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TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

TUNISIA

This report, prepared for the third Trade Policy Review of Tunisia, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Tunisia on its trade policies and practices.

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Document WT/TPR/G/341 contains the policy statement submitted by Tunisia.

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SUMMARY

1. In spite of the socio-political crisis that hit Tunisia at the end of 2010 and the disruptions that followed, including the series of attacks culminating in 2015, economic growth has remained positive, thanks largely to the relative diversification of the country's economy to its trade performance, and to its well-educated labour force. As a result, with a per capita GDP equivalent to €3,250 in 2014, Tunisia is still classified by the World Bank as an upper-middle income country. Trade remains extremely important for the Tunisian economy, with a ratio of trade in goods and services to GDP of about 90%. However, the fall in the share of exports in GDP (form 45% in 2005 to 39% in 2015) coupled with a rise in the share of imports (45% to 50%) suggest that reforms are needed to revive the competitiveness of Tunisian enterprises.

2. In fact, trade policy has not been modernized since Tunisia's last trade policy review (TPR) in 2005, and was not included in the far-reaching reforms introduced following the adoption in 2014, in the wake of the socio-political crisis, of a new Constitution. On the other hand, this constitutional reform paved the way for radical changes in the legal, political and institutional frameworks. Transparency and the rule of law are now declared principles. All draft legislation is now subject to a mandatory public consultation procedure. Similarly, the new Constitution provides that duties and taxes applicable to certain products may only be increased, reduced or suspended by laws, and not by specific decrees, which means that the country's economic policy is more transparent and predictable. A so-called "regulatory guillotine" project involving a systematic review of regulations is expected, once it is up and running, to contribute considerably to the business climate – a much needed improvement particularly when it comes to cross-border trade.

3. The Government embarked on a reform of the Investment Incentives Code of 1993, initially designed to attract direct investment, especially from abroad, in activities targeting economic development and, in particular, exports. The Code offers generous tax and financial incentives, but also contains numerous restrictions that tend to discourage investment. For example, the Code allows for importation free of duties and taxes of equipment needed to carry out investments, provided there are no locally manufactured equivalents. It is these provisions, which have proven not only complex and contradictory, but also costly to administer and not very effective, that are currently being reviewed.

4. A new law on competition and pricing adopted in 2015 gives greater power to the Competition Council, and imposes stricter sanctions for anti-competitive practices. However, numerous goods and services are still excluded from the free pricing regime because they are considered to be "essential" goods subsidized by the state. They include bread and other food products as well as goods and services furnished under state monopolies (water, electricity, gas, postal services, port and airport services) and certain cars. Thus, the State continues to influence vehicle imports by granting subsidies for various cars from a number of foreign manufacturers and by resorting to a quota system for other vehicles.

5. New laws are currently being pushed through in an effort to modernize the banking sector's legal framework, and another recently adopted law has enabled the struggling public sector banks to recapitalize. The Government also introduced reforms to its insurance system, after further opening the sector to foreign presence in 2008. On the whole, these measures should help the financial sector to play its role in providing credit to the economy and mobilizing savings. Reforms would also be welcome in the transport and communications sector, which are essential to facilitating international trade and attracting foreign investment. Companies wishing to offer services in these sectors are still required to have a Tunisian partner, and the state has remained an important shareholder in the main transport, postal and telecommunications companies, sometimes incurring considerable losses. The same nationality requirements apply to most professional and business services.

6. In the agro-industrial sector, numerous State-owned enterprises – of which many are struggling – as well as several marketing boards (e.g. the Trade Board, the Cereals Board and the Oils Board) continue to be involved in international trade in goods and services. Tunisia being one of the world's leading exporters of olive oil and specialities (such as dates, "harissa", oranges and seafood) for which it is internationally recognized, the existence of these entities is currently the subject of a national review. A new development plan scheduled to be launched in 2016 should help to define the role of international trade and investment in the promotion of these activities. The drivers of the Tunisian economy also include tourism and the "wholly exporting" industries

that are open to foreign presence, in particular activities such as hotels, electric cabling, electronic and electrical equipment, parts and accessories of motor vehicles, and textiles and clothing.

7. Generally speaking, exporting from Tunisia continues to be considerably more attractive to companies with "wholly exporting" and/or "offshore" status than to other operators, who remain subject to a multitude of regulations relating to foreign currency exchange, banking domiciliation, repatriation of export earnings, tax or financial incentives and import procedures. Moreover, high export taxes continue to erode the profitability of the main exports, in particular olive oil, dates, fisheries products, crude petroleum oil, and scrap of steel and ferrous and non-ferrous metal. A number of products, in particular agricultural products, are also subjected to controls and authorizations to prevent products that have already benefited from consumer subsidies from being exported or to ensure the availability of inputs for the domestic industry. The harmonization of provisions specific to wholly, partially or non-exporting firms and offshore or resident firms, and the rationalization of restrictions and of the different incentives would not only simplify the export regime and make it more transparent and efficient, it would contribute to the promotion of exports, which is one of the Government's declared priorities.

8. While the mining sector, oil and gas in particular, offers considerable potential for development in Tunisia, the heavy presence of the State, which holds exclusive import and production rights, should be reviewed. There has been a sharp reduction in subsidies for energy consumption since 2014, and in 2016 an automatic pricing mechanism was set up to index domestic fuel prices on international prices. Until then, fuel prices had been set at all stages of production and distribution. Phosphate products under public monopoly, which are also important to exports, are currently encountering significant environmental problems: waste disposal at sea needs to be upgraded to comply with domestic and international standards. Meanwhile, in the fisheries sector, Tunisia has imposed biological recovery requirements.

9. Following its 2005 TPR, Tunisia significantly reduced its tariffs: the average rate fell from about 45% in 2006 to 14% in 2016. In 2016 there were only three rates: zero, 20% and 36%. The maximum rate of 150% in 2006 was brought down to 36% in 2009, a decrease which in part reflects the desire to align the MFN tariff on the preferences granted for non-agricultural products under the Agreement with the European Union (EU), Tunisia's main trading partner. Tunisia also grants tariff preferences to imports from certain Arab countries, EFTA members, and Turkey. All in all, Tunisia has concluded trade agreements with about 60 countries, some of which provide for preferential trade arrangements. However, since Tunisia's last TPR in 2005, no new agreement has been signed, with the exception of a preferential trade agreement with Iran, which took effect in 2008.

10. The share of Tunisia's WTO bound rates has remained unchanged at 61% since the last TPR, the Government having signed neither the Information Technology Agreement nor the Understanding on Pharmaceuticals. The average final bound rate is 65.5%, four times the average MFN applied rate in 2016. Tunisia was in the process of ratifying the Agreement on Trade Facilitation in April 2016. All in all, Tunisia's participation in the work of the WTO has been discreet, including when it comes to notifications.

11. Electronic exchange of customs documents through the single window, Tunisie Trade Net, the introduction of digital signatures, and electronic payment of duties and taxes have contributed to the goal of paperless customs clearance. Since 2015, all technical import control documents have been transmitted electronically. Among the formalities that have not yet been computerized are those relating to the numerous tax advantages available: "fiscal privilege" was requested for 42% of customs declarations in 2015. These various suspensions, exemptions and reductions of duties and taxes increase the risk of corruption, destroy the original tariff structure, create distortions between beneficiary and non-beneficiary enterprises, and testify to the need to continue with tariff reforms.

12. In 2015, import duties still accounted for close to one quarter of the State's total earnings from taxes. In addition to the customs duty, taxes levied solely on imports include levies on bovine meat, dairy products, and oils and fruits which should be reviewed for consistency with Tunisia's WTO commitments as "other duties and charges, and because of their instability. As regards to domestic taxes, revenue from domestic value added tax (VAT) and VAT on imports account for 11% and 13% of the State's total revenue respectively. The number of VAT rates has been reduced from 4 to 3 (18%, 12% and 6%) since 2005, the highest rate (29%) having been

abolished. In certain cases, exemptions from VAT on imports apply only if the product concerned has no locally manufactured equivalent.

13. Consumption tax (excise duty) is assessed on the selling price, all taxes included, of a list of products essentially comprising alcohol, tobacco and vehicles. It may be *ad valorem* or specific, and its rates were as high as 267% in 2016, thereby limiting domestic demand, in spite of the sharp decrease in the rate for alcoholic beverages (liqueurs) from 683% to 50% in order to combat informal trade and smuggling. Tyres, air conditioners, tea and coffee were also withdrawn from the list. The internal consumption tax and the import duty each account for about 4% of Government revenue, a high figure by international comparison.

14. Moreover, a 10% tax on account is levied on imports as income or corporation tax. Subsequently reimbursable, this payment is levied only on consumer goods appearing in a 45-page list. Local purchases are not concerned.

15. Heavy taxation, of imports in particular, has encouraged smuggling, especially in the border areas. The main products smuggled include liquor, tobacco, hydrocarbons, domestic electrical appliances, used clothing and footwear, and drugs. To combat this scourge, in April 2014 the Government introduced a national plan to combat smuggling, whose goals are to step up land and maritime border controls; decentralize and develop border regions; create free zones in certain border areas; and, as mentioned earlier, lower the import taxes on the main products concerned.

16. Commercial activities, including international trade (imports and exports), are generally restricted to Tunisian nationals under a 1961 law. Where such trade is open to foreigners, a foreigner's trading permit is required. The same applies to wholesale and retail trade activities. Foreigners may, however, set up international trading companies provided that at least 30% of the company's annual turnover is derived from the export of goods of Tunisian origin.

17. According to the authorities, more than 10% of tariff lines are still covered by a 1994 decree on products "excluded from the free foreign trade regime", chiefly for non-commercial reasons. These products require import or export authorizations. Tunisia has not so far taken any countervailing, anti-dumping or safeguard actions. In 2004, however, it introduced a "pre-importation surveillance" scheme under which specific products must have a "*fiche d'information*" (fact sheet) whose purpose is to inform the Ministry of Trade of any import transaction prior to bank domiciliation. This scheme has its costs both for operators and for the State.

18. Tunisia's standardization legislation was modernized in 2009 to bring the Tunisian system closer into line with international standards and to strengthen the competitiveness of domestic products and adherence to international quality standards. A draft agreement on conformity assessment and mutual recognition, covering the electrical and mechanical industries and construction products, is currently under discussion with the EU. However, imports are still subject to verification by a whole range of agencies. The planned reduction in the number of technical control agencies and the introduction of an integrated risk management system for each of the agencies should reduce some of the overlaps and simplify the control system. Phytosanitary measures are still based on a 1992 law, last amended in 2001; sanitary legislation governing imports and exports dates back to 1999. Tunisia's only two notifications to the WTO of sanitary and phytosanitary measures were submitted in 2015.

19. There have been important changes in relation to government procurement culminating with the adoption, in March 2014, of a new decree which maintains the possibility of giving a preference for Tunisian products. However, the share of government procurement awarded to foreign companies, which remained stable between 2006 and 2010 at around 7%, rose sharply to close to 33% in 2014. A new law on public-private partnership was adopted in November 2015 with the objective of diversifying ways of meeting government procurement needs and sources of financing by allowing private suppliers to be associated with the building, conversion or maintenance of public works.

20. In 2012 Tunisia acceded to the Hague Agreement Concerning the International Registration of Industrial Designs, and in 2013 to the Protocol to the Madrid Agreement Concerning the International Registration of Marks. It signed the Geneva Act of the Lisbon Agreement on

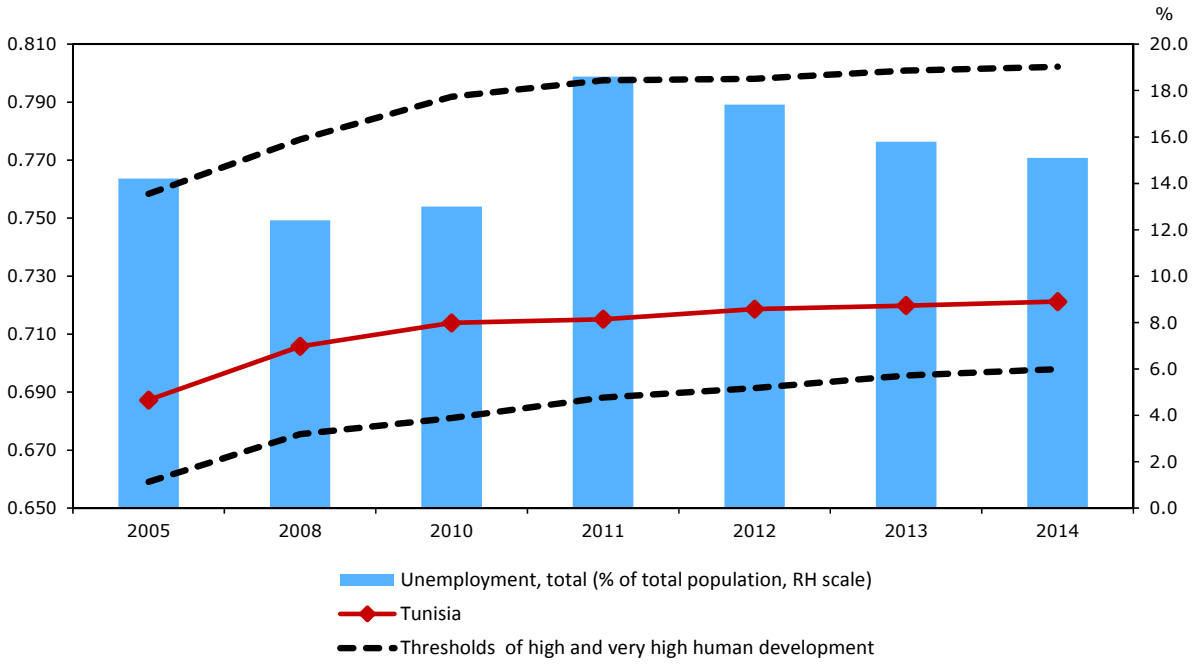
Appellations of Origin and Geographical Indications, adopted in May 2015 in Geneva. An agreement was signed in July 2014 between Tunisia and the European Patent Organization on the validation of European patents. Tunisia has not yet ratified the Rome Convention for the protection of related rights, but its legislation has already incorporated the provisions of that Convention. Tunisia has also expressed its intention to ratify the Protocol amending the TRIPS Agreement with regard to compulsory licensing. Tunisia's legislative and regulatory framework for copyright underwent substantial reform with the adoption, in 2009, of a law aimed at strengthening the protection of literary and artistic property and encouraging creation.

1 ECONOMIC ENVIRONMENT

1.1 Main features of the economy

1.1. As the history of the Punic port of Carthage testifies, Tunisia has always been an important trading nation, taking advantage of its central location in the Mediterranean region to trade in numerous products, with its market serving as a trade hub between Sub-Saharan Africa, Europe and the countries of Asia. Trade has been one of the chief sources of its wealth, and Tunisia is classified by the United Nations Development Programme (UNDP) as a country of high human development, with a low rate of extreme poverty (0.7% of the population of 12.6 million live on less than PPP US$1.25 a day). Life expectancy at birth rose from 74 years in 2005, at the time of the country's most recent WTO trade policy review, to 75 in 2014. The general level of human development has also improved during this period (Chart 1.1); and the population growth rate is 1.1% per year.[1]

Chart 1.1 Trend in the human development index, 2005-2014



Source: UNDP, viewed at: http://hdr.undp.org/en/data; and World Bank, *World Development Indicators*, viewed at: http://databank.worldbank.org/data/reports.aspx?source=World%20Development%20Indicators (database accessed in February 2016). Online information from the National Institute of Statistics, viewed at: http://www.ins.nat.tn/indexfr.php.

1.2. Tunisia has a generally well-educated labour force. Almost 40% of the population has completed secondary school, a considerable proportion of the population is multilingual, and public expenditure on education is relatively high at 6% of GDP. Tunisia also scores quite well in terms of gender equality, with women holding 31% of seats in the Assembly of the Representatives of the People (ARP, Section 2.1). These good levels of human development represent major assets for the Tunisian economy.

1.3. Tunisia has a relatively diversified economy, with a substantial manufacturing sector consisting of developed mechanical and electrical industries; mining industries, including oil and phosphates; and tradable services, which account for 43% of GDP but whose share has declined since 2005 owing to the collapse of tourism, which was badly affected by the attacks on tourists in 2015. Manufacturing industries, led by machinery and electric cabling, followed by textiles and clothing, and the food industry, have also contracted, particularly in the clothing area. Only the oil and natural gas sector has grown in value-added terms (Table 1.1).

[1] United Nations, *Human Development Indicators*, viewed at: http://www.undp.org.

Table 1.1 Basic economic indicators, 2005-2015

	2005	2010	2011	2012	2013	2014	2015
Miscellaneous							
Nominal GDP (TND million)	41,871	63,055	64,492	70,354	75,152	80,816	85,491
Nominal GDP (US$ million)	32,272	44,014	45,807	45,047	46,239	47,536	43,567
Nominal GDP (€ million)	25,951	33,236	32,934	35,035	34,801	35,869	39,270
Total population (million, 1 July)	10.0	10.5	10.7	10.8	10.9	11.0	11.2
GDP growth at 2010 prices (% per year)	3.5	3.0	-1.9	3.9	2.4	2.3	0.8
Inflation (CPI, variation %)	2.0	4.6	3.7	5.1	5.8	4.9	4.9
Unemployment rate (%)	14.2	13.0	18.6	17.4	15.8	15.1	15.2
National accounts							
% Of GDP (current market prices)							
Global final consumption	78.7	79.3	84.1	84.7	86.4	87.0	89.1
Public consumption	16.9	16.6	18.0	18.2	18.6	18.7	19.1
Private consumption	61.8	62.7	66.1	66.5	67.8	68.3	70.0
Gross fixed capital formation	21.4	24.6	21.8	22.5	21.9	20.6	19.4
Changes in inventories	0.2	1.3	1.5	2.2	1.1	3.4	2.2
Balance	-0.4	-5.2	-7.5	-9.4	-9.5	-10.9	-10.8
Exports of goods and services	44.9	49.5	48.5	48.5	47	45	39.4
Less: imports of goods and services	45.3	54.7	55.9	57.9	56.5	55.9	50.2
Structure in relation to total value added at current prices (%)							
Agriculture and fishing	10.1	8.2	9.0	9.5	9.4	9.7	10.5
Manufacturing	17.1	18.0	17.5	17.0	16.7	16.8	16.7
Agrifood industries	2.9	3.1	3.1	3.1	3.1	3.0	3.1
Textiles, clothing and leather	4.7	3.7	3.6	3.1	3.1	3.0	3.0
Miscellaneous industries	2.1	1.8	1.9	1.8	1.7	1.7	1.7
Oil refining	0.5	0.1	0.2	0.2	0.1	0.2	0.2
Chemicals	1.7	2.3	1.5	1.7	1.6	1.5	1.4
Construction materials, ceramics and glass	1.6	1.5	1.5	1.5	1.6	1.7	1.6
Mechanical and electrical industries	3.6	5.4	5.6	5.5	5.4	5.6	5.6
Non-manufacturing	11.9	13.5	13.9	14.1	13.5	12.5	12.0
Oil and natural gas extraction	4.7	6.6	7.3	7.3	6.8	5.7	5.3
Mining	0.7	0.8	0.4	0.6	0.5	0.6	0.6
Electricity and gas	1.1	1.1	1.1	1.1	1.3	1.2	1.2
Water	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Construction of buildings and civil engineering	5.0	4.7	4.8	4.6	4.6	4.7	4.5
Tradable services	45.0	44.8	43.0	42.8	43.0	43.3	43.1
Maintenance and repair	0.4	0.4	0.4	0.4	0.3	0.3	0.4
Trading	8.8	8.2	8.8	8.8	9.2	9.5	9.7
Hotel and restaurant services	6.0	5.5	4.3	4.6	4.5	4.5	3.9
Transport	8.8	9.4	7.8	7.8	7.4	7.4	6.9
Postal and telecommunication services	4.4	4.9	5.2	5.0	5.0	5.0	5.0
Financial services	3.6	3.9	3.8	3.9	4.1	4.2	4.4
Other tradable services	13.0	12.4	12.7	12.2	12.5	12.4	12.8
FISIM[d]	-1.5	-1.4	-1.4	-1.6	-1.5	-1.6	-1.6
Tradable activities	82.7	83.0	82.0	81.8	81.1	80.7	80.7
Non-tradable activities	17.3	17.0	18.0	18.2	18.7	19.3	19.6
Government services	16.8	16.5	17.5	17.8	18.3	18.8	19.1
Services furnished by membership organizations	0.1	0.1	0.1	0.1	0.1	0.1	0.1

