994						Import licence coverage 1994		Trade 1993 (US$ million)	
		MFN tariff without DCP			MFN tariff with DCP						
			Dispersion			Dispersion					
		Simple average	Range	Std. dev.	Simple average	Range	Std. dev.	Fully covered	Partially covered	Imports	Exports
3215	Cordage, rope and twine industries	39.7	31-43	5.5	39.7	31-43	5.5	55.6	5.6	3.7	10.5
3219	Manufacture of textiles n.e.s.	30.9	20-43	8.7	32.0	20-73	11.4	23.9	4.3	58.3	4.1
322	Manufacture of wearing apparel	42.4	20-43	3.2	43.8	20-73	7.3	66.7	20.4	185.4	1231.8
323	Leather products	36.8	20-43	6.8	44.2	20-73	17.1	13.8	9.2	64.4	19.5
3231	Tanneries and leather finishing	34.1	20-43	6.1	34.1	20-43	6.1	0.0	0.0	56.6	3.0
3232	Fur dressing and dyeing industries	43.0	43	0.0	43.0	43	0.0	0.0	0.0	2.5	1.8
3233	Manuf. of leather prods. excluding footwear	38.3	25-43	7.1	58.3	25-73	20.4	37.5	25.0	5.3	14.7
324	Footwear excl. of vulcanised & moulded rubber	41.8	31-43	3.4	62.3	31-73	16.3	50.0	18.2	18.3	117.2
33	Wood, wood products & furniture	36.2	10-43	9.4	37.9	10-73	12.7	4.1	3.1	87.9	18.7
331	Wood products	33.8	10 43	10.0	34.5	10-73	11.5	0.0	3.3	85.0	13.4
3311	Sawmills, planing & other wood mills	31.2	10-43	10.3	31.2	10-43	10.3	0.0	2.4	81.9	8.9
3312	Manuf. wooden & cane containres & small ware	41.5	31-43	4.2	41.5	31-43	4.2	0.0	0.0	1.3	0.1
3319	Manuf. wood and cork products n.e.s.	35.8	20-43	9.3	38.1	20-73	13.5	0.0	9.5	1.8	4.4
332	Manuf. of furniture & fixtures except of metal	42.5	29-43	2.7	46.9	29-73	11.4	14.8	0.0	2.9	5.4
34	Paper, paper products,printing and publishing	34.9	0-43	12.6	42.4	0-73	20.6	27.1	7.9	140.8	31.6
341	Paper products	36.8	17-43	9.6	44.0	17-73	17.7	28.6	5.3	97.1	26.5
3411	Manufacture of pulp, paper, paperboard	34.9	17-43	11.1	40.5	17-73	17.5	30.9	4.9	49.5	8.8
3412	Manuf. of containers & boxes of paper & board	41.4	29-43	4.7	64.8	29-73	16.7	77.8	0.0	9.6	15.9
3419	Manufacture of pulp, paper, paperboard n.e.s.	39.5	20-43	5.5	46.0	20-73	14.9	14.0	7.0	38.0	1.8

Table AV.4 (cont'd)