	2005	2010	2011	2012	2013	2014	2015
Household services	0.4	0.3	0.3	0.4	0.4	0.4	0.4
Financial indicators (end of period)							
Financial system lending to the economy (percentage change)	5.9	18.7	13.3	8.8	7.7	7.3	..
Currency (M1)	13.7	11.2	19.8	5.3	4.3	8.0	3.2
Money supply (M2)	11.5	11.9	9.3	8.2	6.9	8.2	1.9
Money supply (M3)	11.0	12.1	9.1	8.4	6.6	7.8	2.1
Average money-market interest rate (December)	5.0	4.9	3.2	4.0	4.7	4.9	4.3
Central Bank of Tunisia policy rate	5.0	4.5	3.5	3.8	4.5	4.8	4.3
Public finance (% of GDP)							
Total income and grants	22.2	23.5	25.9	26.2	26.2	24.7	20.2
Tax revenue	18.9	20.1	21.1	21.1	21.4	22.5	18.5
Direct taxes	6.9	8	9.2	8.6	9.3	10	7.8
Personal income tax	3.6	4.1	4.4	4.5	4.9	5	4.9
Corporation tax	3.3	3.9	4.7	4.1	4.5	5	2.8
Oil companies	1.1	1.3	1.5	1.8	2.2	2.3	1.1
Non-oil companies	2.2	2.6	3.2	2.3	2.2	2.7	1.7
Indirect taxes	12	12.2	11.9	12.4	12.1	12.6	10.6
Customs duty	1.2	0.9	0.9	1	1	1.1	0.8
VAT	5.5	5.9	6	6.2	5.8	5.8	5.0
On imports	..	3.2	2	3.3	3.2	3.2	..
Domestic	..	2.7	3.9	2.9	2.6	2.6	..
Excise duty	2.9	2.5	2.3	2.3	2	2.1	1.8
On imports	..	1.2	0.8	1.1	1	1	..
Domestic	..	1.3	1.5	1.1	1	1.1	..
Other indirect taxes	2.4	2.8	2.8	3	3.3	3.5	3.1
On imports	..	0.6	0.4	0.6	0.6	0.7	..
Domestic	..	2.3	2.5	2.3	2.7	2.8	..
Non-tax income[a]	3.3	3.4	4.8	5.1	4.8	2.2	1.7
Of which: External grants	0.2	0.1	0.3	0.9	0.3	0.4	..
Total expenditure and net lending	22.0	22.6	26.5	27.2	..	..	26.8
Operating expenses	15.7	15.9	19.4	20.8	..	..	..
Of which:							
Payroll	11	10.8	11.9	12.3	..	..	..
Interventions and transfers	3.3	3.8	6.1	7.1	..	..	..
Capital expenditure	6.0	6.8	7.3	6.8	..	..	..
Loans	0.3	-0.1	-0.1	-0.4	..	..	..
Overall balance (including grants)	0.2	0.9	-0.6	-0.9	-6.0	-3.7	..
Total debt (TND billion)[b]	49.0	72.8	82.3	90.9	96.7	106.0	..
% of GDP	117.1	115.4	127.4	128.9	126.8	128.4	..
Including: State	51.8	40.4	44.4	46.9	44.7	46.0	..
Other non-financial economic agents	65.3	74.9	83.0	82.0	82.1	82.4	..
External sector							
Current account (US$ million)	-299	-2,104	-3,386	-3,721	-3,879	-4,341	-3,875
% of GDP	-0.9	-4.8	-7.4	-8.3	-8.4	-9.1	-8.9
FDI flow into Tunisia (US$ million)	783	1,513	1,148	1,603	1,117	1,060	1,006
% of GDP	2.4	3.4	2.5	3.6	2.4	2.2	2.3
FDI stock in Tunisia (US$ million)	16,840	31,364	31,543	32,604	33,341	31,540	..
% of GDP	52.2	71.2	68.8	72.2	71.1	64.9	..
Net international reserves, including gold (US$ billion)	4.5	9.8	7.8	8.7	7.6	7.5	7.2
In months of imports of goods and services	3.3	4.4	3.3	3.7	3.2	3.1	4.3
Foreign debt (in TND billion unless otherwise indicated)[b]							
Debt stock	20.4	23.6	25.3	28.7	31.5	36.5	
Liabilities/GDP (%)	48.7	37.4	39.2	40.7	41.3	44.3	
Debt service	2.7	3.3	3.7	,,4.1	3.3	3.0	2.4
% of current income	12.8	9.3	10.6	10.5	8.2	7.1	6.1
Exchange rate							

	2005	2010	2011	2012	2013	2014	2015
Exchange rate (TND/US$, annual average)	1.3	1.4	1.4	1.6	1.6	1.7	2.0
Exchange rate (TND/€, annual average)	1.6	1.9	2.0	2.0	2.2	2.3	2.2
Nominal effective exchange rate[c]	-4.7	-2.6	-2.1	-3.9	-5.1	-3.6	..
Real effective exchange rate[c]	-4.8	-0.5	-1.8	-1.5	-1.9	-0.1	..

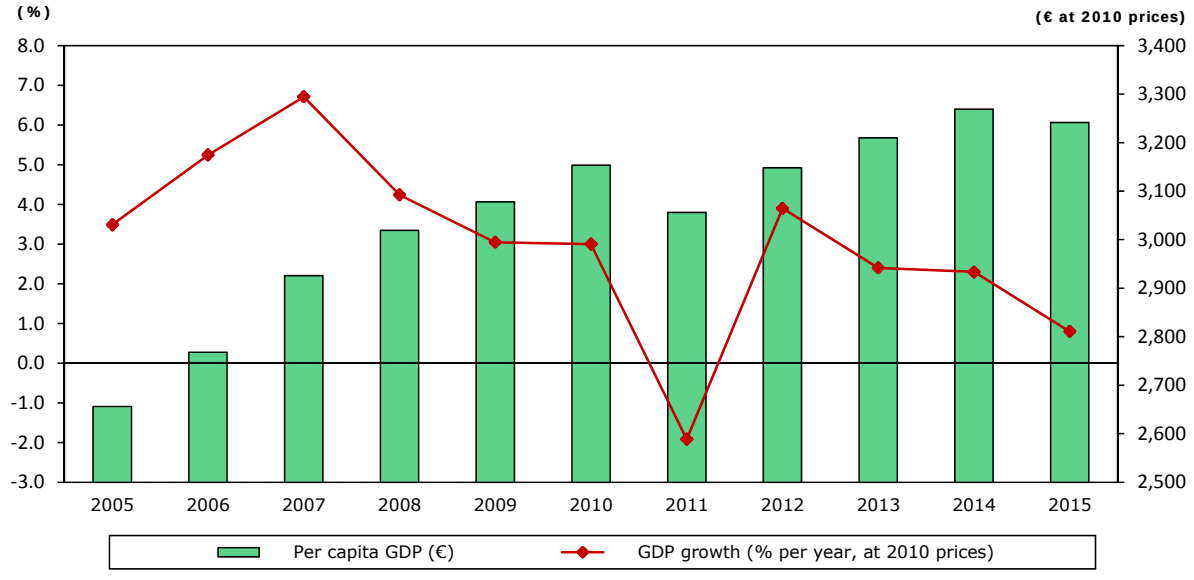
.. Not available.

a Oil revenues are royalties paid in cash; since 2012 they have been reclassified as fiscal income (taxes on oil companies).
b End of period.
c A minus sign (-) indicates depreciation, index (2010 = 100).
d Financial intermediation services indirectly measured.

Source: Information provided by the Tunisian authorities; online information from the National Institute of Statistics, viewed at: http://www.ins.nat.tn/indexfr.php; online information from the Central Bank of Tunisia, viewed at http://www.bct.gov.tn, *Statistiques financières* (No. 192), October 2015; Ministry of Finance portal, viewed at: http://www.finances.gov.tn/index.php?option=com_content&view=article&id=134&Itemid=304&lang=fr.FMI; *International Financial Statistics*, viewed at: http://elibrary-data.imf.org (database accessed in February 2016); World Bank, *World Development Indicators*, viewed at: http://databank.worldbank.org/data/reports.aspx?source=World%20Development%20Indicators (database accessed in February 2016); UNCTADstat, viewed at: http://unctadstat.unctad.org/FR/Index.html (database accessed in February 2016); and information provided by the Tunisian authorities, viewed at: http://www.finances.gov.tn/index.php?option=com_content&view=article&id=134&Itemid=304&lang=fr.

1.4. With a per capita GDP equivalent to €3,250 in 2014 (Chart 1.2), Tunisia is classified by the World Bank as an upper middle-income country.[2] Nonetheless, its economy is unable to provide enough jobs for the population, which is young and relatively well skilled. The official unemployment rate is around 15%. The population also suffers from the problem of the redistribution of national wealth. The guaranteed minimum wage (48-hour regime) is roughly TND 340 per month. Creating jobs, enhancing the employability of young people and fostering entrepreneurship are now among the Government's stated priorities.

Chart 1.2 GDP growth (% per year) and per capita GDP, 2005-2015



Source: WTO Secretariat calculations based on online data from the National Institute of Statistics, viewed at: http://www.ins.nat.tn/indexen.php; and information provided by the Tunisian authorities.

1.5. Although investment is recognized by the national authorities as capable of creating jobs, foreign investment in particular responds only weakly to the multiple incentive measures put in

[2] World Bank, viewed at: http://data.worldbank.org/data-catalog/world-development-indicators.

place to attract it. This is due to the Government's large presence in various economic activities in which it holds a monopoly or an exclusivity right, together with restrictions on private investment, particularly from abroad (Sections 2.5 and 4). The State is involved in numerous enterprises, spanning activities such as international trade (imports and exports) agricultural products, tourism services, financial services, road haulage for mining and energy products, and distribution services, particularly food and oil products (Table 3.17).

1.6. Tunisia's complex export regime, with tax and customs benefits and foreign exchange advantages that make it quite unlike that available to enterprises producing for the domestic market, has meant that there is a persistent dichotomy within the economy, which was already discussed at the time of Tunisia's previous trade policy review. In addition to the various provisions governing both export and non-export enterprises (Sections 2 and 3), the Foreign Exchange and Foreign Trade Code of 1976, supplemented by 62 enabling texts most of which date back at least 20 years (Box 1.1), has played a major role in this.[3] Although Tunisia has accepted Article VIII of the Articles of Agreement of the International Monetary Fund (IMF), its foreign-exchange regime still contains a large number of provisions regulating payments and transfers linked to current international transactions (requirements to repatriate and surrender foreign currency earnings). Unlike resident firms, "non-resident" enterprises benefit from foreign exchange advantages which facilitate international transactions (Section 3.2.4).[4] This regime has also benefited the development of sectors such as health services mainly targeting non-residents, call centres, consultancy or marketing studies, banks and offshore insurance, machinery manufacturing and other export-oriented manufacturing industries. According to the authorities, many measures have been adopted to reduce this dichotomy.

1.7. The exchange rate of the national currency, the Tunisian dinar (TND), is determined on the foreign exchange market between banks considered as "authorized intermediaries" of the Tunisian market, which include a number of offshore entities. The Central Bank of Tunisia (BCT) intervenes on the foreign exchange market, under a regime which the IMF classifies as managed floating. In April 2012, reference to a basket of currencies was replaced by the average of the rates quoted by banks. In September 2014, the BCT established market-maker status, which gives its holder the exclusive privilege of being a BCT market counterparty, in exchange for a number of obligations. These include the requirement to systematically quote a buying and selling price to any bank so requesting (for up to US$2 million or €2 million, both figures rising to 3 million in 2016), with a maximum spread between the buying and selling rate. Market-makers must also observe a limit on their internal foreign-exchange position at least equal to two thirds of the regulatory limit. These reforms, implemented in 2016[5], should make it possible to ensure market liquidity more effectively, make foreign exchange more readily available, and reduce the prevalence of parallel markets.

Box 1.1 Foreign exchange legislation specific to offshore activities

1. Laws containing foreign-exchange provisions applicable to non-resident companies

- Foreign Exchange and Foreign Trade Code of 1976
- Code governing the provision of financial services to non-residents
- Law No. 92-81 of 3 August 1992 establishing economic activity parks
- Investment Incentives Code
- Law No. 94-42 of 7 March 1994 establishing the regime governing the activities of international trading companies
- Hydrocarbons Code
- Law No. 2001-94 of 7 August 2001 on health establishments providing services exclusively to non-residents
- Mining Code

2. Regulations governing non-resident accounts

- Foreign Exchange Notice No. 5 of the Minister of Planning and Finance, relating to non-resident accounts, foreign accounts in dinars and foreign accounts in convertible currencies
- Circular to non-resident banks No. 86-05 of 25 February 1986 on the exchange of foreign currency banknotes and coins

[3] Law No. 76-18 of 21 January 1976, viewed at: http://www.bct.gov.tn/bct/siteprod/documents/Reg_des_Chges_oc12.pdf.
[4] Tunisia accepted Article VIII of the IMF Articles of Agreement in 1993.
[5] See BCT Circular 2016-1, viewed at: http://www.apbt.org.tn/reglementation.php?code=46.

- Circular No. 87-02 of 9 January 1987 relating to the withdrawal and issuance of foreign banknotes by non-residents holding foreign accounts in convertible currencies
- Circular No. 99-09 of 24 May 1999 concerning the granting by resident banks of short-term credits in dinars to non-resident enterprises established in Tunisia
- Foreign Exchange Notice of the Minister of Finance on the constitution of accounts in Tunisian dinars for non-resident individuals of Libyan nationality
- Circular No. 2011-21 of 26 December 2011 on accounts in Tunisian dinars for non-resident individuals of Libyan nationality
- Foreign Exchange Notice of the Minister of Finance on the constitution of accounts in foreign currency and Tunisian dinars for non-resident individuals of Libyan nationality
- Circular No. 2012-03 of 23 January 2012 concerning accounts in foreign currency and convertible dinars for non-resident individuals of Libyan nationality

3. Operations relating to capital movements by non-residents

- Circular No. 93-17 of 13 October 1993 relating to the distribution and transfer of profits, dividends, bonuses, profit shares and attendance fees to non-residents
- Circular No. 99-09 of 24 May 1999 relating to the provision by resident banks of short-term credits in dinars to non-resident enterprises established in Tunisia
- Circular No. 2000-10 of 3 July 2000 relating to transfers for the reimbursement of value added tax to non-residents under the regime instituted by Decree No. 2000-133 of 18 January 2000
- Foreign Exchange Notice of the Minister of Finance on participation by residents in non-resident companies established in Tunisia
- Circular No. 2007-23 of 10 October 2007 concerning participation by residents in the capital of non-resident companies established in Tunisia

Source: Central Bank of Tunisia (2013), *Réglementation des changes - Recueil de textes*, August 2013.

1.8. The Tunis Stock Exchange (BVMT) is the country's medium- and long-term capital market on which equities and bonds are issued and traded. Undertakings for collective investment in transferable securities (UCITS) may buy only Tunisian securities. Tunisian Government debt represents about 50% of GDP; the country's risk ratings with the Fitch and Moody's rating agencies are Ba3 and BB-, respectively.

1.2 Recent economic developments

1.9. Despite its socio-political crisis and conflicts in neighbouring countries, the Tunisian economy posted positive growth rates during the decade (except in 2011), but stalled in 2015 (Chart 1.2). Tourism has been hit very severely by the crisis; and this, compounded by dwindling transfers from Tunisians abroad (particularly from the European Union and Libya) and the substantial increase in the trade gap, has contributed to widening the external current account deficit to 9% of GDP in 2015. Prospects for economic growth in 2016 will depend on several factors, including agricultural output, European demand for Tunisian products, the return of tourists, and the implementation of economic reforms.

1.10. As from 2011, the authorities announced a series of structural reforms aimed at boosting growth, which is currently insufficient to reduce the high level of unemployment and improve the living standards of most of the population. The scheduled reforms will be implemented chiefly through public-private partnerships, and will involve State-owned enterprises, the Investment Incentives Code (Section 2.5) and taxation (see below). The main trade policy change since 2005 has been the gradual lowering of import tariffs, partly in an effort to reduce smuggling. The maximum customs duty rate is 36% in 2016 (Section 3.1.2).

1.11. Nonetheless, the reform has not yet really addressed the trade policy inherited from the past. This still entails significant State intervention, through various measures including import restrictions (Section 4.1), with high duties, taxes and other levies on certain products; trade monopolies; specification systems, which the State uses to organize the market (including imports) for the main products and services, particularly those that compete with domestic output; and the wholly exporting non-resident enterprise regime (Section 3.2.4), offering a wide range of tax and customs concessions and foreign exchange advantages, while enterprises producing for the domestic market remain heavily protected. Many service activities are largely under State control (banks, insurance companies), or reserved for Tunisian nationals (in particular, all commercial activities, such as wholesale and retail distribution reserved for majority Tunisian-owned firms, and most professional services). Consequently, foreign ownership is restricted to minority shareholdings.

1.12. Despite the socio-political crisis, Tunisia has recorded a strong budgetary performance which has helped maintain its macroeconomic stability. Nonetheless, imbalances emerged in 2013 (Table 1.1) following a sharp rise in current expenditure, particularly in the wage bill. In 2014, the authorities took steps to reduce energy subsidies, while increasing transfers to the most vulnerable groups. Other tax reforms have also been under way since 2014 with a view to modernizing the Tunisian tax system and its administration. Major progress has already been made on the fiscal registration of companies, with the introduction of a single identification number common throughout the tax and customs administration.

1.13. The tax system still involves a multiplicity of levies, including: customs duties (Section 3.1.2); value added tax, which continues to vary according to whether or not similar products are manufactured locally; consumption tax (excise duty) (Section 3.1.2.5); payment on account of personal income tax (IRPP) or corporation tax (IS, Section 3.1.2.5); registration fees and stamp duties, which apply to real estate transactions; local taxes; and other levies on items such as milk, meat and other products, transport, and insurance. In practice, multiple exemptions to some extent alleviate the overall tax burden, which was 22.5% of GDP in 2014. The 2014 Finance Law reduced the IS rate for firms serving the domestic market to 25%; and raised the rate charged on export earnings for the first time since 1972, from 0% to 10%.

1.14. As price stability is the central bank's chief objective, the way the main monetary policy instruments have been used has also contributed to macroeconomic stability. The key policy tools are the BCT policy rate, at which the banks refinance themselves, and a required reserve on demand deposits set at 1% in April 2016. The BCT also engages in open market operations with Treasury bonds. To curb the sharp rise in consumer credit resulting from negative real interest rates in 2012-2014, in late 2012 the BCT instituted a 50% compulsory reserve requirement on all increases in outstanding consumer credit in relation to the end-September 2012 level. This was reduced to 30% as from 1 April 2013, before being eliminated altogether in February 2015. The policy rate was also lowered by 50 basis points to 4.25% in late October 2015, amid signs of easing of inflationary pressures.

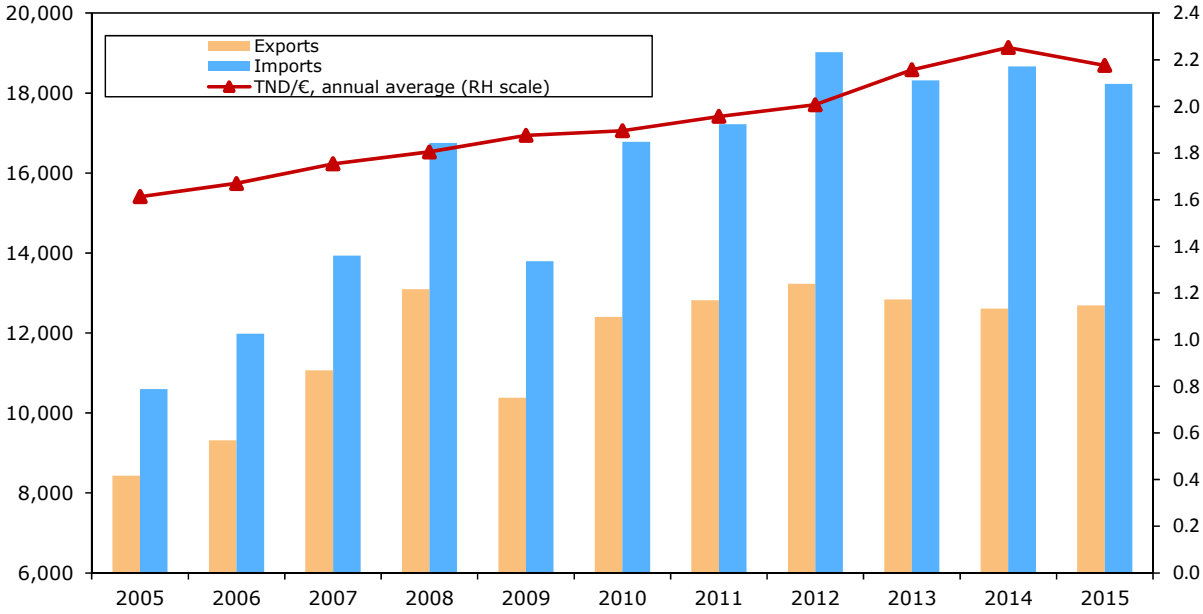
1.15. A public credit information office has been set up in the BCT, and "credit bureaux" were being implemented in April 2016. These should enable lenders to obtain information on their borrowers' financial situation, and thus help to increase access to financing. Financial instruments such as credit guarantee programmes, microcredit, and financial leasing have not seen significant development since 2005, even though access to credit is the main challenge for Tunisian small and medium-sized enterprises (SMEs)[6], and hence also for job creation. A number of draft laws and regulations, which have already been prepared but not yet adopted, could improve external financing possibilities for SMEs.[7]

1.16. The chief feature of Tunisia's external situation has been a structural deficit on the current account, despite the continuous nominal depreciation of the dinar during the decade under review. This amounted to about 3% per year against the euro (Chart 1.3), the currency of its main trading partner, while the real effective exchange rate depreciated by around 1.6% per year (Table 1.1).

[6] World Bank (2016).
[7] OECD (2014).

Chart 1.3 Trend in merchandise trade and exchange rate, 2005-2015

(€ million)

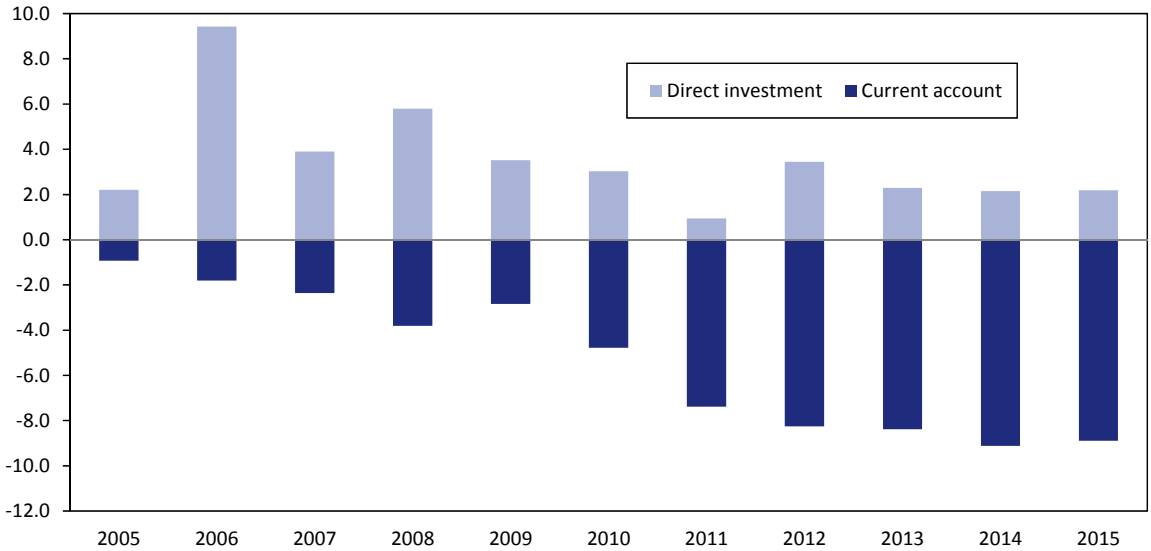


Source: Online information from the National Institute of Statistics, viewed at: http://www.ins.nat.tn/indexfr.php.

1.17. Merchandise imports (particularly energy products and capital goods) have experienced a relatively steady upward trend, while goods exports have not increased since 2008 and, in the case of olive oil, petroleum and phosphates, have actually declined. Aside from the trade deficit, the collapse of tourism revenues owing to security problems and the weak growth of transfers from Tunisian workers abroad (Table 1.2) combined to drive the current account deficit to its highest ever level of around 9% of GDP in 2014 and 2015 (Chart 1.4).

Chart 1.4 External position and direct investment, 2005-2015

(% of GDP)



Source: Central Bank of Tunisia, viewed at: http://www.bct.gov.tn/bct/siteprod/stat_index.jsp; and information provided by the Tunisian authorities.

Table 1.2 Balance of payments, 2005-2015

(US$ million)

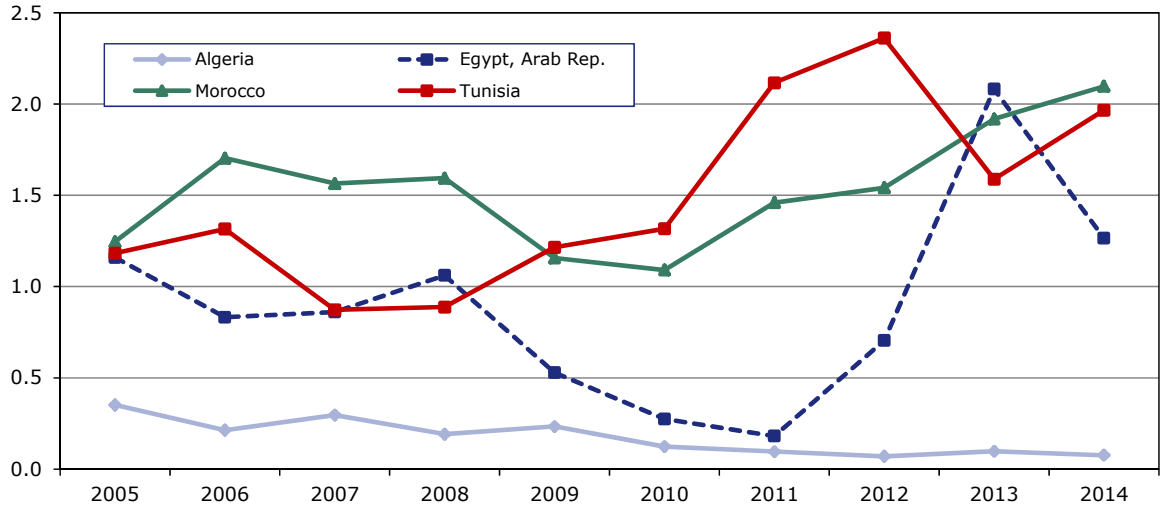
	2005	2010	2011	2012	2013	2014	2015
A. Current account	**-299**	**-2,104**	**-3,386**	**-3,721**	**-3,879**	**-4,341**	**-3,875**
Income	16,308	24,638	25,004	24,895	24,906	24,583	19,768
Expenditure	16,608	26,743	28,390	28,617	28,784	28,923	23,643
Goods(f.o.b.)	**-1,963**	**-4,575**	**-4,799**	**-6,105**	**-5,931**	**-6,670**	**-5,029**
Goods exports (f.o.b.)	10,631	16,431	17,824	16,997	17,050	16,733	14,074
Goods imports (f.o.b.)	12,594	21,005	22,623	23,102	22,981	23,403	19,103
Services	**1,830**	**2,460**	**1,493**	**1,955**	**1,622**	**1,442**	363
Credit	4,021	5,805	4,779	5,253	5,032	4,960	3,353
Of which: Tourism	2,012	2,461	1,728	2,033	1,983	2,136	1,200
Debit	2,191	3,345	3,286	3,298	3,411	3,518	2,990
Factor income	**-291**	**-207**	**-332**	**181**	**77**	**515**	**518**
Credit	1,511	2,155	2,115	2,364	2,444	2,489	2,053
Of which: Earned income	1,393	2,063	2,004	2,266	2,291	2,347	1,908
Debit	1,802	2,362	2,447	2,183	2,367	1,973	1,535
Of which: Interest on medium- and long-term debt	648	583	600	557	506	510	486
Current transfers	124	217	253	248	353	372	273
Credit	145	247	287	281	379	401	289
Debit	20	30	34	34	25	29	16
B. Capital and financial transactions	**1,264**	**1,839**	**1,619**	**5,013**	**3,078**	**5,147**	**4,274**
Capital transactions	127	82	184	449	115	300	173
Direct investment	713	1,334	433	1,554	1,059	1,025	954
Portfolio investment	12	-26	-44	-15	80	72	153
Other investment	412	448	1,047	3,025	1,825	3,750	2,995
C. Adjustment operations (net flows)	-27	74	68	97	126	133	0
Balance	**937**	**-191**	**-1,698**	**1,388**	**-674**	**939**	399

Source: Information provided by the Tunisian authorities and the Central Bank of Tunisia, viewed at: http://www.bct.gov.tn/bct/siteprod/stat_index.jsp.

1.18. Since 2011, Tunisia's partners have provided it with a lot of budgetary support and guarantees to help it cover its medium- and long-term financial needs. In June 2013, the IMF approved a US$1.7 billion loan agreement. Then in January 2015, a 10-year euro bond issue (US$1 billion at 5.875%) helped to keep the level of Tunisia's reserves above four months' imports. Official development assistance (ODA) to Tunisia increased substantially in 2011 and 2012; and in 2014 it was equivalent to 2% of gross national income (GNI), or roughly US$84 per inhabitant. This has made it possible to contain the deficits on the external accounts to some degree.

Chart 1.5 Official development assistance received, net, 2005-2014

(% of GNI at current prices)

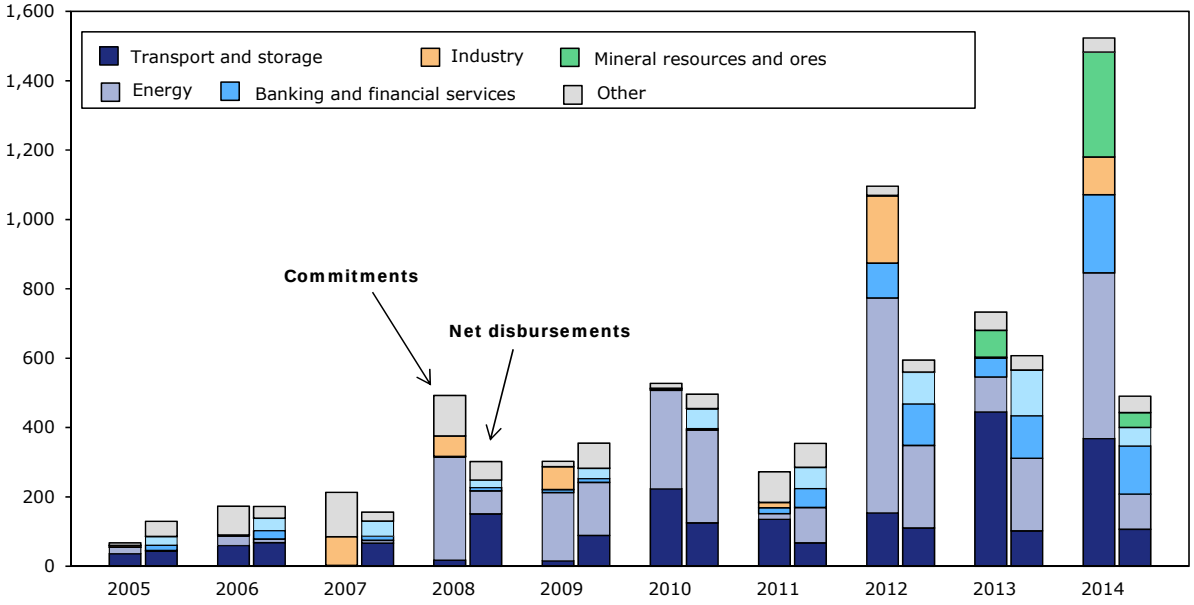


Source: WTO Secretariat calculations based on data from International Development Statistics (IDS) online, viewed at: http://www.oecd.org/dac/stats/idsonline.htm; and World Bank, *World Development Indicators*, viewed at: http://databank.worldbank.org/data/reports.aspx?source=World%20Development%20Indicators.

1.19. Statistics published by the Organisation for Economic Co-operation and Development (OECD) also show that Aid for Trade (AfT) accounts for a large share of ODA; but in the case of Tunisia, aid is essentially sector-specific, targeting the financial, transport, storage, and energy sectors (Chart 1.6). In contrast, hardly any funding has been channelled into trade policy, support for the relevant ministries, or support for legislative and regulatory reforms.

Chart 1.6 Aid for Trade, 2005-2014

(US$ million at 2013 prices)



Source: WTO Secretariat calculations based on data from International Development Statistics (IDS) online, viewed at: http://www.oecd.org/fr/cad/stats/sdienligne.htm.

1.3 Trade performance

1.20. Tunisian exports have experienced a number of structural changes in the decade since 2005 (Chart 1.7), chief among them being a sharp rise in machinery exports, reflecting growth in the electrical, electronic and household electrical appliance industries. The transport equipment segment has also made headway.[8] In contrast, the share of clothing exports fell from 30% of total exports in 2005 to 16.5% in 2014. Agricultural products also saw their share of total exports decline – particularly olive oil, which is Tunisia's leading export product.

1.21. In geographical terms (Chart 1.8), the European Union (EU) still absorbs nearly three quarters of Tunisian exports, although its share has retreated from a level of around 80% in 2005. Libya is the other main destination; actual trade flows between it and Tunisia are undoubtedly underestimated in view of the vast amount of informal cross-border trade between the two countries.

1.22. The main change in the structure of Tunisian imports has been an increase in the share of gaseous hydrocarbons and liquefied butane gas (LBG) in total import value (Section 4.3). The share of textiles and clothing in total imports has also fallen (Chart 1.7), reflecting the reduction in intra-industry trade in the wake of the slump in exports of these products owing to declining international orders.

1.23. Accounting for over 50% of the total, the EU remains the main source of Tunisian imports, although its share has fallen to the benefit, in particular, of China and the countries of the Commonwealth of Independent States (CIS) (Chart 1.8).

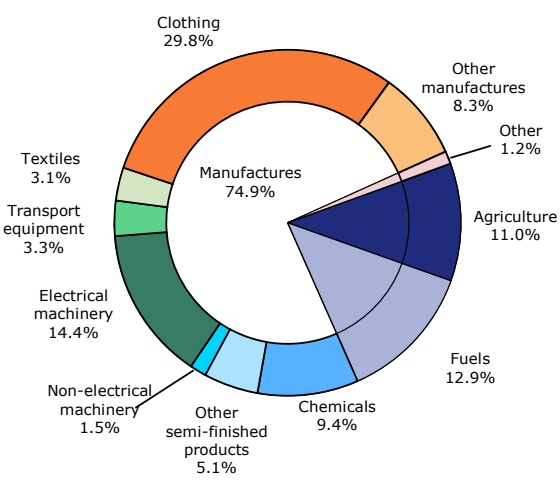
[8] Agency for the Promotion of Industry and Innovation (APII).

Chart 1.7 Structure of merchandise trade, 2005 and 2014

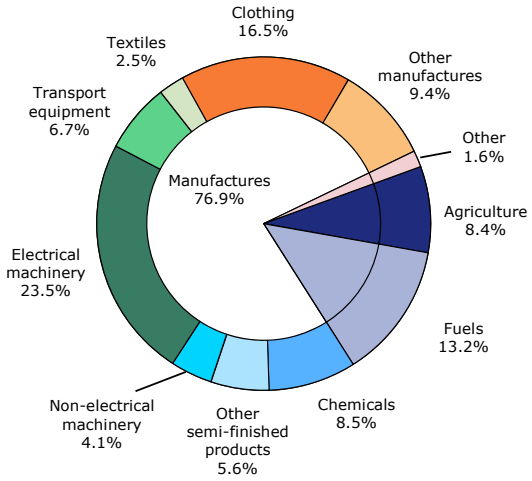
(%)

2005 **2014**

(a) Exports (f.o.b.)

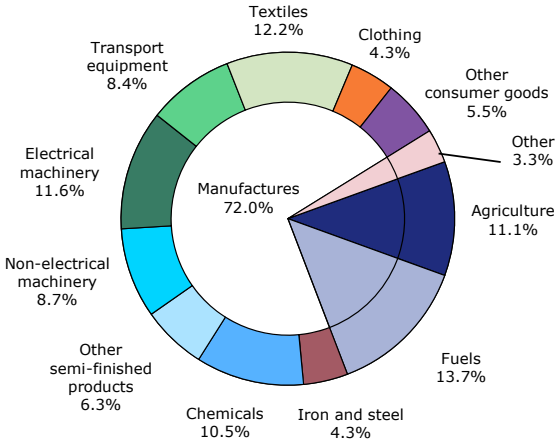


Total: US$10.5 billion

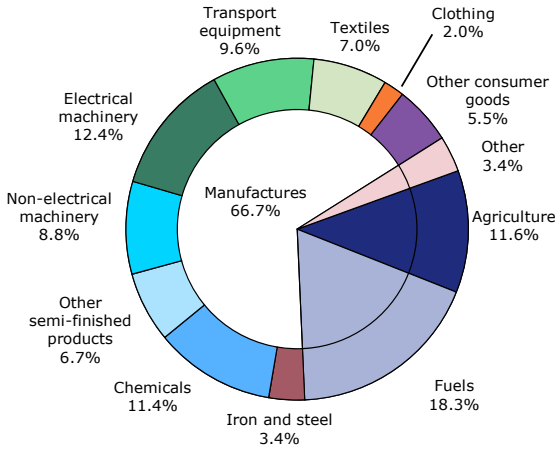


Total: US$16.7 billion

(b) Imports (c.i.f.)



Total: US$13.2 billion



Total: US$24.7 billion

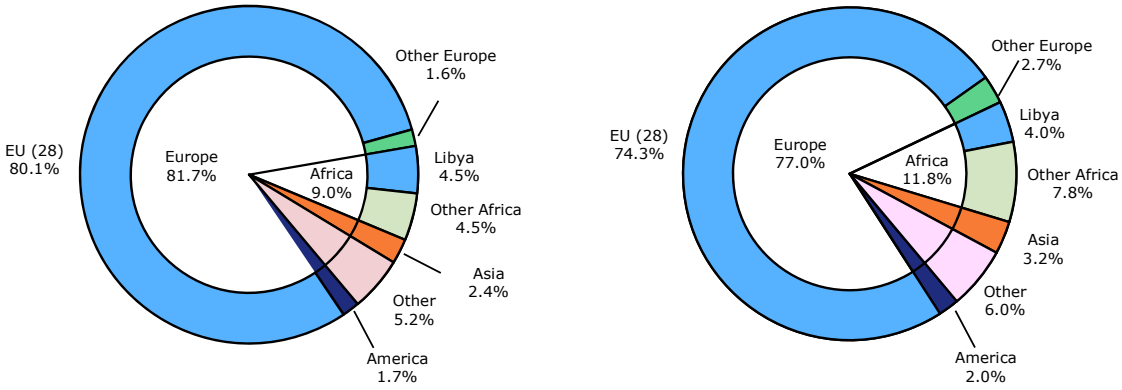
Source: WTO Secretariat calculations based on data from the UNSD Comtrade database (SITC Rev. 3) and data provided by the Tunisian authorities for 2014.

Chart 1.8 Direction of merchandise trade, 2005 and 2014

(%)

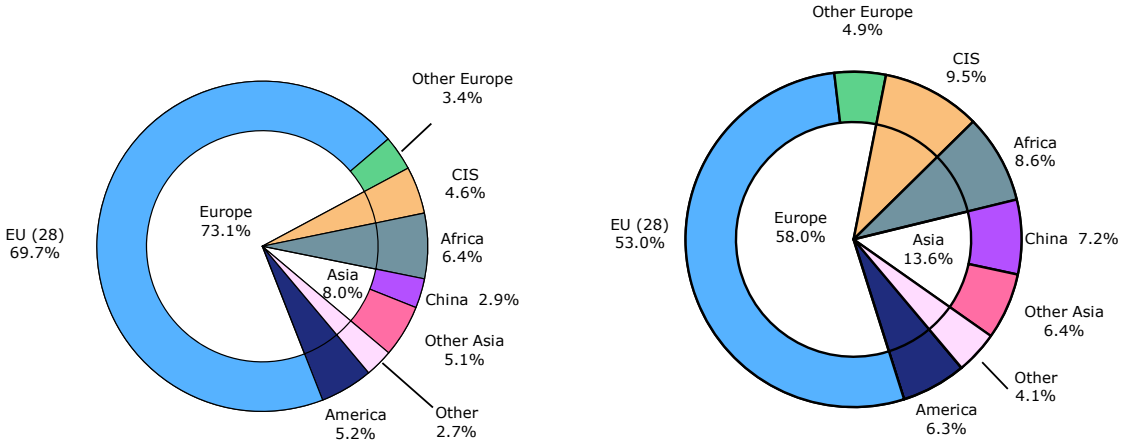
2005 **2014**

(a) Exports (f.o.b.)



Total: US$10.5 billion **Total: US$16.7 billion**

(b) Imports (c.i.f.)