ISIC Code	Description	Import tariff rate 1994						Import licence coverage 1994		Trade 1993 (US$ million)	
		MFN tariff without DCP			MFN tariff with DCP						
			Dispersion			Dispersion					
		Simple average	Range	Std. dev.	Simple average	Range	Std. dev.	Fully covered	Partially covered	Imports	Exports
342	Printing, publishing & allied industries	29.3	0-43	18.1	37.5	0-73	27.2	22.7	15.9	43.7	5.1
35	Chemicals, petroleum, coal, rubber, plastics	24.5	0-43	9.1	25.8	0-73	12.9	7.6	4.0	1036.9	550.3
351	Industrial chemicals	23.2	15-43	5.1	23.3	15-73	5.5	2.4	1.3	338.0	374.6
3511	Manuf. of basic indus. chemicals excl. fertilizer	23.3	15-43	4.7	23.4	15-73	5.1	2.0	1.5	164.5	179.0
3512	Manufacture of fertilizer & pesticides	18.9	15-29	5.9	18.9	15-29	5.9	5.3	2.6	17.2	183.6
3513	Manuf. of resins, plastics & man-made fibres	23.8	20-43	5.9	24.0	20-47	6.5	2.9	0.0	156.3	12.0
352	Other chemicals, incl. pharm.	26.3	0-43	11.0	28.6	0-73	16.0	16.1	6.7	218.2	52.2
3521	Manufacture of paints, varnishes, lacquers	31.7	15-43	11.7	32.4	15-46	12.2	0.0	0.0	15.9	3.4
3522	Manufacture of drugs and medicines	19.5	0-29	7.6	19.5	0-29	7.6	18.4	1.0	130.9	12.7
3523	Manuf. of soap, cleaning agents, perfumes etc.	37.2	15-43	10.3	54.7	15-73	22.1	30.8	25.6	12.0	21.4
3529	Manufacture of chemical products n.e.s.	27.0	0-43	9.7	27.0	0-43	9.7	13.4	6.7	59.3	14.8
353	Petroleum refineries	9.1	0-43	14.1	9.9	0-73	16.9	14.7	17.6	376.9	92.6
354	Manuf. of miscell. petroleum & coal products	18.5	0-43	13.2	18.5	0-43	13.2	0.0	0.0	14.2	0.0
355	Rubber products	32.7	17-43	10.5	43.0	17-73	22.9	25.7	16.2	44.0	19.6
3551	Tyre and tube industries	37.9	17-43	9.7	60.9	17-73	22.6	29.4	58.8	14.4	12.6
3559	Manufacture of rubber products n.e.s.	31.2	20-43	10.3	37.7	20-73	20.3	24.6	3.5	29.6	7.0
356	Manufacture of plastic products n.e.s.	38.3	20-43	7.6	38.6	20-53	8.0	0.0	0.0	45.7	11.3
36	Non-metallic mineral products except of petrol and coal	34.7	10-43	9.3	39.1	10-73	15.9	5.9	3.4	58.5	75.5
361	Pottery and china	36.7	10-43	11.1	46.7	10-73	19.6	0.0	0.0	7.9	9.8
362	Manufacture of glass and glass products	34.0	20-43	9.6	37.1	20-73	14.7	6.8	0.0	25.8	9.4

Table AV.4 (cont'd)

ISIC Code	Description	Import tariff rate 1994						Import licence coverage 1994		Trade 1993 (US$ million)	
		MFN tariff without DCP			MFN tariff with DCP						
			Dispersion			Dispersion					
		Simple average	Range	Std. dev.	Simple average	Range	Std. dev.	Fully covered	Partially covered	Imports	Exports
369	Other non-metallic mineral products	34.7	10-43	8.7	38.7	10-73	15.3	6.5	6.5	24.8	56.3
3691	Manufacture of structural clay products	36.9	10-43	9.0	41.9	10-73	15.2	6.3	6.3	13.7	8.8
3692	Manufacture of cement, lime & plaster	38.4	20-43	8.9	57.1	20-73	22.8	50.0	12.5	1.3	39.0
3699	Manuf. of non-metallic mineral products n.e.s.	33.3	20-43	8.3	35.0	20-73	12.4	1.5	5.9	9.8	8.4
37	Basic metal industries	25.4	0-43	8.8	25.8	0-63	9.8	9.2	1.8	402.3	36.3
371	Iron and steel basic industries	23.7	10-43	8.0	24.4	10-57	9.8	6.2	0.4	329.9	23.1
372	Non-ferrous metal basic industries	27.5	0-43	9.2	27.6	0-63	9.5	13.0	3.7	72.4	13.1
38	Fabricated metal products, mach.& equipment	26.5	0-43	13.1	28.0	0-73	15.6	9.0	8.9	2246.3	438.3
381	Fabricated metal products	35.5	0-43	8.4	37.4	0-73	10.7	4.7	2.0	136.1	29.2
3811	Manuf. of cutlery, hand tools, general hardware	38.4	20-43	5.9	39.9	20-73	9.5	2.4	0.0	24.5	4.1
3812	Manufacture of metal furniture and fixtures	36.9	20-43	9.7	36.9	20-43	9.7	0.0	0.0	4.0	0.9
3813	Manufacture of structural metal products	27.5	10-43	11.6	32.5	10-73	16.3	4.5	13.6	34.0	3.7
3819	Manufacture of fabricated metal products n.e.s.	34.9	0-43	8.1	36.7	0-73	10.1	6.8	1.5	73.5	20.4
382	Non-electrical machinery incl. computers	19.3	0-43	11.7	20.4	0-73	14.7	5.1	3.4	911.6	57.5
3821	Manufacture of engines and turbines	14.8	10-43	9.6	14.8	10-43	9.6	8.3	8.3	69.0	3.9
3822	Manuf.of agricultural machinery and equipment	15.5	10-43	11.2	19.8	10-62	19.9	7.1	0.0	62.8	2.2
3823	Manuf.of metal & wood working machinery	15.2	10-43	9.7	16.6	10-73	14.6	1.8	2.8	54.8	1.1
3824	Manuf.of special industrial mach. & equipment	13.5	10-43	7.0	13.7	10-63	7.7	2.8	0.0	241.6	6.0
3825	Manuf. office, computing, accounting machinery	24.5	10-43	9.9	24.5	10-43	9.9	0.0	0.0	74.9	2.9
3829	Machinery & equipment excl. electrical n.e.s.	24.8	0-43	12.8	26.5	0-73	16.1	8.8	6.5	408.5	41.2