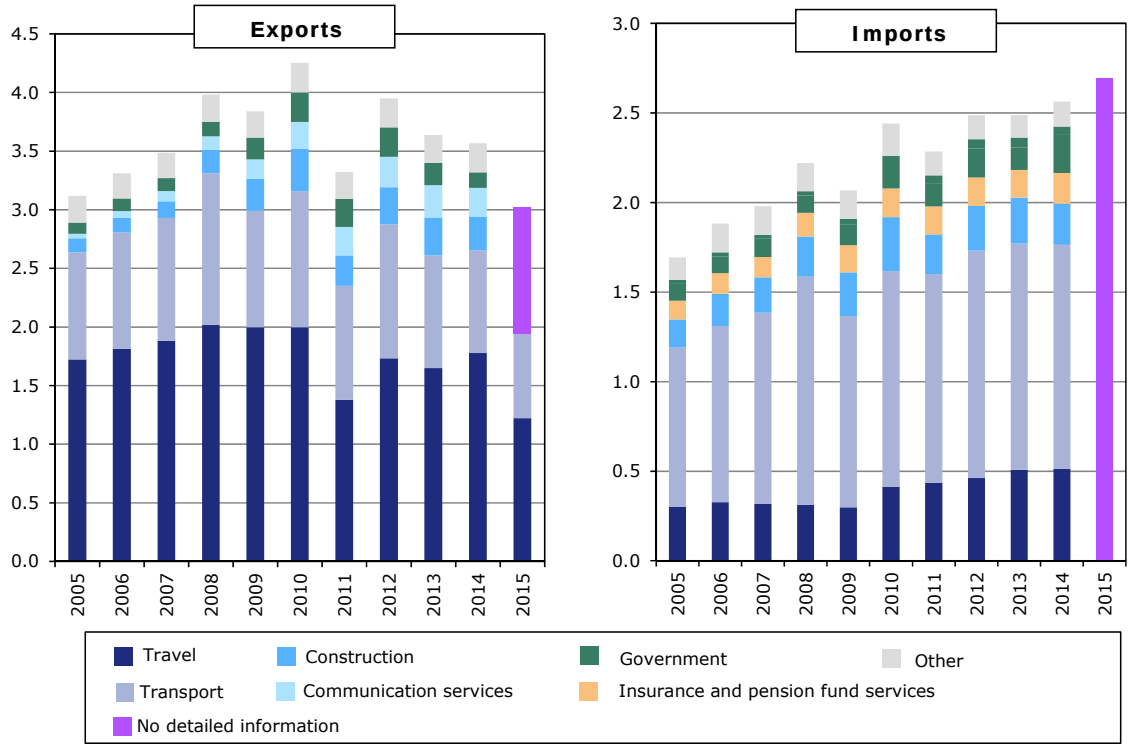
Total: US$13.2 billion **Total: US$24.7 billion**

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database (SITC Rev. 3) and data provided by the Tunisian authorities for 2014.

1.24. Tunisia is a net exporter of services, thanks mainly to the high income it earns from tourism and from transport and related services, which are provided by the national carrier Tunisair. Nonetheless, as Chart 1.9 shows, export flows contracted sharply as a result of the 2011 crisis, and plummeted further following the 2015 terrorist attacks. Services imports are displaying a long-term rising trend.

Chart 1.9 Trade in services, 2005-2015

(€ billion)



Source: WTO Secretariat calculations based on IMF data, viewed at: http://elibrary-data.imf.org (database accessed in April 2016); and information provided by the Tunisian authorities for 2015.

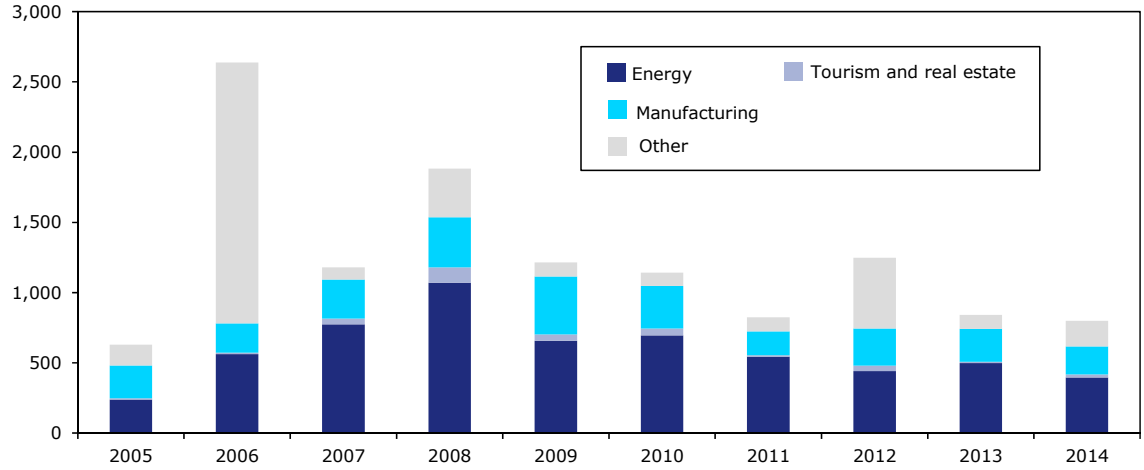
1.4 Foreign direct investment

1.25. Annual flows of foreign direct investment (FDI) grew vigorously up to 2008, leading to a doubling of the FDI stock in Tunisia. Since then the trend has been downward. FDI flows are concentrated in the energy, manufacturing, tourism and real estate sectors (Chart 1.10). A positive correlation exists between foreign investment and job creation in Tunisia; jobs in foreign enterprises represented around 26% of total national employment in 2007-2009[9]; and FDI is estimated to have contributed about 2% of GDP in 2013-2014 (Chart 1.4).

[9] Viewed at: http://www.mdci.gov.tn/fileadmin/publications/XIIPlan__Global_FR.pdf.

Chart 1.10 Foreign direct investment flows in Tunisia, by activity sector, 2005-2014

(€ million)



Source: Central Bank of Tunisia, viewed at: http://www.bct.gov.tn/bct/siteprod/stat_index.jsp.

2 TRADE AND INVESTMENT REGIME

2.1 Overview

2.1. After the popular uprising of late 2010 and the ensuing revolution, the Republic of Tunisia introduced a new Constitution in January 2014 based on the principle of sovereignty of the people, a multiparty system, and the separation of the legislative, executive and judicial powers.[1] The first presidential election under the new Constitution took place in October 2014, and the next election is scheduled in principle for 2019.

2.2. Under the Constitution, the people exercise legislative power through their representatives in the new Assembly of the Representatives of the People (ARP), which comprises 217 members elected for a five-year term by direct universal suffrage or by referendum. Initiatives for legislation may originate from proposals by at least ten deputies, or from draft laws put forward by the President of the Republic or the Head of Government. The first parliamentary elections under the new Constitution were held in July 2014.

2.3. Pursuant to Article 20 of the Constitution, treaties approved by the ARP and then ratified by the President of the Republic rank above laws and below the Constitution. Treaties are approved by the ARP through organic laws, the adoption of which requires an absolute majority of members (Article 64).[2]

2.4. As pertains to international agreements, ARP approval is required specifically for trade agreements and those relating to international organizations, national borders or Tunisia's financial commitments, as well as international tax agreements.

2.5. The WTO Agreements are an integral part of Tunisian law.[3] They may therefore be invoked directly in Tunisian courts, even in the absence of an implementing provision. An importer who feels adversely affected by provisions deemed to be contrary to these Agreements could turn to the Tunisian courts on the basis of the WTO Agreements; this has never happened in practice.

2.6. Executive power is vested in the President of the Republic and the Government, led by the Head of Government. (Article 71). The President of the Republic represents the State. He lays down general policy in the fields of defence, foreign affairs and national security. The Government comprises the Head of Government, Ministers and Secretaries of State chosen by the Head of Government. In coordination with the President of the Republic, the latter chooses the Ministers of Foreign Affairs and Defence (Article 89). The Head of Government sets general State policy, ensures its implementation, and exercises general regulatory power.

2.7. The judiciary is independent and judges are therefore subject only to the law in the discharge of their functions (Article 102). The stated aim of the new Government is to expedite access to justice and improve its functioning. In particular, the independence of the judiciary is deemed to be crucial to promoting investment. The judicial system comprises the courts of ordinary law (commune courts, courts of first instance, appeal court, and court of cassation) and the special courts (real estate court, administrative court). Commercial chambers set up within the courts of first instance have jurisdiction over all disputes arising between business people in the course of their commercial activities.[4] Title XV of the new Customs Code contains provisions on disputes allowing for the possibility of taking cases to the courts.[5]

2.8. The Constitutional Court is empowered to review the constitutionality of draft laws (Articles 118-120). The Court of Auditors is the institution responsible for the oversight of Tunisian

[1] Constitution of Tunisia (2014), viewed at: http://www.legislation.tn/sites/default/files/news/constitution-b-a-t.pdf.

[2] Article 64 of the Constitution provides that the ARP adopts proposed organic laws by an absolute majority of its members and proposed ordinary laws by a majority of the members present; this majority should not be less than one-third of the members of the Assembly.

[3] Law 95-6 of 23 January 1995, viewed at: http://www.legislation.tn/sites/default/files/journal-officiel/1995/1995F/Jo00995.pdf.

[4] Code of Civil and Commercial Procedure, Article 40.

[5] Customs Code, viewed at: http://www.douane.gov.tn/index.php?id=688&L=-1.

public finances.[6] It is tasked with monitoring the proper management of public funds. The Court of Auditors prepares an annual general report which is published and may publish special reports if necessary. The Centre for Legal and Judicial Studies was established in 1993. It is a public administrative institution with legal personality and financial autonomy.[7]

2.9. A mandatory public consultation procedure has been in place since 2014 for all draft legislation.[8] Table 2.1 summarizes the main new legislation pertaining to international trade and investment. These laws are described in the different sections of this report.

Table 2.1 Trade-related laws and regulations published since 2005

Area (Section of the report)	Instrument/text
Constitutional provisions (2.1)	Constitution of 27 January 2014
Direct and indirect taxation (3.1.2)	Annual finance laws
	Law No. 2006-80 of 18 December 2006
New Customs Code (3.1.1)	Law No. 2008-34 of 2 June 2008
Customs valuation (3.1.1)	Order of the Minister of Finance of 28 January 2009 establishing the implementing regulations for Articles 22 to 35 of the Customs Code
Suspension of customs duty and VAT - agri-food, health and other products (3.1.2)	Decrees Nos. 2014-4512 of 30 December 2014, 2014-4513 of 30 December 2014 and 2015-4512 of 30 December 2014
Rules of origin (3.1.3)	Order of the Minister of Finance of 25 February 2009 establishing the procedures for submitting proof of origin
Elimination of the import certificate (3.1.1)	Decree No. 2006-2619 of 2 October 2006 introducing amendments for carrying out foreign trade transactions, as well as the relevant financial regulations
Standards (3.1.6)	Law No. 2009-38 of 30 June 2009 on the national standardization system; Decree No. 1083-2011 of 30 July 1911 establishing the categories of standards and the procedures for preparing and disseminating them; and Decree No. 2006-1210 of 24 April 2006 on the administrative and financial structure of TUNAC and its operating procedures
Conformity assessment (3.1.6)	Law No. 2005-92 of 3 October 2005, amending and supplementing Law No. 94-70 of 20 June 1994 establishing a national system for the accreditation of conformity assessment bodies; and Decree No. 2006-1340 of 8 May 2006 on conformity assessment bodies and the composition and functioning of the arbitration committee
Technical import controls (3.1.6)	Decree No. 2010-1684 of 5 July 2010 amending Decree No. 94-1744 of 29 August 1994 on the procedures for technical control of imports and exports, and bodies authorized to carry it out; and Joint Order of 18 September 2010
Technical regulations (3.1.6)	Order of the Minister of Industry of 16 April 2013 abolishing the mandatory status of Tunisian standards in the food industry
Technical controls (3.1.6)	Order of the Minister of Trade and Crafts of 15 September 2005, amending the Order of the Minister of the National Economy of 30 August 1994 establishing the list of products subject to technical import and export control
Technical import regulations (3.1.7.1)	Order of the Ministers of Trade and Crafts, Agriculture, Water Resources and Fisheries, Public Health, Industry and Technology, and Communications Technology of 18 September 2010 establishing the procedures for systematic technical control of imports
SPS (3.1.6)	Decree No. 84-1225 of 16 October 1984 establishing the list of animal diseases considered to be contagious and laying down general sanitary measures common to these diseases. It was amended and supplemented by Decrees Nos. 98-2362 of 23 November 1998, 2004-1198 of 25 May 2004 and 2009-2200 of 14 July 2009. The phytosanitary certificate must also include an additional country of origin declaration for the plants listed in the Ministerial Order of 28 May 2013 (full list provided in Article 5). Order of the Minister of Agriculture of 31 May 2012 establishing the list of quarantine bodies; and Order of the Minister of Agriculture of 31 May 2012 establishing the list of plants and plant products barred from entry into Tunisian territory
Fisheries (3.1.6)	Order of the Minister of Agriculture, Water Resources and Fisheries of 26 March 2010, amending and supplementing the Order of 19 September 1998 establishing the procedures for sanitary control and for monitoring the conditions of production and marketing of fishery products
SPS (3.1.6)	Order of the Minister of Agriculture of 28 May 2013 establishing the phytosanitary requirements and procedures for the control of plants and plant products imported into Tunisia
Slaughterhouses (3.1.6)	Order of the Minister of Agriculture of 4 January 2013 establishing the sanitary conditions for the creation of facilities for the treatment, processing and storage of meat and offal

[6] Viewed at: http://www.courdescomptes.nat.tn/Fr/accueil_46_6.
[7] Viewed at: http://www.e-justice.tn/index.php?id=575.
[8] The website http://www.consultations-publiques.tn is currently available in Arabic only.

Area (Section of the report)	Instrument/text
Section 3.1.6	Order of the Ministers of Trade and Crafts, Public Health, Industry, Energy and Small and Medium-Sized Enterprises of 3 September 2008 on the labelling and presentation of pre-packaged foods
Rules of origin (3.1.3)	Decree No. 2009-401 of 16 February 2009 establishing the rules for determining the origin of goods in accordance with the substantial transformation criterion
Competition (3.3.3)	Law No. 2015-36 of 15 September 2015 on the reorganization of competition and pricing
Electricity (4.3.3)	Law No. 12-2015 of 11 May 2015 on electricity generation using renewable energy Law No. 2009-7 of 9 February 2009 Decree No. 2009 67-73 of 28 September 2009
Insurance (4.6)	Law No. 2005-86 of 15 August 2005 on motor vehicle insurance Law No. 2014-47 of 24 July 2014 Law No. 2008-8 of 13 February 2008
	Law No. 2015-31 on the recapitalization of banks, August 2015
Microfinance (4.7)	Decree-Law No. 2011-117 of 5 November 2011 on the organization of the activities of microfinance institutions Law No. 2014-46 of 24 July 2014 amending Decree-Law No. 2011-117 of 5 November 2011 on the organization of the activities of microfinance institutions
Banking services (4.7)	Law No. 2009-64 enacting the Code governing the provision of financial services to non-residents
Telecommunications (4.8)	Law No. 2001-1 of 15 January 2001 enacting the Telecommunications Code, as supplemented and amended by Laws Nos. 2002-46 of 7 May 2002 and 2008-01 of 8 January 2008; and Decree No. 2013-5199 of 12 December 2013 on the information and communications technology development fund
Land transport (4.5)	Law No. 2004-33 of 19 April 2004 on the organization of land transport, as amended by Law No. 2006-55 of 28 July 2006
Maritime professions (4.5.4)	Law No. 2008-44 of 21 July 2008 on the organization of the maritime professions
Seaports Code	Law No. 2009-48 of 8 July 2009
Civil Aviation Code (4.9.4.1)	Law No. 99-58 of 29 June 1999, amended by Law No. 2009-25 of 11 May 2009
Legal services (4.11)	Decree-Law No. 2011-79 of 20 August 2001 on the organization of the legal profession

Source: WTO Secretariat.

2.10. Many old laws are still in force despite numerous amendments or partial repeals. For example, Law No. 94-41 excludes from the free foreign trade regime all products which affect security, public order, hygiene, health, morality, protection of fauna and flora and the country's cultural heritage (Section 3.1.4).

2.11. The broad outlines of Tunisia's economic and social development have traditionally been laid out in the framework of five-year development plans. A plan is drawn up on the basis of collaboration between the Government, economic and social partners, civil society, representatives of the regions, State-owned enterprises and the private sector, consumer associations and research institutes. The President of the Republic chairs the Higher Council for Planning. The Ministry of Development, Investment and International Cooperation (MDICI) compiles all the documentation and reports to the Higher Council. The draft Plan is adopted by the ARP in the same way as draft legislation. The Plan is implemented by means of annual economic budgets which evaluate any new social or economic developments and establish programmes for the following year. The 2016-2020 Five–Year Plan was being prepared in April 2016; according to the authorities, it provides for the promotion of investment and exports especially by improving the business environment, liberalizing economic activities, eliminating certain authorizations, easing access to financing, better governance and a more effective investment incentive scheme.

2.2 Institutional framework

2.12. The task of the Ministry of Trade is to draw up and implement government policy in the areas relating to domestic and foreign trade, competition and pricing, health protection and consumer safety.[9] It is also responsible for relations with the WTO and related matters. Financial aspects of foreign trade, budgetary and tax matters as well as customs administration are the responsibility of the Ministry of Finance in conjunction with the Central Bank of Tunisia. Other ministries also have an interest in trade policy, in particular, the Ministry of Agriculture and the Ministry of Industry, Energy and Mining. The MDICI plays a key role in the formulation of investment policy and coordinates the various sectoral policies, including trade policy.

[9] The Ministry's website was viewed at: http://www.commerce.gov.tn/Fr/accueil_46_50.

2.13. The number of institutions responsible for export and investment promotion has grown over the years, with implications in terms of administrative costs, interinstitutional coordination and policy coherence. Created in 1985 by the Tunisian Government, FOPRODEX is one of the oldest export support funds and also conducts international market surveys, assists enterprises with canvassing, advertising and start-ups abroad, in accessing new information technology and in training their staff in international trade.[10]

2.14. Another institution, the National Foreign Trade Council, was set up in 1994 to advise the Minister of Trade on export promotion strategy and trade policy in general; it monitors trade measures and draws up programmes for fairs and other events. It brings together the directors-general of all the competent ministries and public institutions and representatives of trade associations such as the Tunisian Industry, Trade and Crafts Union (UTICA) and the Tunisian Agriculture and Fisheries Union (UTAP). The Council meets at least twice a year under the chairmanship of the Minister of Trade.[11]

2.15. The Higher Export and Investment Council (CSEI) is responsible, in particular, for setting objectives and formulating export and investment strategies and for evaluating and monitoring outcomes. The CSEI meets once a year in principle. According to the authorities, it has not been operational since 2009.

2.16. The Foreign Investment Promotion Agency (APIE) is another entity tasked with investment promotion for export.[12] It is distinct from the Agency for the Promotion of Industry and Innovation (APII), which is a portal for investors supervised by the Ministry of Industry, Energy and Mining.[13] However, the promotion of investment, including industrial investment, is the responsibility of the MDICI[14], and this entails a high degree of interministerial cooperation in order to avoid duplication and overlap. A recent review of APII accounts and management showed a limited contribution to the development of investment; performance below expectations; shortcomings in the management of concessions and the release of subsidies; overlap between the privileges accorded by the APII and the Agricultural Investment Promotion Agency (APIA); and the release of subsidies without in-depth verification of the eligibility of the investment.[15]

2.17. It is clear from the foregoing, which does not include sectoral entities (e.g. the Fund for the Development of Competitiveness in the Agricultural and Fisheries Sectors (FODECAP)), that these institutions and their related costs could usefully be streamlined.

2.3 Trade policy objectives

2.18. Since its January 2011 revolution, Tunisia has had five successive governments and faced serious security problems also bound up with conflicts in neighbouring countries and the presence of terrorist groups on its territory. Trade policy has therefore not been one of the Government's core concerns. In response to a major problem of smuggling, the Head of Government underlined in 2015 that the priorities on his agenda included strengthening the Customs, bolstering security, combatting terrorism, and reducing poverty. The new Head of Government cited the revision of investment legislation (Section 2.5) and tax reform as further priorities.

2.19. The main trade policy change since 2005 has been the decision drastically to reduce import tariffs to a maximum rate of 36% since 2009 (see Section 3.1.2.2). Yet these measures have so far not effectively called Tunisia's trade policy into question, as it is still based on significant State control of vast swathes of the economy and of trade (see below). Import barriers are currently being reviewed so as to encourage private direct investment with a view to boosting job creation and raising the standard of living.

[10] Viewed at: http://www.cepex.nat.tn/content/accueil.
[11] Viewed at: http://www.commerce.gov.tn/Fr/le-conseil-national-du-commerce-exterieur_11_99.
[12] Viewed at: http://www.investintunisia.tn/Fr/accueil_46_33.
[13] Viewed at: http://www.tunisieindustrie.nat.tn/fr/doc.asp?mcat=25&mrub=189.
[14] Viewed at: http://www.mdci.gov.tn/index.php.
[15] Viewed at: http://www.courdescomptes.nat.tn/Fr/thematiques_58_4_0_0_0_0000_0000_Agence%20de%20promotion%20de%20l'industrie%20et%20de%20l'innovation__216#?.

2.4 Trade agreements and arrangements

2.20. Tunisia has concluded trade agreements with about 60 countries, some of which provide for preferential trade arrangements (Table 2.2).[16] No new agreement has been signed since the country's previous TPR in 2005, however, with the exception of a preferential trade agreement with Iran, which took effect in May 2008.[17] Some of these bilateral agreements provide for partial tariff preferences and do not cover all trade in goods; this is the case in particular with Egypt (1998), Iraq (2001), Iran (2008), Jordan (1998), Libya (2001), Morocco (1999), and Syria (2003). Other agreements exist but are not being implemented (Table 2.2).

Table 2.2 Regional trade agreements to which Tunisia is party, 2015

Agreement	Date of entry into force	Coverage of the Agreement	Notification to the WTO	
			Year	Legal provision
Tunisia – Turkey	01.07.05	Goods	2005	GATT Article XXIV
Tunisia - European Free Trade Association (EFTA)	01.06.05	Goods	2005	GATT Article XXIV
Tunisia - European Union	01.03.98	Goods	1999	GATT Article XXIV
Agreement establishing the Greater Arab Free Trade Area (GAFTA)	01.01.98	Goods	2006	GATT Article XXIV
Global System of Trade Preferences among Developing Countries (GSTP)	19.04.89 Not applied	Goods	1989	Enabling clause
Protocol relating to Trade Negotiations among Developing Countries (PTN)	11.02.73 Not applied	Goods	1971	Enabling clause
Tunisia - Iran	26.05.08	Goods	Not notified	
Agadir Agreement (Egypt, Jordan, Morocco, Tunisia)	06.07.06	Goods	Not notified	
Tunisia - Syria	10.03.05	Goods	Not notified	
Tunisia - Libya	19.02.02	Goods	Not notified	
Tunisia - Iraq	31.12.99	Goods	Not notified	
Tunisia – Morocco	16.03.99	Goods	Not notified	
Tunisia - Jordan	1999	Goods	Not notified	
Tunisia - Egypt	1998	Goods	Not notified	
Tunisia - Algeria	2008	Goods	Not notified	
Tunisia - Mauritania	..	Goods	Not notified	
Community of Sahel-Saharan States (CEN-SAD)	..	Goods	Not notified	
Arab Maghreb Union (AMU)	..	Goods	Not notified	

.. Not available.

Source: WTO Secretariat, database on regional trade agreements, viewed at: http://rtais.wto.org.

2.4.1 World Trade Organization (WTO)

2.21. Tunisia is an original Member of the WTO and grants at least MFN treatment to all its trading partners. November 2014 saw the adoption of the Protocol of Amendment to insert the Agreement on Trade Facilitation into Annex 1A of the WTO Agreement.[18] Tunisia's ratification process was in progress in April 2016. Tunisia had not previously signed any plurilateral agreement or any of the protocols and agreements concluded under the WTO; more specifically, Tunisia is not party to the Information Technology Agreement and did not sign the Understanding on Pharmaceuticals. As of April 2016, Tunisia had not been directly involved, as complainant or defendant, in any trade dispute settlement proceeding.

2.22. Tunisia has made 60 notifications to the WTO since 2005, or an average of six per year (Table 2.3). More particularly, the numerous outstanding notifications concern agriculture (including export subsidies); quantitative import restrictions; subsidy programmes; and State trading.

[16] The Ministry of Trade website contains a list of most of Tunisia's trade agreements. Online information from the Ministry of Trade, viewed at: http://www.commerce.gov.tn/Fr/accueil_46_50.
[17] Viewed at: http://www.commerce.gov.tn/Fr/IRAN.pdf.
[18] Viewed at: http://www.wto.org/french/tratop_f/tradfa_f/tradfa_agreement_f.htm.

Table 2.3 Tunisia's notifications to the WTO, 2009-2015

Agreement / Decision	Document symbol and date of most recent notification	Description of notification
Agreement on Agriculture		
Articles 10 and 18.2	G/AG/N/TUN/33, 07/07/2005;	Export subsidies and domestic support
Articles 5.7 and 18.2	G/AG/N/TUN/35, 11/07/2005; G/AG/N/TUN/38, 25/06/2007; G/AG/N/TUN/42, 07/06/2012	Special safeguard
Article 18.2	G/AG/N/TUN/31, 22/02/2005; G/AG/N/TUN/32, 04/05/2005; G/AG/N/TUN/34, 11/07/2005; G/AG/N/TUN/36, 18/10/2005; G/AG/N/TUN/37, 25/06/2007; G/AG/N/TUN/39, 24/09/2007; G/AG/N/TUN/40, 08/04/2011; G/AG/N/TUN/41, 09/06/2011; G/AG/N/TUN/43, 07/06/2012; G/AG/N/TUN/44, 15/01/2014; G/AG/N/TUN/45, 24/08/2015	Domestic support
GATS		
Article III:4 and/or IV:2	S/ENQ/78/Rev.10, 13/06/2008	Trade in services
GATT 1994		
Article VII – Article 22.2	G/VAL/N/1/TUN/2, 28/04/2009; G/VAL/N/1/TUN/2/Rev.1, 18/05/2009; G/VAL/N/1/TUN/3, 12/05/2011	Customs value of goods
Article XVII:4(a)	G/STR/N/8/TUN/Rev.1, 24/02/2006; G/STR/N/9/TUN, 24/02/2006; G/STR/N/10/TUN, 24/02/2006	Working Party on State Trading Enterprises
Article XXIV:7(a)	WT/REG201/N/1, 07/06/2005; WT/REG203/N/1, 15/09/2005	Regional trade agreements
Article XXVIII:5	G/MA/184, 11/01/2006	Market access – Schedule LXXXIII
Agreement on Import Licensing Procedures		
Article 7.3	G/LIC/N/3/TUN/3, 21/12/1999; G/LIC/N/3/TUN/4, 11/01/2007; G/LIC/N/3/TUN/5, 05/10/2007; G/LIC/N/3/TUN/6, 28/09/2011	Laws and regulations
Article 8.2(b)	G/LIC/N/1/TUN/2, 11/01/2007	Laws and regulations
Agreement on Rules of Origin		
Article 5	G/RO/N/61, 19/02/2009	Laws and regulations
Agreement on Subsidies and Countervailing Measures		
Article 25.1 – Article XVI:1	G/SCM/N/123/TUN, 19/09/2006	Laws and regulations
Agreement on Safeguards		
Article 12.1(a)	G/SG/N/6/TUN/1, 26/07/2006; G/SG/N/6/TUN/2, 28/07/2006; G/SG/N/6/TUN/3, 15/10/2014; G/SG/N/6/TUN/4, 15/10/2014; G/SG/N/6/TUN/5, 30/07/2015	Laws and regulations
Agreement on the Application of Sanitary and Phytosanitary Measures		
Annex B	G/SPS/N/TUN/1, 29/04/2015	Sanitary and phytosanitary measures
Agreement on Technical Barriers to Trade		
Article 2.9	G/TBT/N/TUN/10, 01/06/2005; G/TBT/N/TUN/11, 06/07/2005; G/TBT/N/TUN/12, 11/11/2005; G/TBT/N/TUN/13, 08/02/2006; G/TBT/N/TUN/14, 02/08/2006; G/TBT/N/TUN/15, 03/11/2006; G/TBT/N/TUN/16, 03/11/2006; G/TBT/N/TUN/17, 12/01/2007; G/TBT/N/TUN/18, 20/04/2007; G/TBT/N/TUN/19, 29/05/2008; G/TBT/N/TUN/20, 22/07/2008; G/TBT/N/TUN/21, 05/08/2008; G/TBT/N/TUN/22, 05/08/2008; G/TBT/N/TUN/23, 18/11/2008; G/TBT/N/TUN/24, 03/04/2009; G/TBT/N/TUN/25, 03/04/2009	Technical barriers to trade

Agreement / Decision	Document symbol and date of most recent notification	Description of notification
Trade Facilitation Agreement		
Ministerial Decision WT/MIN(13)/36; WT/L/911 Article 15	WT/PCTF/N/TUN/1, 04/09/2014	Notification of category A commitments
Agreement on Trade-Related Aspects of Intellectual Property Rights		
Article 63.2	IP/N/6/TUN/1/Rev.1, 03/03/2010	Civil and administrative procedures and remedies
Article 63.2	IP/N/1/TUN/G/2, 09/04/2008; IP/N/1/TUN/T/4, 09/04/2008; IP/N/1/TUN/3; 07/04/2008; IP/N/1/TUN/4, 07/04/2008; IP/N/1/TUN/5, 19/04/2010; IP/N/1/TUN/C/1, 23/04/2010	Laws and regulations

Source: WTO Secretariat.

2.23. Tunisia is a beneficiary of WTO technical assistance. About 75 Tunisian participants have benefited from WTO technical assistance annually, though the number fell sharply in 2011. This fall has been partly offset by a significant increase in the number of Tunisians taking e-learning courses.

2.4.2 Agreements with the European countries and Turkey

2.4.2.1 European Union

2.24. In July 1995, Tunisia signed a bilateral Association Agreement with the EU, as part of the move to implement the Barcelona Declaration, one of the main objectives of which was to establish a Euro-Mediterranean free trade area by 2010. Under this Agreement, trade in goods other than agri-food products has been duty-free since 2008.[19] The Agreement also provides for the progressive liberalization of some agricultural and fishery products. Thus, Protocols 1 and 2 provide for tariff preferences for agricultural and fishery products from Tunisia, in particular, olive oil, meat, roses, cut flowers, spices, and fruit and vegetables (the latter only during specified periods of the year), preserved fruit and vegetables, wine, and preserved fish and crustaceans. In many cases, the volumes of certain preferential tariff quotas seem to be limited to about 100 tonnes. According to the authorities, Tunisia has been able to fill them for the following products: olive oil, citrus fruit, fishery products, and dates.

2.25. In 2000, further negotiations ended in the conclusion of a new five-year agricultural protocol which began to be implemented in January 2001. This led to improved access for Tunisian products (including an increase in quotas, in particular for olive oil (Section 4.1.8.3), an extension of the market access periods and the introduction of a number of new products). For its part, Tunisia accorded the EU preferential tariff quotas for cereals and sugar (Section 4.1.8).

2.26. The Agreement also contains non-tariff provisions. It prohibits quantitative restrictions and measures having equivalent effect on trade between Tunisia and the EU. At the same time, Tunisia and the EU reserve the right to take anti-dumping, countervailing and safeguard measures in their bilateral trade. The parties also undertake to "progressively adjust, without affecting commitments made under the GATT, any state monopolies of a commercial character so as to ensure that, by the end of the fifth year following the entry into force of this Agreement, no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Member States and of Tunisia". Moreover, "any official aid which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods" is deemed incompatible with the Agreement; in this respect, Tunisia benefits from renewable transitional derogations (Article 36). Table 3.7 sets out the tariff preferences accorded reciprocally by the parties.

[19] Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Tunisia, of the other part, viewed at: http://trade.ec.europa.eu/doclib/docs/2006/march/tradoc_127987.pdf. The Agreement was ratified through Law No. 96-49 of 20 June 1996 and notified to the WTO in 1999 (WTO document WT/REG69/N/1, 23 March 1999).

2.27. Negotiations were launched in March 2013 with a view to concluding a Deep and Comprehensive Free Trade Agreement (DCFTA) between Tunisia and the EU.[20] The two parties have agreed on a 2013-2017 Action Plan laying out their relations for this period.[21]

2.4.2.2 Agreement with EFTA

2.28. Concluded on 17 December 2004, the Association Agreement with EFTA covers goods only.[22] Under this Agreement, trade in non-agricultural goods has been duty-free since July 2008. For agricultural products, unlike the agreement with the EU, concessions have been exchanged separately with each of the member countries, as EFTA does not have a common agricultural policy.[23]

2.4.2.3 Agreement with Turkey

2.29. On 25 November 2004 Tunisia signed an Association Agreement establishing a free trade area with Turkey. The Agreement was ratified by the two parties and has been in force since July 2005.[24] There has been full tariff exemption for originating industrial products since July 2014; agricultural and fishery products including agri-food products are not covered by the Agreement. Besides, tariff preferences are granted on a reciprocal basis to certain agricultural and fishery products. The Agreement also includes provisions on the protection of intellectual property, services, dispute settlement, anti-dumping duties, countervailing duties and safeguards.

2.4.3 Trade relations with Arab countries

2.30. Maghreb Foreign Ministers meet annually. The Thirty-Third Session of the Council of Ministers of Foreign Affairs of the Maghreb Union (Algeria, Mauritania, Morocco and Tunisia) took place in May 2015 in Rabat against a backdrop of persistent political crisis in the region. This situation is hampering the progress of the Arab Maghreb Union (AMU) project, which has failed to materialize since its launch in 1989. Trade between the countries of the subregion is being drastically limited by conflicts as well as regional political instability and insecurity. Most of Tunisia's trade with its Maghreb partners takes place under bilateral trade agreements and the Agadir Agreement, which took effect on 27 March 2007. The Agreement brings together four Mediterranean Arab countries (Tunisia, Morocco, Egypt and Jordan), and was notified to the WTO in February 2016.[25] It commits the parties to waiving all import duties and any taxes having equivalent effect. The Agreement provides for diagonal cumulation of origin for products manufactured jointly in EU Member countries, the EFTA countries and in Turkey (Pan-Euro-Med), with the exception of agricultural and agro-industrial products that have not yet been liberalized between the EU and each of the parties to the Agreement.[26]

2.31. Tunisia is also a party to the Agreement, effective on 1 January 1998, creating the Greater Arab Free Trade Area (GAFTA), the implementation of which was completed in 2005. The WTO was notified in October 2006.[27] The Agreement covers only goods originating in and coming directly from the 18 Arab countries.

[20] Viewed at: http://trade.ec.europa.eu/doclib/press/index.cfm?id=888.
[21] Viewed at: http://eeas.europa.eu/delegations/tunisia/documents/press_corner/plan_action_tunisie_ue_2013_2017_fr.pdf.
[22] WTO Regional Trade Agreements Information System (RTA-IS), viewed at: http://rtais.wto.org/UI/PublicShowMemberRTAIDCard.aspx?rtaid=37; see also https://www.admin.ch/opc/fr/classified-compilation/20021941/201304010000/0.632.315.491.pdf.
[23] Viewed at: http://www.invest.gov.ma/index.php?Id=34479&lang=fr.
[24] This Agreement was notified to the WTO in document WT/REG203/1 of 19 September 2005. WTO RTA-IS, viewed at: http://rtais.wto.org/UI/PublicShowMemberRTAIDCard.aspx?rtaid=35.
[25] WTO RTA-IS, viewed at: http://rtais.wto.org/UI/PublicShowMemberRTAIDCard.aspx?rtaid=583.
[26] Viewed, *inter alia*, at: http://www.agadiragreement.org/CMS/UploadedFiles/Etude%20Textile%20-%20Pays%20de%20l'Accord%20d'Agadir%20-%20mars%202008.pdf.
[27] Viewed at: http://rtais.wto.org/UI/PublicShowMemberRTAIDCard.aspx?rtaid=16.

2.5 Investment policy

2.32. For more than 30 years the Government's stated policy has been to encourage private, especially foreign investment. The Investment Incentives Code (CII)[28] currently in force, a major but by no means the only piece of investment legislation in Tunisia, is under review. It covers operations involving the creation, expansion, replacement, rehabilitation or conversion of an activity but does not extend to the acquisition of an existing enterprise.

2.33. Moreover, the ARP adopted a draft law on public-private partnership in November 2015 (Section 3.3.1). This text will clarify the terms and conditions on which private, including foreign, operators may be involved in executing and operating public works and services.[29]

2.5.1 Business environment in Tunisia

2.34. Since its previous TPR, Tunisia has made significant headway according to the indicators of the World Bank's Doing Business programme, and ranked 74th of 189 countries in 2016 in terms of ease of doing business. According to the authorities, significant efforts are being made to introduce a system under which easy, rapid and inexpensive business start-ups are possible online, which is critically important to the creation of small businesses and jobs. For example, the minimum capital requirement for setting up a limited liability company has been considerably reduced. With the help of the World Bank, company law is now being revised so as to better protect private creditors.

2.35. Second, it is vital for enterprises with credible projects to have access to funding structures that provide affordable loans. Yet the main constraint cited by Tunisian entrepreneurs lies in access to financing for their projects, as borne out by the country's extremely poor Doing Business ranking in this regard, even when compared regionally, despite the legislative reforms introduced since 2011 in order to create a microfinance framework (Section 4.7.3).

2.36. Third, it is important that State controls/approvals and administrative procedures remain limited so as to minimize the associated costs. In this regard, reforming the numerous pre-investment control and approval procedures described in this report, including the "specifications" procedures[30] or that for obtaining "fiscal privilege", would certainly help enterprises make substantial savings. The authorities are aware of this problem, and the 2011 launch of the Regulatory Guillotine Pilot project in the Ministry of Finance[31] and its expansion to nine other Ministries in 2012 led to the identification of 254 customs formalities and 192 tax formalities for elimination or simplification, and more than two thirds of them are reported to have already been simplified or abolished. The Ministry of Finance has created an e-register of customs and tax formalities.[32]

2.37. Fourth, taxation in Tunisia is relatively low by international comparison, but this seems to result primarily from the large number of exemptions rather than low base rates (Section 1.2). To reduce the tax burden uniformly, corporation tax was lowered from 35% to 25%.

2.38. Fifth, as described below, Tunisia maintains a system that provides numerous forms of aid, which not only overlap but are costly to the State and have not decisively impacted investment.

2.39. Sixth, there is a persisting dualism between "wholly exporting non-resident " enterprises, which enjoy total freedom when it comes to foreign exchange transactions and capital transfers, as well as considerably reduced taxes on the one hand, and domestic enterprises, which are subject to all manner of restrictions, on the other (Sections 1 and 3.2.4).

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[28] Law No. 93-120 of 27 December 1993 enacting the Investment Incentives Code, available at: http://www.tunisieindustrie.nat.tn/fr/download/CFGA/Code.pdf. See also the Order of the Minister responsible for industry and energy of 26 January 2004 updating the guide for private investors and promoters in the manufacturing and services sectors, viewed at: http://www.legislation.tn/sites/default/files/journal-officiel/2004/2004F/Jo0092004.pdf.

[29] For further details, see OECD (2015.

[30] See, in particular, Chambre de Commerce & d'Industrie du Centre, *Liste des cahiers de charges 2015*, viewed at: http://www.ccicentre.org.tn/liste_cahiers_charges.pdf.

[31] Order of the Minister of Finance of 22 November 2011. The project was expanded to another seven ministries in 2012 (Decree No. 2012-1682 of 14 August 2012), then to a further five in 2014 (Decree No. 2014-3484 of 18 September 2014).

[32] Viewed at: http://www.registre.finances.gov.tn.

2.40. Lastly, enterprises set up in Tunisia, including those engaged exclusively in export, are limited when it comes to hiring foreign employees (a maximum of four management and supervisory staff). The authorities have stated that numerous authorizations are granted in practice and that plans are therefore in place to review these limitations so as to ease the transfer of skills and new technologies. Investors do indeed state that they find it necessary to hire foreign personnel, above all during company start-up phases in Tunisia, when the skills concerned are not available locally.

2.5.2 Investment restrictions and controls

2.41. Under a 1961 Decree-Law, many commercial activities remain inaccessible to foreign natural and legal persons. The latter may, however, hold as much as a 50% stake in the capital of companies engaged in certain activities, provided that they are managed by Tunisians. These activities are: buildings manager; commission agent, broker, commercial agent, consignee, general representative, general or sales agent, irrespective of the designation under which the activity is carried out; and commercial traveller.[33] This text has not been revised since 1985.

2.42. The Decree-Law (Article 8) prohibits foreigners from engaging in certain specified business activities, such as wholesale distribution and retail trading, except where a waiver is granted by the Minister of Trade. If the activity is not governed by a specific instrument, foreigners wishing to engage in commercial activity are nonetheless required to obtain a foreigner's trading permit, especially when it comes to government procurement, the extraction of raw materials, foreign exchange operations or the distribution of hydrocarbons.[34] This drastically reduces the opportunities open to foreign investment, as well as the potential employment it could generate. In practice, restrictions of this kind could also encourage the use of nominees and other non-transparent procedures to circumvent the law. Algerian and Moroccan natural and legal persons may engage in commerce in Tunisia without a foreigner's trading permit, under the agreement between Tunisia and Algeria of 26 July 1963 and the agreement between Tunisia and Morocco of 9 December 1964; the approval of the Ministry of Trade is nonetheless required.[35]

2.43. Similarly, foreigners are not allowed, without prior State authorization, to hold more than a minority interest in construction companies, including the aspects of design, execution and follow-up of industrial and civil engineering works, buildings and infrastructure, real estate promotion and construction proper.