Table AV.4 (cont'd)

ISIC Code	Description	Import tariff rate 1994						Import licence coverage 1994		Trade 1993 (US$ million)	
		MFN tariff without DCP			MFN tariff with DCP						
			Dispersion			Dispersion					
		Simple average	Range	Std. dev.	Simple average	Range	Std. dev.	Fully covered	Partially covered	Imports	Exports
383	Electrical machinery	31.3	10-43	11.5	33.4	10-73	14.5	10.5	10.5	464.4	250.2
3831	Manuf. of electrical indus. mach. & apparatus	27.7	10-43	13.5	31.6	10-73	18.6	18.6	12.9	148.9	46.2
3832	Manuf. of radio, T.V. & communications equip.	28.7	10-43	11.2	29.5	10-73	13.1	4.2	9.8	192.3	56.1
3833	Manuf. of elec. appliances and housewares	38.7	20-43	5.4	38.7	20-43	5.4	6.9	0.0	7.7	0.4
3839	Manuf. of elec. apparatus & supplies n.e.s.	36.0	20-43	8.7	39.2	20-73	12.8	15.6	13.3	115.5	147.5
384	Transport equipment	26.5	0-43	12.1	28.8	0-73	16.0	26.5	29.6	598.2	61.8
3841	Shipbuilding & repairing	22.2	10-43	13.2	22.2	10-43	13.2	38.1	47.6	10.6	1.1
3842	Manufacture of railroad equipment	19.2	10-40	9.6	19.2	10-40	9.6	0.0	0.0	6.3	2.5
3843	Manufacture of motor vehicles	29.1	10-43	10.6	31.5	10-73	14.1	26.7	40.7	419.9	28.5
3844	Manufacture of motorcycles and bicycles	38.5	24-43	6.5	46.1	24-73	15.6	37.9	17.2	9.8	2.2
3845	Manufacture of aircraft	17.1	10-27	6.4	17.1	10-27	6.4	32.0	24.0	150.7	27.3
3849	Manufacture of transport equipment n.e.s.	22.8	0-43	19.5	26.2	0-63	24.7	33.3	33.3	0.9	0.0
385	Professional and scientific equipment	26.3	0-43	13.6	26.7	0-73	14.5	6.0	9.0	136.0	39.7
3851	Professional scientific & measuring equip. n.e.s.	16.7	0-43	11.2	17.4	0-73	13.3	4.2	0.8	106.7	22.9
3852	Manufacture of photographic & optical goods	29.9	10-43	11.2	30.4	10-73	12.2	2.8	4.2	18.9	7.3
3853	Manufacture of watches and clocks	38.0	20-43	6.9	38.0	20-43	6.9	11.8	26.3	10.4	9.5
39	Other manufacturing industries	37.2	10-43	8.3	38.8	10-73	11.0	18.4	10.2	113.4	62.1
390	Other manufactured products	37.2	10-43	8.3	38.8	10-73	11.0	18.4	10.2	113.4	62.1
3901	Manufacture of jewellery and related articles	38.9	20-43	8.1	38.9	20-43	8.1	77.1	18.8	4.7	1.3
3902	Manufacture of musical instruments	38.1	29-43	6.8	38.1	29-43	6.8	0.0	0.0	0.9	0.0
3903	Manufacture of sporting and athletic goods	33.0	20-43	6.6	36.3	20-73	14.3	7.4	0.0	5.6	3.4
3909	Manufacturing industries n.e.s.	37.3	10-43	8.5	39.2	10-73	11.5	7.7	10.7	102.1	57.4

Note: Tariffs and import licence restrictions are as of April 1994.

DCP = Provisional Complementary Duties.

Source: Governement of Tunisia.