2.44. The tasks of the Higher Investment Commission (CSI) were being reviewed in April 2016, as was the Investment Incentives Code (CII) (from which the former derives its legal basis). The CSI's main role is to approve the acquisition of shares in Tunisian enterprises by foreigners and to approve foreign direct investment support in sectors subject to its prior authorization.[36] The CSI reports to the Prime Minister; it grants approval if the investment "is of special importance or interest to the national economy".

2.45. Since end-2014, although CSI authorization is still required for foreigners to acquire an equity stake of more than 50% in enterprises in "non-free" sectors, if an initial CSI authorization has been granted, there is no need to apply for a new one for acquisitions up to a new threshold of 66.66%. This notwithstanding, for 49 "non-free" activities in portfolio investments, for the time being foreigners may not freely acquire shares in Tunisian enterprises, whether or not listed on the Tunis Stock Exchange, beyond a limit of 50% of the company shares. Foreign investments of 50% or more are subject to CSI approval, except for acquisitions that do not confer voting rights.[37] The sectors subject to authorization as of 2015 were:

[33] Decree-Law No. 61-14 of 30 August 1961, viewed at: http://www.commerce.gov.tn/Fr/image.php?id=31.
[34] Ministry of Trade, viewed at: http://www.commerce.gov.tn/Fr/exercice-des-activites-commerciales-par-les-etrangers_11_178.
[35] Ministry of Trade, viewed at: http://www.commerce.gov.tn/Fr/exercice-des-activites-commerciales-par-les-etrangers_11_178.
[36] Decree No. 2014-3629 of 18 September 2014 on the composition, powers, organization and mode of operation of the Higher Investment Commission.
[37] Decrees Nos. 97-1738 of 3 September 1997 and 2005-793 of 14 March 2005.

- goods and passenger transport, rail transport, maritime transport, and air transport;
- communications;
- education, teaching and vocational training;
- property development;
- cultural production and publishing;
- the organization of conferences, seminars, fairs and exhibitions38;
- commercial advertising39; and
- security guard services.

2.46. Consequently, foreign investment in most of these activities, unless "wholly export-oriented", is subject to authorization under a vast array of different regulations.[40] This is likely to discourage not just trade in services but foreign investment as well.[41] The authorities have announced that the CSI is to be replaced by a National Investment Council and a National Investment Authority.

2.47. Direct investment in most manufacturing industries and in certain service activities (mainly financial services, insurance, and tourism) is open to foreigners and eligible under the CII, which specifies, in a positive list, the sectors eligible and the corresponding incentives. However, manufacturing industries subject to prior State authorization include, for example, oil-refining and the production of pharmaceuticals (also produced by the State-owned enterprise SIPHAT). Some other manufacturing activities are subject to prior authorization if they entail supplying the domestic market and are not for export. These include mechanical carpet weaving; brewing, malting and wine-making; flour and meal milling; edible oil refining; fabrication of bars, angles, shapes and sections, and concrete reinforcing bars; teasing; and tobacco production.

2.48. Under current legislation, many activities are subject to "specifications"[42], the aim of which is to ensure compliance with technical regulations or quality standards; however, most of the procedures prescribed in these specifications call for prior authorization and constitute a further barrier to entry. Activities subject to specifications as of 2015 include the following:

- construction companies;
- dealers of cars and other vehicles;
- customs clearance warehouses and bays (Section 3.1.3);
- export warehouses and bays (Section 3.1.3);
- nurseries and kindergartens;
- pipeline transport;
- radio and television broadcasting services;
- tourism and travel agencies;
- catering and special events in connection with archaeological and historical monuments;
- creation of museums;
- establishment of libraries;
- production of multimedia material with cultural content;
- cultural centres, cultural fairs;
- creation of theatre companies;
- leisure centres for families and children;
- complexes for young people and children;
- residential and camping centres;
- sport centres for internships;
- sports medicine centres;
- education and fitness centres;
- advertising and sponsorship in leisure projects;
- prospecting and drilling other than for oil;
- housing projects; and
- organization of sporting and youth events.

[38] Decree No. 94–1747 of 29 August 1994.
[39] Subject to authorization under Law No. 2010-13 of 22 February 2010.
[40] Law No. 93-48 of 3 May 1993. Decrees Nos. 97-1738 of 3 September 1997 and 2005-793 of 14 March 2005. The APII website lists the activities that require authorization.
[41] Eby Konan, D. and Maskus, K. (1999).
[42] The "specifications" are contemplated in Law No. 2007-69 of 27 December 2007 on economic initiative, as amended by Law No. 2009-71 of 21 December 2009 relating to the Finance Law for the year 2010. See, in particular, Chambre de Commerce & d'Industrie du Centre, *Liste des cahiers de charges 2015*, viewed at: http://www.ccicentre.org.tn/liste_cahiers_charges.pdf.

2.5.3 Investment incentives

2.49. Foreigners may invest in the activities listed in Decree No. 94-492 of 28 February 1994 establishing the lists of activities in the sectors contemplated in Articles 1, 2, 3 and 27 of the CII; in these cases, foreigners are not required to obtain a foreigner's trading permit and it suffices for them to file a declaration of activity with the APII, in the same way as nationals.

2.50. The Tunisian system of investment incentives comprises over 20 mechanisms. However, besides the protracted nature of procedures and the multiplicity of parties involved, the scope and effectiveness of these mechanisms are also limited by the large number of laws and accompanying amendments (30 amendments to the Code since 1993), and implementing regulations (33 implementing decrees that have been amended 150 times). Hence, Decree No. 94-492 has been amended by Decrees Nos. 95-1095, 96-1234, 96-0632, 96-229, 97-503, 97-783, 98-29, 98-2094, 2000-821, 2001-1254, 2001-2444, 2002-0518, 2003-1676, 2004-0008, 2004-1630, 2004-2129, 2005-2856, 2006-1697, 2007-1398, 2007-2311, 2007-4194, 2008-3961, 2009-2751, 2010-825, and 2010-2936. Since 2004, a guide for private investors and promoters in the manufacturing industry and services sectors has brought together the various laws and regulations, whose application depends on whether the investment is in a "resident" or "non-resident" enterprise, is direct or portfolio, or relates to "wholly export-oriented" activities (Section 3.2.4).[43]

2.51. As previously mentioned, the authorities have stated that investment legislation is being reviewed, and a new investment code is being prepared. The Government now realizes that the current provisions have not allowed private investment to develop as dynamically as in other comparable countries, and that there has been an alarming decline in the total share of investment (public and private, including foreign investment) in GDP since 2008 (Table 1.1).[44]

2.52. According to the same source, tax and financial concessions cost about TND 1.5 billion per year, or about 8.3% of annual tax revenue and 2% of GDP. Besides, 64% of the tax concessions accorded (TND 729 million in 2014) go to export promotion; in addition, 6.5% of financial concessions (TND 20 million, mainly through FOPRODEX and the Export Market Access Fund (FAMEX)) are also allocated to export promotion. Furthermore, it is believed that 90% of the tax concessions have benefited a mere 10% of enterprises. Job creation has been weak, in that new jobs generated through the concessions do not exceed 2% of jobs created in the services and industrial sectors. The cost of creating a single job is about TND 30,000 in concessions.

2.53. A consolidated text on the general investment regime would clarify and lend greater transparency to the conditions under which investors operate. The addition of relevant provisions, including on legal remedies available to investors, would supplement this legislation to great advantage, thereby rendering it effective and credible. The agricultural, banking, insurance, mining and hydrocarbons sectors are currently excluded from the CII, and governed by sector-specific legislation.

2.5.4 Other tax and customs exemption schemes

2.54. In addition to the concessions available under the CII, the legislative framework provides for a package of tax and customs exemptions and facilitated foreign exchange measures for "non-resident" (or "offshore") enterprises that sell their products and services mainly to (other) non-residents, whether in Tunisia or abroad (Box 1.1). The principal export manufacturing scheme is that of economic activity parks (Section 3.2.4.2). Similar regulations exist for the benefit of offshore mining or hydrocarbons companies, clinics for non-residents, offshore banks, offshore insurance, these being the principal offshore services sectors.

2.55. These schemes, which can be cumulated with CII concessions, are not currently available to resident enterprises, whence the dichotomy between these exporting enterprises, which operate on highly concessional terms and often benefit from State subsidies, and the rest of the economy,

[43] *Guide de l'investisseur étranger en Tunisie*, viewed at: http://www.investintunisia.tn.

[44] Ministry of Development, Investment and International Cooperation, *Projet du nouveau Code d'investissement*, viewed at: http://tunesien.ahk.de/fileadmin/ahk_tunesien/04_PR_Service/NL_2015/06_2015/20152705-Code_d_investissement-FR-V0.8.pdf.

which is especially disadvantaged by all manner of restrictions (currency, tax, access to credit, capital movements, hiring, etc.).

2.56. Second homes purchased with convertible currency by foreign non-residents or Tunisians are exempt from registration fees and stamp duty when they change hands. Effects and furniture for equipping second homes in tourist areas, purchased with hard currency by non-residents, are admitted free of import duty and taxes. Buyers are assured of being able to transfer abroad funds used for these purchases in the event of resale.

2.5.5 International investment agreements and conventions

2.57. With respect to international investment, Tunisia has acceded to a number of international conventions, in particular, those of the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID). It has also signed bilateral mutual investment promotion and protection agreements with some 50 countries.[45] The agreement with Switzerland was signed in October 2012 and replaced that of 1961.[46] This is the only agreement signed since 2006, apart from the one signed with Algeria (which has not entered into force). The negotiations on a Deep and Comprehensive Free Trade Agreement (DCFTA) between the EU and Tunisia include an investment component. Most of these bilateral investment promotion and protection agreements generally ensure that the investments concerned receive fair, equitable and non-discriminatory treatment, MFN treatment and that the rights of investors are protected in the event of expropriation. The latter must be non-discriminatory and in the public interest, guarantee the legality of the procedure and provide for compensation.

2.58. As pertains to international arbitration, the investor may, in the event of a dispute, choose between recourse to the ICSID or to an ad hoc tribunal set up in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). Almost all of these agreements contain investor-State dispute settlement provisions.

2.59. Tunisia has signed international agreements for the avoidance of double taxation with some 50 countries, including neighbouring countries and most OECD countries. These agreements contain provisions on corporation or income tax, and the exchange rate regime. In May 2013 Tunisia signed the OECD Convention on Mutual Administrative Assistance in Tax Matters.[47]

2.60. In 2008 Tunisia ratified the United Nations Convention against Corruption (UNCAC).[48] It then became the 44th country to accede to the OECD Declaration on International Investment and Multinational Enterprises in May 2012. In adhering to the Declaration, Tunisia undertook to accord national treatment to foreign investors, with the exception of those on a negative list notified upon accession and regularly updated, and to encourage responsible corporate behaviour. In exchange, other parties adhering to the Declaration guarantee that Tunisian investors abroad will be accorded equivalent treatment. In late 2012 Tunisia signed the OECD Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance.[49]

[45] For a list of these agreements, see the website of the Agency for the Promotion of Industry, viewed at: http://www.investintunisia.tn/Fr/accueil_46_33. See also UNCTAD, Division on Investment and Enterprise, viewed at: http://investmentpolicyhub.unctad.org.

[46] Federal Government, viewed at: http://www.admin.ch/opc/fr/federal-gazette/2013/1287.pdf.

[47] Viewed at: http://www.oecd.org/fr/ctp/echange-de-renseignements-fiscaux/conventionconcernantlassistanceadministrativemutuelleenmatierefiscale.htm.

[48] Viewed at: https://www.unodc.org/unodc/en/treaties/CAC/signatories.html.

[49] Viewed at: http://acts.oecd.org/Instruments/ShowInstrumentView.aspx?InstrumentID=261&Lang=fr&Book=False.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures directly affecting imports

3.1.1 Customs procedures

3.1. Since Tunisia's previous Trade Policy Review in 2005, the country has taken measures to facilitate trade and thus lessen the time needed for customs clearance of imports. New trade facilitation measures have been introduced with the aim of making customs clearance paperless, for example, through electronic processing of customs documents, acceptance of digital signatures and electronic payment of duties and taxes.[1] The creation of the Tunisie Trade Net (TTN) electronic single window and the "single form" (*liasse unique*) project for sending and receiving customs declarations, foreign trade attestations and technical import control documents have also played a positive role.

3.2. Under the project to streamline fiscal and customs formalities agreed between the Tunisian Government, on the one hand, and the World Bank, the African Development Bank, the European Union (EU) and the French Development Agency, on the other, it is planned to simplify close to 77% of the formalities identified and eliminate 30 procedures. In March 2016, this project was partly implemented with the streamlining of procedures and shorter time-limits, although all procedures have not yet been computerized, for example, those concerning the granting of fiscal concessions. Streamlining import procedures also includes introduction of the status of authorized economic operator (AEO) and focusing on *a posteriori* rather than *a priori* controls, employing risk management, and the preparation of guidebooks for the various customs procedures. Wholly exporting enterprises may apply to become AEOs.

3.3. Tunisia has notified its Category A measures in connection with the Agreement on Trade Facilitation under: Article 1 on the publication and availability of information, Article 4 on procedures for appeal or review, Article 9 on the movement of goods intended for import under customs control, Article 11 on freedom of transit (except for the availability of a physically separate infrastructure for goods in transit), Article 12 on customs cooperation, as well as specific paragraphs in other Articles as identified in its notification to the WTO.[2]

3.4. Any natural or legal person may import goods into Tunisia for their own account. Nevertheless, acting as a trader, including an international trader (import and export) as distinct from engaging in production is restricted to Tunisian nationals.[3] The same applies to wholesale and retail trade activities. Foreign natural or legal persons may, however, set up international trading companies with the purpose of importing, exporting, trading or international brokerage provided that at least 30% of the company's annual turnover is derived from the export of goods of Tunisian origin.[4] In the case of domestic trade open to foreigners, a foreigner's trading permit must be obtained from the Ministry of Trade (Section 2.5.2).

3.5. Any person wishing to offer customs clearance services (for example, as a transit agent) must be approved as a customs broker. Approval is given by the Minister of Finance for an indefinite period and is subject to certain conditions, including being a Tunisian national, holding a university degree or equivalent diploma, and passing a professional capacity test.[5] Approval as a customs broker is issued *ad personam* and may not be loaned, leased or ceded. It is not compulsory to use the services of a customs broker for importation or exportation. According to Article 108 of the Customs Code, the remuneration due to a customs broker is agreed between the client and the broker in accordance with pricing legislation.

[1] Articles 3 and 128 of the 2008 Customs Code, viewed at: http://www.douane.gov.tn/index.php?id=688&L=-1.

[2] WTO document WT/PCTF/N/TUN/1 of 4 September 2014.

[3] Decree-Law No. 61-14 of 30 August 1961.

[4] The percentage is 50% if the trading company's total sales amount to less than TND 1 million. Law No. 96-59 of 6 July 1996, amending and supplementing Law No. 94-42 of 7 March 1994, establishing the regime applicable to the activities of international trading companies, viewed at: http://caipe.tunisieindustrie.nat.tn/IMG/pdf/textes_juridiques-_Stes_Commerce_international.pdf.

[5] Articles 102-107 of the 2008 Customs Code.

3.6. The Directorate-General of Customs (hereinafter "the Customs"), under the authority of the Ministry of Finance, is responsible for administering and enforcing the customs regulations.[6] Any amendment to these regulations must be published in the *Journal Officiel* (Official Journal).[7] Tunisia has reformed its customs procedures since 2005, with the enactment of a new Customs Code in 2008[8] and a series of decrees and orders determining the procedures for implementing certain Articles of the new Customs Code, streamlining the internal transit procedures, *inter alia*, and introducing regulations for determining the origin of goods or the procedures for submitting proof of origin. These are based on international regulations, notably those of the revised Kyoto Convention and the EU Customs Code (for customs procedures), and include a section (Title 16) on the establishment of the Customs Conciliation and Expertise Commission (CCED) as the mandatory channel and procedure before turning to the courts.[9] As of March 2016, the CCED was not yet operating.

3.7. As part of the modernization of control techniques and the facilitation of customs clearance procedures, since 2004 the Customs has followed a risk management-based control policy so as to be consistent with Chapter 6 of the Guidelines on the General Annex to the revised Kyoto Convention (Customs control) and thus avoid overlapping inspection procedures and expedite clearance. Since 2006, the Customs has calculated the average time taken for clearance and how long goods remain under customs control, using a World Bank methodology. The average dwell time for goods at the Customs fell from 9.6 days in 2006 to 3.8 days in 2015. The average customs clearance time in 2015 was 0.75 days for all the various procedures and 2.3 days for the clearance for home use procedure. As regards technical control of imports, the time required at the Ministry of Trade level is 48 hours if all the documents are in order.

3.8. One of the recent developments, the Automated Customs Information System (SINDA) is used to deal with commercial imports and exports and has been connected to the "single form" platform sponsored by the TTN. By March 2016, 22,339 operators had been connected to the TTN platform. The information needed to complete the customs declaration is set out on the Customs website. In 2015, all customs declarations were handled electronically and all imports declared electronically. There are no more manual declarations.

3.9. All goods imported or exported must be the subject of a detailed declaration assigning a customs procedure to them. The detailed declaration must be submitted upon arrival of the goods at the customs bureau or at the latest 15 days afterwards. Article 80 of the new Customs Code reaffirms the provision introduced by the 2004 Finance Law allowing the goods manifest (the main document required by the Customs) to be filed in advance before the goods arrive at the port or airport. This possibility has been put into practice since April 2005. The manifest is forwarded electronically, together with requests for "fiscal privilege" (Section 3.1.2.6). According to the authorities, 80% of operators make use of advance manifests and a project is under way to make them compulsory.

3.10. To facilitate customs clearance, economic operators may establish customs clearance warehouses and bays (MAD) and export warehouses and bays (MAE). These were created in 1981[10] and enable imported goods to be stored temporarily (without immediately declaring them in detail), as well as goods for which declaration formalities have been completed and to which a customs export or re-export procedure has been assigned. The legal provisions can be found in Articles 82 to 86 of the Customs Code and the Order of the Minister of Finance of 2 September 2002[11], which makes the creation, exploitation and operation of the MAD and MAE

[6] Customs information was viewed on the Customs website at: http://www.douane.gov.tn.

[7] The Official Journal is published in Arabic and French. It was viewed on the website of the *Centre national universitaire de documentation scientifique et technique* (National Academic Centre for Scientific and Technical Documentation) at: http://www.cnudst.rnrt.tn/index.html.

[8] The Customs Code was enacted by Law No. 2008-34 of 2 June 2008 and entered into force in January 2009, viewed at: http://www.douane.gov.tn/index.php?id=688&L=-1.

[9] Order of the Minister of Finance of 10 March 2009 determining the criteria for the operation of the CCED and the fees payable to experts, viewed at: http://www.douane.gov.tn/fileadmin/lois_et_reglements/TA_2008/FR/2009-03-10_Arrete_commission_de_conciliation.pdf.

[10] Article 29 of Law No. 81-100 of 31 December 1981.

[11] Order of the Minister of Finance of 2 September 2002 approving the general specifications for the creation, exploitation and operation of customs clearance warehouses and bays and export warehouses and

subject to compliance with the terms and conditions drawn up by the Customs. At end-2015, 76 MADs and MAEs were operating.

3.11. Since 1994, it has no longer been necessary to obtain authorization from the Central Bank in order to obtain foreign currency to finance imports of goods. The import certificate required up until 2006 was eliminated by Decree No. 2006-2619 of 2 October 2006.[12] Only a commercial invoice domiciled with an approved intermediary is required for each import.

3.12. Declarations filed with the Customs are automatically sorted by SINDA in order to assess the risk posed by each import or export operation and are directed to a control channel according to the level of risk, taking into account certain criteria, for example, the nature and value of the product, its origin and the importer. Goods deemed to be of low risk are earmarked for the "green channel" and are released at once; the release order (BAE) is issued automatically with a summary check of the documents submitted or transmitted via the TTN. According to the information provided by the Customs, in 2015, 71% of customs declarations were directed towards the green channel, compared to 30% in 2004.

3.13. Goods designated for the "orange channel" are deemed to pose an average risk and are subject to document checks. Those sent to the "red channel" are regarded as high-risk and undergo physical inspection. The objective of the Customs is to keep the physical inspection ratio below 10% of the number of declarations filed. At end-2015, declarations directed towards the red channel accounted for 8.75% of the total. Inspection may only involve x-raying the entire container, but may also frequently involve x-raying and opening each package. The goods inspected are stored in the operators' warehouses before receiving a provisional release authorization (APE) or an authorization of release for consumption, which may often take up to 11 days. Issuance of an APE means that further technical controls or physical inspections must be carried out before the goods can be placed on the market.

3.14. While awaiting implementation of the CCED, three commissions are responsible for settling disputes relating to value, tariff classification or the origin of goods. According to the authorities, these commissions handle some 250 cases each year, mainly in relation to classification. If there is disagreement, the operator may request that his case be reviewed or may bring the matter before the competent court.

3.15. Tunisia confirms that it has applied the WTO Customs Valuation Agreement since August 2001.[13] The WTO provisions on customs valuation have been embodied in Articles 22 to 35 of the new Customs Code.[14] According to the authorities, 96% of declarations (i.e. 52,000 declarations) are dealt with on the basis of the transaction value cited by the declarant; if this value is rejected, the Customs adjusts it using the methods set out in the Agreement. It must inform the importer in writing of its final decision and the underlying reasons within a reasonable period.

3.16. The problems encountered by the Customs in implementing the Agreement concern in particular providing proof in the case of transactions with countries with which Tunisia has not signed the relevant agreements on administrative assistance. Following the revolution and also because of the disturbances in Libya, smuggling has greatly increased over the past five years. It affects the country as a whole, but more especially the border areas, and appears to be in the hands of organized bands with warehouses, fleets of trucks, suppliers and an entire distribution network. The major products smuggled include liquor, tobacco, hydrocarbons, domestic electrical appliances, used clothing and footwear, as well drug trafficking.

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bays, viewed at: http://www.legislation.tn/sites/default/files/fraction-journal-officiel/2002/2002F/074/TF20028864.pdf.

[12] Decree No. 2006-2619, amending Decree No. 94-1743 of 29 August 1994 determining the requirements for engaging in foreign trade transactions, viewed at: http://www.bct.gov.tn/bct/siteprod/documents/dec2006261920.pdf.

[13] Law No. 2001-92 of 7 August 2001, amending and supplementing the Customs Code, and WTO documents G/VAL/N/1/TUN/2 of 28 April 2009 and G/VAL/N/1/TUN/3 of 12 May 2011.

[14] The implementing regulations are contained in the Order of the Minister of Finance of 28 January 2009, viewed at: http://www.douane.gov.tn/fileadmin/lois_et_reglements/TA_2008/FR/TA_2008_3.pdf.

3.17. To combat this scourge, in April 2014 the Tunisian Government introduced a national plan to combat smuggling, whose goals are to step up controls at the borders with Algeria and Libya and in commercial ports; the decentralization and development of border regions; the creation of free zones in certain border areas (for example, the Ben Guerdane free zone); cooperation with neighbouring countries in combating smuggling; the revision of customs tariffs and taxation of goods affected by smuggling, and of the regulatory texts. This strategy was boosted by the adoption of Decree No. 2016-101 of 11 January 2016 on the creation of a national commission and regional anti-fraud commissions.

3.1.2 Customs levies

3.1.2.1 Overview

3.18. Various duties and taxes are payable on imported goods, the main ones being customs duty, value added tax (VAT) and consumption tax (excise duty) (Sections 3.1.2.2 to 5 below). The revenue earned from the various duties and taxes levied at the customs level rose between 2005 and 2015 (Table 3.1) owing to the increase in VAT and consumption tax. According to the authorities, the increase in VAT revenue, which yields the most in terms of overall revenue, is mainly attributable to the depreciation of the dinar. In 2014, fiscal revenue from imports accounted for close to one quarter of the State's total earnings from taxes (Chart 3.1).

Table 3.1 Revenue from import duties and taxes, 2005-2015

(TND million)

Duties and taxes	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Customs duty	505.9	489.9	514.3	584.7	520.2	563.8	375.4	716.6	727.9	784.2	800.0
VAT	..	..	..	..	..	2,022.3	1,314.2	2,340.9	2,442.3	2,656.4	..
Consumption tax	..	..	..	..	..	768.0	497.8	797.0	789.2	854.4	112
Other indirect taxes	..	..	..	..	..	355.7	247.1	434.4	459.9	580.9	..
Total	2,161.0	2,289.2	2,467.9	2,971.1	3,008.6	3,709.8	2,434.5	4,288.9	4,419.3	4,875.9	4,489.0

.. Not available.

Source: Ministry of Finance website: http://www.finances.gov.tn/index.php?option=com_content&view=article&id=121&Itemid=302&lang=fr.

3.19. Customs duty and other import taxes are frequently modified, usually in connection with the country's finance laws. Article 65 of the new Constitution no longer allows the duties and taxes applicable to certain products to be increased, reduced or suspended by specific decrees. Any reduction or suspension may be decided in the finance laws, which means that the texts are more transparent and predictable.

3.20. Four new taxes have been introduced since 2005: the environmental protection tax, the tax to promote the creation of literature and the arts, the tax on second-hand engines and spare parts, and the tax on lamps and tubes.

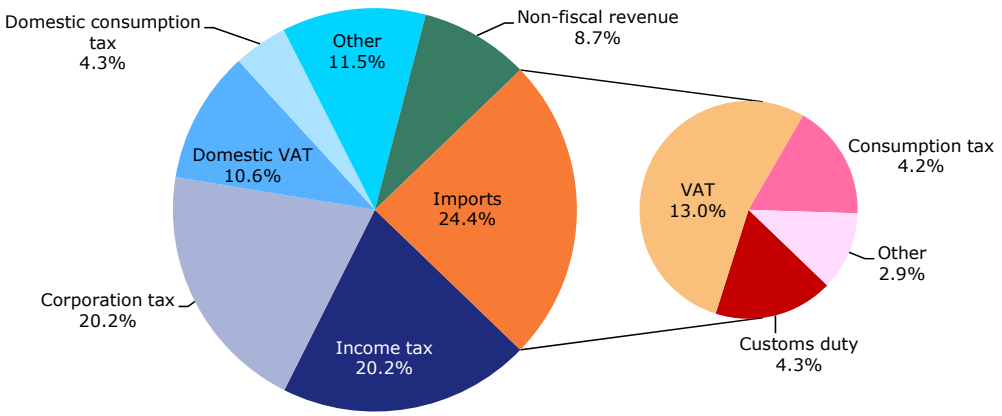
3.21. The Tunisian tariff for 2015 is based on the 2012 version of the Harmonized Commodity Description and Coding System (HS).[15] It includes 11,499 9-digit lines in Chapters 1 to 97 of the HS 2012. The 1996 bilateral agreement with the EU (Section 2.4.2) has led to the Tunisian tariff nomenclature's full harmonization with the EU combined nomenclature: in 2016, 100% of the 8-digit tariff lines were identical.

3.22. Customs duty is imposed on the customs value (c.i.f.) and accounted for 4.3% of the State's total revenue in 2015 (Chart 3.1). This percentage has been falling since 2005 (6.4%), with some fluctuations in 2012 (4.8%) and 2014 (4.7%). This is attributable to a number of factors, including the gradual lowering of tariffs on non-agricultural products as part of the agreement with the EU, and the larger number of customs duty exemptions given to domestic industries for the import of their inputs.

[15] The Customs has placed most of the legislative texts on customs matters (for example, those on products subject to technical import control, excluded from the free import regime) on electronic media, even when they refer to earlier nomenclatures.

Chart 3.1 Government revenue, 2014

%



Total revenue: TND 20.4 billion

Note: AFL 2014.

Source: WTO Secretariat calculations based on information provided by the Ministry of Finance, viewed at: http://www.finances.gov.tn/index.php?option=com_content&view=article&id=134&Itemid=304&lang=fr; et données fournies par les autorités.

3.1.2.2 Most-favoured-nation applied tariff (MFN)

3.23. The main features of Tunisia's MFN tariff are shown in Table 3.2. The rates are exclusively *ad valorem*.

Table 3.2 Structure of MFN duties, 2005, 2015 and 2016

(%)

	2005	2015	2016	Bound rate[a]
1. Bound tariff lines (% of all tariff lines)	n.a.	n.a.	n.a.	59.2
2. Simple average of MFN applied rates	31.3	18.2	14.1	66.7
Agricultural products (WTO definition)	66.8	34.2	32.1	120.8
Non-agricultural products (WTO definition)	22.6	14.2	9.6	39.2
Agriculture, hunting, forestry and fishing (ISIC 1)	63.0	32.4	30.5	123.5
Mining and quarrying (ISIC 2)	12.7	2.4	2.9	24.5
Manufacturing (ISIC 3)	30.0	17.4	13.1	61.6
3. Duty-free tariff lines (% of all tariff lines)	15.0	26.9	46.6	0.0
4. Simple average rate (dutiable lines)	37.3	24.9	26.4	66.7
5. Non-*ad valorem* tariffs (% of all tariff lines)	0.0	0.0	0.0	0.0
6. Non-*ad valorem* tariffs with no AVEs (% of all tariff lines)	0.0	0.0	0.0	0.0
7. Tariff quotas (% of all tariff lines)	1.6	1.3	1.3	1.3
8. Domestic tariff peaks (% of all tariff lines)[b]	5.5	0.0	0.0	0.0
9. International tariff peaks (% of all tariff lines)[c]	64.7	46.0	53.0	59.1
10. Overall standard deviation of applied rates	30.4	14.2	14.4	46.5
11. "Nuisance" applied rates (% of all tariff lines)[d]	0.0	0.0	0.0	0.0

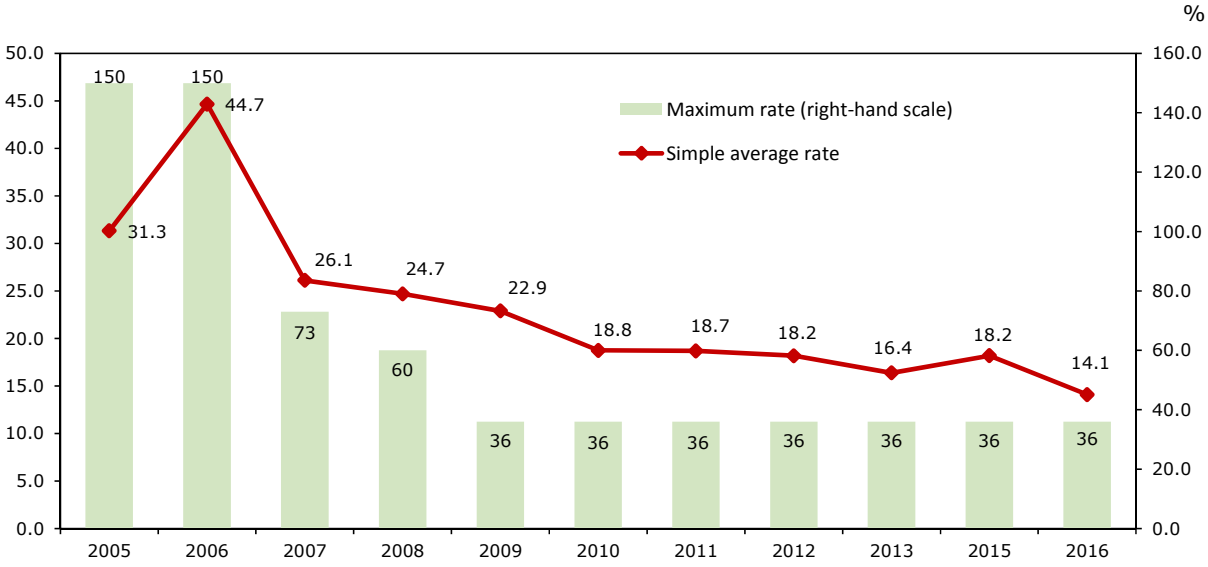
Note: The 2016 tariff is composed of 11,502 tariff lines (9-digit level, according to the HS12 nomenclature). The 2015 tariff is composed of 11,499 tariff lines (9-digit level, according to the HS12 nomenclature). The 2005 tariff is composed of 16,232 tariff lines (11-digit level, according to the HS02 nomenclature). The calculations are based on the national tariff line level, with ex-quota rates where applicable.

a The final bound rates have been provided by the authorities (9-digit level, according to the HS12 nomenclature).
b Domestic tariff peaks are those exceeding three times the overall simple average applied rate.
c International tariff peaks are those exceeding 15%.
d Nuisance rates are those greater than zero, but less than or equal to 2%.

Source: WTO Secretariat calculations based on data provided by the authorities.

3.24. The simple average MFN applied rate fell from 31% in 2005 to 14.1% in 2016. The number of rates decreased from 15 (0-150%) in 2005 to 6 in 2016, ranging from zero to 36%. The modal rate (the most common) is zero (Chart 3.2). The standard deviation also fell by over half, from almost 30% in 2005 to 14% in 2016, indicating lesser dispersion of rates (Table 3.2). In 2016, Tunisia allowed close to 47% of its tariff lines duty-free entry for the products concerned, compared to 27% in 2015 and 15% in 2005. This corresponds to 9.1% of tariff lines for agricultural products and 56% for non-agricultural products (Table 3.3).

Chart 3.2 Trend of average customs duty, 2005-2016



Note: The averages have been calculated on the basis of 9-digit tariff lines in the HS, with out-of-quota rates, where applicable. The tariff data for 2014 have been not notified to the Integrated Data Base (IDB).

Source: WTO Secretariat calculations based on data provided by the authorities; and the WTO Tariff Analysis Online (TAO) database.

3.25. The average tariff on agricultural products (WTO definition) is 32.1% in 2016, less than half the figure of 67% in 2005 (Table 3.2).[16] Tunisia has therefore substantially lowered its MFN agricultural duties since its trade policy was last reviewed in 2005. This was boosted by the streamlining of customs procedures introduced following Tunisia's agreements with the EU. The average rate applicable to non-agricultural products (9.6%) has also dropped sharply in comparison with 2005. This reduction is mainly a reflection of the lower tariffs on all categories of products, more especially those on wood and paper, clothing, leather and footwear.

3.26. Overall, the level of protection has fallen greatly for most sectors. The groups of products which show the largest reductions are products of animal origin, dairy produce, fruit and vegetables, and cereals (Chart 3.2). Since 2005, 425 Tunisian tariff lines, representing 3.7% of the total, have seen an increase in customs duty. Most of these lines are to be found in: Chapter 4 of the HS (milk and dairy produce), Chapter 12 (oilseeds and oleaginous fruits), Chapter 15 (animal or vegetable fats and oils) and Chapter 23 (residues and waste from the food industries). The same applies to all lines in Chapter 13 (gums, resins and other vegetable saps and extracts), and to more than half the lines in Chapter 24 (tobacco).

[16] These averages have been calculated on the basis of the WTO definition of agricultural products, taking into account only ex-quota rates.

Table 3.3 Brief analysis of MFN rates, 2005, 2015 and 2016

(%)

	Simple average rate (%)			2016 Range of rates (%)	2016 Duty-free tariff lines (%)[a]
	2005	2015	2016		
Total	31.7	18.2	14.1	0 - 36	46.6
Harmonized system (HS)					
Chapters 1 to 24	65.7	35.5	33.8	0 - 36	4.0
Chapters 25 to 97	21.8	12.9	8.1	0 - 20	59.7
By WTO definition					
Agriculture	66.8	34.2	32.1	0 - 36	9.1
Animal products	91.8	36.0	36.0	36.0	0.0
Dairy produce	95.3	36.0	33.3	20 - 36	0.0
Fruit, vegetables, plants	87.3	36.0	34.6	0 - 36	3.3
Coffee, tea	51.0	36.0	33.2	0 - 36	7.8
Cereals and other preparations	76.2	35.5	27.4	0 - 36	22.8
Oilseeds, fats and oils	41.7	32.4	31.4	0 - 36	5.3
Sugar and confectionery	44.2	36.0	36.0	36.0	0.0
Beverages and tobacco	48.3	35.9	35.9	15 - 36	0.0
Cotton	0.0	0.0	0.0	0.0	100.0
Other agricultural products	35.1	24.7	21.8	0 - 36	38.7
Non-agricultural products	22.6	14.2	9.6	0 - 36	56.0
Fish and fish products	40.2	34.5	33.2	0 - 36	3.7
Metals and minerals	22.4	10.8	7.3	0 - 20	63.5
Chemicals	15.5	6.0	3.3	0 - 20	83.6
Wood, paper, etc.	31.6	20.1	13.1	0 - 20	34.7
Textiles	26.4	14.9	11.4	0 - 20	43.2
Clothing	42.4	29.5	19.5	0 - 20	2.4
Leather, footwear, etc.	32.8	23.0	15.2	0 - 20	23.9
Non-electrical machinery	12.5	8.8	4.9	0 - 20	75.4
Electrical machinery	24.0	17.7	9.3	0 - 20	53.3
Transport equipment	18.3	14.4	9.7	0 - 20	51.7
Other manufactures n.e.s.	23.6	12.4	6.0	0 - 20	70.1
Petroleum	3.9	7.4	2.6	0 - 20	87.0
By ISIC sector[b]					
Agriculture, hunting, forestry and fishing	63.0	32.4	30.5	0 - 36	12.5
Mining and quarrying	12.7	2.4	2.9	0 - 20	85.4
Manufacturing	30.0	17.4	13.1	0 - 36	48.5
By level of processing					
Raw materials	45.5	25.9	22.5	0 - 36	35.1
Semi-finished products	21.5	10.6	8.5	0 - 36	63.0
Finished products	33.3	20.3	15.1	0 - 36	41.2

Note: The 2016 tariff is composed of 11,502 tariff lines (9-digit level, according to the HS12 nomenclature); the 2015 tariff is composed of 11,499 tariff lines (9-digit level, according to the HS12 nomenclature); and that of 2005 of 16,232 tariff lines (11-digit level, according to the HS02 nomenclature). The calculations are based on the national tariff line level, excluding in-quota rates.

a Percentage of all lines.
b International Standard Industrial Classification of All Economic Activities (ISIC) (Rev.2), excluding electricity, gas and water (one tariff line).

Source: WTO Secretariat calculations based on data provided by the authorities.

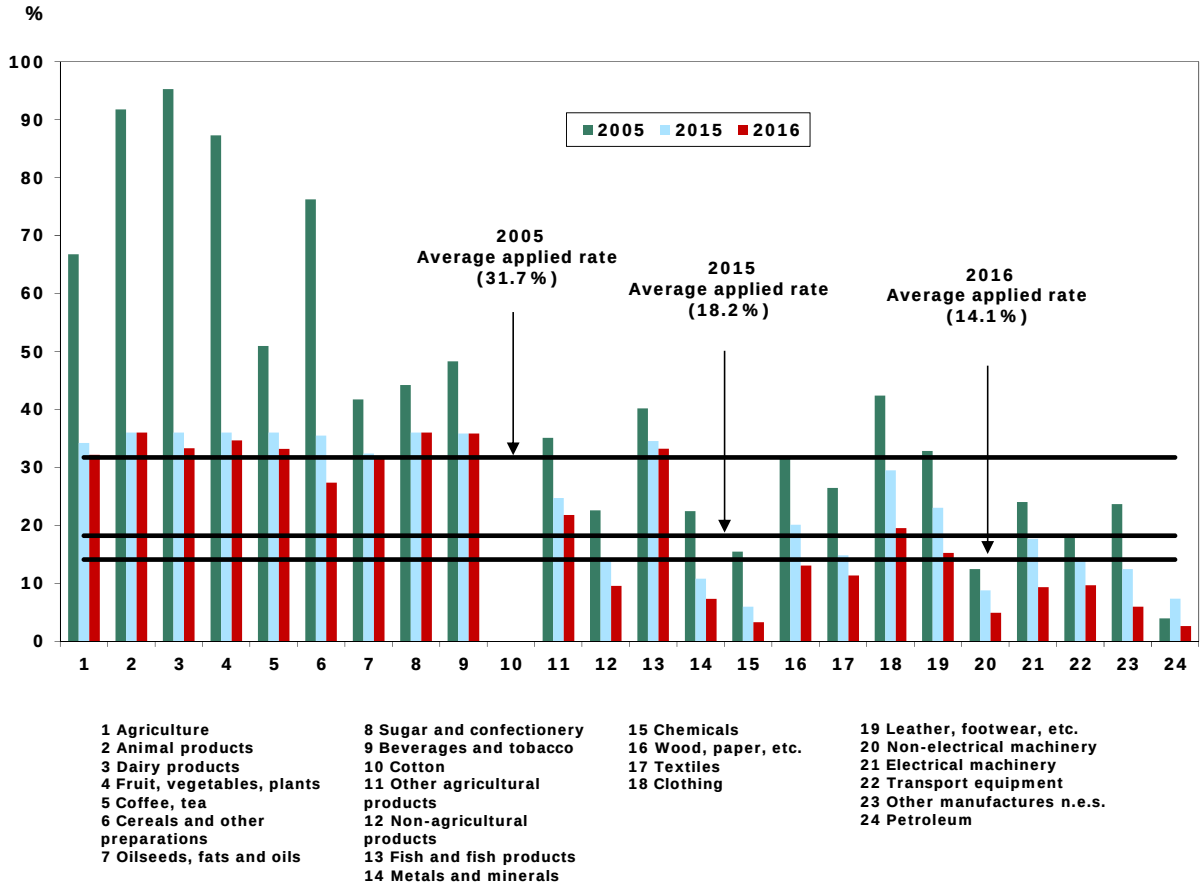
3.27. International tariff peaks (rates exceeding 15%), which accounted for around 65% of all tariff lines in 2005, represented 46% of all tariff lines in 2015, before rising to 53% in 2016.

3.28. Using the ISIC definition, the average tariff in the agricultural sector is 30.5%, 2.9% in mining and quarrying and 13.1% in manufacturing (Table 3.3). The tariff also shows mixed escalation overall, with average tariffs of 22.5% on raw materials (because of the protection accorded to agricultural production), 8.5% on semi-finished products and 15.1% on finished

products (Table 3.3). Closer examination, however, shows positive tariff escalation in some industries such as textiles and clothing, wood and articles of wood, and non-metallic mineral products; and positive escalation from raw materials to semi-finished products and then negative escalation to finished products in the food industry (including beverages and tobacco), and the paper, printing and publishing industries (Chart 3.3). This type of structure makes it necessary to grant various benefits (including fiscal and customs concessions) to the disadvantaged exporting industries and makes for inefficient allocation of resources.

3.29. The 2016 Finance Law limits customs duty on imported goods so as to combat smuggling and the informal economy. Only two rates of customs duty apply: zero on raw materials, semi-finished goods and capital goods with no locally manufactured equivalent; and 20% on consumer goods, except for agricultural products (36%).[17]

Chart 3.3 MFN applied rates by WTO group of products, 2005, 2015 and 2016

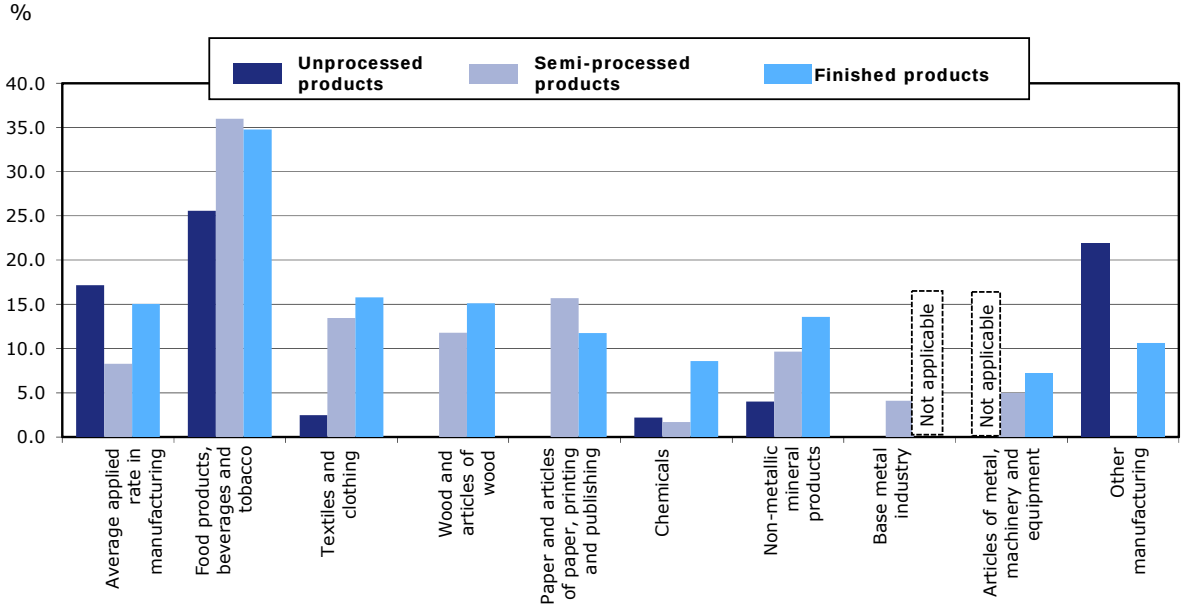


Note: The average tariff calculations are based on 2005 (according to the HS02 nomenclature), 2015 and 2016 (HS12 nomenclature).

Source: WTO Secretariat calculations based on data provided by the authorities.

[17] Articles 41, 42, and 43 of Law No. 2015-53 of 25 December 2015 concerning the Finance Law for 2016. See also the document prepared by Al Bawsala: 2016 Finance Law, Principal Measures, viewed at: http://www.albawsala.com/pub/564070a912bdaa13c26444cf.

Chart 3.4 Escalation of MFN applied rates by manufacturing industry, 2016



Note: The groups of products are defined in the two-digit ISIC.

Source: WTO Secretariat calculations based on data provided by the authorities.

3.1.2.3 Other duties and charges levied solely on imports

3.30. In addition to customs duty, other duties and taxes apply solely to imports and notably increase the cost of goods consumed (Table 3.4). These are the customs services fee of 3% levied on the duties and taxes collected, and the computer processing fee, fixed at TND 6 per page of declaration since January 2014 (Table 3.4). The income earned from fees for customs services amounted to TND 142.1 million in 2015.

Table 3.4 Other duties and taxes levied solely on imports, 2005 and 2016

(% of the c.i.f. customs value)

Name	Range of duty 2005	Range of duty 2016
Customs services fee	3% of duties and taxes	3% of duties and taxes
Computer processing fee		TND 6/page of declaration
Import levies on:		
Bovine meat		TND 0.670 – 1.700/kg
Milk (0% and 26% fat content)		TND 0.800 – 1.500/kg
Butter and cheese		TND 0.350 – 2.400/kg
Acid oils		TND 30/tonne
Fresh and dried fruit		TND 0.200 – 1/kg
Tax on second-hand engines and spare parts		TND 1/kg

Source: Compendium of texts on value added tax and consumption tax, viewed at: http://www.mozaissconsulting.com.tn/codesetreceuils/tva.pdf, and Ministry of Finance website, viewed at: http://www.impots.finances.gov.tn/documentation/impots_fr/tcl_fr_10.htm.

3.1.2.4 Bindings

3.31. During the Uruguay Round, Tunisia increased the number of its bound tariff lines from 15% to 61%[18], and this percentage has remained unchanged since the end of the Round as Tunisia is

[18] This ratio has been calculated by taking into account the number of national tariff lines corresponding to a bound tariff line in the Consolidated Tariff Schedules (CTS) database, irrespective of the number of digits in the code for the line (for example, 0105 or 0102901). It differs from the percentages obtained by harmonizing the entire bound tariff at 6-digit level.

not party to the Information Technology Agreement and did not sign the Understanding on Pharmaceuticals. Like the applied rates, the bound rates are all *ad valorem*. In 2005, at the end of the period allowed by the WTO Agreement on Agriculture (1995-2005), the average final bound rate was 65.5%, almost four times the average MFN applied rate in 2015.

3.32. After the previous review of its trade policy in 2005, Tunisia rectified its Schedule as regards products covered by the Agreement on Agriculture. As the bindings for some products had been omitted from the original Schedule, these were included in Tunisia's rectification document WT/Let/520 of 16 November 2005.[19] The final rates for products covered by the Agreement on Agriculture range from 17% to 200%, with a simple average of 120.8%. Pursuant to its commitments on minimum market access, Tunisia has also opened up annual tariff quotas for the import of agricultural products (Section 4.1.6); these concern 147 lines or 1.3% of the total number of tariff lines.

3.33. Binding also applied to 48.3% of non-agricultural tariff lines (i.e., those not covered by the Agreement on Agriculture). A separate commitment on textiles and clothing specified a decrease from 90% to 60% over ten years (1996-2005). The final bound rates for non-agricultural products as a whole range from 17% to 60%, with a simple average of 39.3%.

3.34. Rectification document WT/Let/520 also corrected a mistake in subheading 040690 concerning cheese, whose base rate (154%) appearing in Tunisia's Schedule was lower than the final rate (200%). The base rate was raised to 200% and the final rate to 154%. Furthermore, the MFN applied rate (27%) is higher than the bound rate (22%) for tariff heading HS 852990209 (parts of apparatus of subheadings 852841, 852851 and 852861). According to the authorities, this mistake was corrected in the 2016 Finance Law.

3.35. Tunisia bound "other duties and charges" (ODC) on some 2.5% of its tariff lines: bound ODC of 10% applies to 391 lines covering some fabrics and yarns and 30% to some wadding and woven pile fabrics, and tarpaulins.

3.36. Tunisia's Schedule of Concessions was transposed into the 1996 version of the HS and certified in 1999 (see document WT/Let/338 of 18 February 1999). The transposition into the 2002 version of the HS, prepared by the WTO Secretariat in collaboration with Tunisia, was certified in 2013 (see document WT/Let/892 of 24 July 2013). As regards the transposition into the 2007 version of the HS, a draft document has been prepared by the Secretariat in collaboration with Tunisia.

3.1.2.5 Internal duties and taxes

3.1.2.5.1 Value added tax (VAT)

3.37. VAT is one of the major sources of fiscal revenue for Tunisia.[20] Since its previous TPR in 2005, Tunisia has modified VAT by removing the highest rate (29%), thereby bringing the number of applied rates down from four to three.[21] The three VAT rates applicable in March 2016 are shown in Table 3.5. VAT on imports is assessed on the customs value plus the proceeds of import duty and other import taxes. For locally produced goods, it is assessed on the selling price, including other internal taxes. The general rate is 18%. Some products and services are exempt from VAT, for example, some agricultural machinery and agri-food products. Table A[22] shows the list of products exempt from VAT in 2016. In some cases, exemptions from VAT apply only if the product has no locally manufactured equivalent (Table 3.5 and Section 3.1.2.6 below).

[19] The products omitted concern the following HS headings and subheadings: 0508, 0509, 290545, 382311, 382312, 382313, 382319 and 382370.

[20] The latest version of the Value Added Tax Code, the Law on Consumption Tax, their implementing and related texts date from 1 January 2015. The Code will be updated following the new provisions contained in the 2016 Finance Law, so far only available in Arabic, viewed at: http://www.finances.gov.tn/index.php?option=com_jdownloads&Itemid=721&view=finish&cid=1055&catid=9&lang=fr.

[21] Articles 13 and 17 of Law No. 2006-80 of 18 December 2006 on reducing tax rates and lessening fiscal pressure on businesses.

[22] Article 8 of the VAT Code and Table A pursuant to the provisions in Article 31 of the 2016 Finance Law.

3.38. From 2003 onwards, for a 30-page list of products, mainly everyday consumables, the basis for VAT assessment was increased by 25% for enterprises not registered for this tax. This measure applying a 25% increase in the tax base for imports was abolished as of 1 January 2015 pursuant to Article 21 of the supplementary Finance Law for 2014.

Table 3.5 Value added tax, 2016

Selective description of activities	Rate applicable (%)
General rate	18
Basic food products, agricultural inputs and activities, pure-bred breeding animals, hydrocarbons exploration and production and hydrocarbons products, medical appliances, teaching services and materials, boats other than pleasure craft, repair and maintenance of boats, sports articles, media activities and public service telecommunications, ports, fishing, maritime transport, air transport, travel or property development agencies, rail transport equipment, insurance and credit services, postal services, capital goods manufactured locally and purchased before production start-up, accommodation, transport and care of disabled persons, interest on bank loans, waste-related services and equipment, postal and fiscal stamps, products intended for publishing books and newspapers, solar water heaters, inputs for renewable energy equipment, gold articles and jewellery, imported gold and silver (coins, bars, ingots), equipment for the crafts sector	Exempt
Medical and paramedical services, agricultural land registration, fertilizers, laser disks and other magnetic media, cattle feed, pharmaceuticals, certain food products, plain soap, roundabouts and other fairground attractions, raw materials for the crafts sector, craft products, transport of persons and of agricultural and fishery products, interest on loans, distribution and projection of films, museum tickets, paper for printing magazines	6
IT products and services, internet services, capital goods purchased locally after new investment start-up, imported capital goods with no locally manufactured equivalent, some types of fuel, some products for agriculture and fishing, freight transport, electricity (domestic and for agriculture), tourism and hotel activities, legal, accounting, layout design, architectural and teaching services, food products for stopping smoking, plastic waste collection activities, rental of berths in marinas, taxis and rural transport vehicles	12

Source: The list of activities exempt from VAT appears in Table A, activities subject to 6% VAT in Table B and those subject to 12% VAT in Table B *bis* in the VAT Code.

3.39. The authorities have explained that wholly exporting enterprises benefit from a general purchase certificate allowing them to make their purchases free of duties and taxes, whilst retaining the right to a VAT refund where applicable.

3.40. The 2016 Finance Law broadens the scope of VAT, which now extends to purchases by some government bodies, private educational institutions, driving schools, the manufacture and sale of solar water heaters, the import of absorbers for solar collectors for household use, and wholesale and retail sale of medicines and pharmaceuticals. These and other categories will be defined in decrees. Agricultural and fishery products are not included.

3.1.2.5.2 Consumption tax and other internal duties and taxes

3.41. Table 3.6 contains a list of other internal duties and taxes imposed on imports and domestic products. Consumption tax (excise duty) is levied on a list of both imports and domestically produced goods. It may be *ad valorem* or specific and varies considerably from one product to another. For locally manufactured goods, the *ad valorem* consumption tax is assessed on the selling price, including all fees, duties and taxes (except VAT). For imports, it is applied to the customs value (c.i.f.), excluding tax.

Table 3.6 Other internal duties and taxes, 2005 and 2016

(% of the c.i.f. customs value)

Description	Range 2005	Range 2016[23]
Consumption tax applied to motor vehicles	11-355%	50-267%
Consumption tax on tobacco imported by RNTA[a]/MTK[b]	40-135%	40-135%
Consumption tax on alcoholic beverages	25-683%	25-50%
Consumption tax on other products (fruit juice, whether or not fermented, water and other non-alcoholic beverages, cigarette paper, building materials, multi-use vehicles, motorcycles and bicycles, yachts and other pleasure craft, playing cards)	11-150%	10-25%
Special consumption tax on beer, wine and alcohol	TND 0.16-380/unit or hectolitre	TND 0.270-570/unit or hectolitre
Cork tax on bottled wine	TND 0.38/litre of raw alcohol	TND 0.060-0.160/bottle
Surtax additional to the consumption tax on alcohol		
Compensatory surtax on alcohol	TND 0.8/litre of raw alcohol	..
Specific consumption tax on petrol, diesel fuel, kerosene, etc.	TND 0.4-44.7/unit	TND 0.400-44.700/unit
Tax on preserved foodstuffs	1%	1%
Cross-sectoral business tax for the benefit of the Industrial (non-agricultural) Competitiveness Development Fund (FODEC)	1%	1%
Environmental protection tax (chemicals, cells, batteries)	5%	5%
Tax for the benefit of the financing fund for biological recovery periods in the fisheries sector		1%
Veterinary health tax (animals, meat, leather)	TND 0.01-0.1/unit	
Municipal slaughter tax (meat)	TND 0.012/kg	
Business tax for the benefit of the funds for the development of competitiveness in the agricultural, fisheries and agri-food industry sectors (FODECAP)	1%-2%	1%-2%
Tax to promote creation for the benefit of the Fund for the Promotion of Literary and Artistic Creation		1%
Tax on lamps and tubes		40%

.. Not available.

a RNTA: National Tobacco and Matches Board.
b MTK: Kairouan Tunisian Tobacco Manufacturing Company.

Source: WTO Secretariat, based on information provided by the Tunisian authorities.

3.42. The consumption tax applies, *inter alia*, to goods produced by manufacturers, bottlers and packagers of beer; producers of wine in bulk and bottlers of wine; manufacturers of spirits; manufacturers and bottlers of alcoholic beverages; and depositors and wholesalers of beer, wine, spirits and alcoholic beverages (Table 3.6).

3.43. The 2016 Finance Law introduced a sizeable decrease in the consumption tax on some products, including alcoholic beverages (liqueurs), bringing it down from 683% to 50%. It is planned to harmonize the consumption tax on beer. Some products affected by informal trade and smuggling have become exempt from consumption tax. This is the case, for example, of tyres and air conditioners. Other consumer goods such as tea and coffee were also made exempt in 2016.

3.44. The fiscal revenue earned from consumption tax, a large percentage of which is derived from agri-food imports, accounts for 2% of GDP, a high figure by international comparison;

[23] Finance Law for 2016, provisions relating to the consumption tax.

according to the International Monetary Fund (IMF), the consumption tax (excise duty) system is neither efficient nor sufficiently targeted to goods and services consumed by high-income households.[24] It is based on a complex regime with an extensive list of items which – apart from tobacco, alcoholic beverages and vehicles – have a low yield and put an unnecessary burden on tax administration; this list was in fact revised and abbreviated in 2016.

3.1.2.5.3 Payment of 10% tax on account

3.45. Importers subject to tax on the income of natural persons or corporation tax must pay tax on account on the income/corporation, set at 10% of the c.i.f. value of certain imported goods, plus the duties and taxes applicable. Persons not concerned by income tax or corporation tax or those exempt do not have to pay the 10% on account. The 45-page list of consumer goods affected by this measure is covered by the 2011 Code of personal income tax and corporation tax.[25] According to the authorities, the intent of this measure is to ensure more effective collection of taxes. Payments on account during the year may be deducted from the payments on account due over the year. If too much has been paid and not deducted from the first payment on account, it can be deducted successively from the second and third payments on account or from the income or corporation tax owing for the year in question. If the amount paid during the year does not suffice to cover the full payment due, the company may decide to add it to subsequent payments on account or to income or corporation tax, or make it the subject of a separate payment.

3.1.2.6 Duty and tax exemptions and concessions

3.46. According to the statistics furnished by the Customs, 42% of the customs declarations made in 2015 sought fiscal concessions in the form of exemption from import duties or taxes, known as "fiscal privilege". There are two kinds of exemption: firstly, exemptions provided for by the Investment Incentives Code[26] and intended to encourage exports (Section 3.2.4) or to achieve other objectives (for example, regional development or innovation in relation to information technology); and secondly, suspension, exemption or reduction of the duties and taxes prescribed in the finance legislation.

3.47. In fact, the Government may, by law, suspend any duties or taxes, including VAT, consumption tax or customs duty as such, or modify them.[27] Such measures may be intended to improve the competitiveness of domestic industries or to counteract shortages or price hikes. In general, however, they tend to lessen the predictability of decisions on production, increase the instability and complexity of the tariff and raise the level of effective protection of the industries concerned.

3.48. The 2016 Finance Law confirmed many suspensions that had been announced by decree for 2015.[28] For example, customs duty was abolished or reduced for some agricultural and agri-food products.[29] VAT on certain inputs needed for agriculture and fishing fell to 12%.[30] Suspension or reduction of customs duty, VAT and consumption tax was also adopted for some products intended for the health sector.[31] For example, VAT was suspended on the import and sale of medicines with no locally manufactured equivalents (HS headings 30.03 and 30.04), serums and other blood components and vaccines (HS heading 30.02) and contraceptives.

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[24] IMF (2015).

[25] Annex to Decree No. 96-500 of 25 March 1996, determining the list of consumer goods subject to the 10% tax on account at importation, viewed on page 295 of the 2011 Code of personal income tax and corporation tax at: https://www.msz.gov.pl/resource/e5174727-9a03-4550-aee5-7d6ec7abc7e1:JCR.

[26] Enacted by Law No. 93-120 of 27 December 1993.

[27] Value Added Tax Code, Law on Consumption Tax, and their implementing and related texts, updated to 1 January 2015.

[28] Decrees Nos. 2014-4512, 2014-4513 and 2014-4514 of 30 December 2014, viewed at: http://www.cnudst.rnrt.tn/jortsrc/2014/2014f/jo1052014.pdf.

[29] The list of agricultural and agri-food products, as well as other materials and products eligible for reduced customs duty can be found in Annex No. 1 to Decree No. 2014-4512 of 30 December 2014.

[30] The list of products intended for agricultural use and fishing and eligible for reduced VAT of 12% can be found in Annex No. 2 to Decree No. 2014-4512 of 30 December 2014.

[31] Decree No. 2014-4513 of 30 December 2014 suspending or lowering customs duty, value added tax and consumption tax on some products intended for the health sector.

3.49. Some activities and products are permanently exempt from VAT (Table 3.6). The purpose of these exemptions is to lower the cost of goods and services deemed to be essential or to encourage some priority activities such as agriculture. Furthermore, rental and taxi companies may import their vehicles without paying consumption tax, VAT or customs duty; they are also exempt from VAT on their rural transport services. Exports of goods or services are exempt from VAT in accordance with the territoriality rule provided by Article 3 of the VAT Code. VAT on inputs may be deducted and gives the right to its refund.

3.1.2.7 Tariff preferences

3.50. In accordance with the bilateral agreement signed with the EU in 1995 (Section 2.4.2), since 2008 Tunisia has granted the EU entry free of customs duty and taxes of equivalent effect for products originating in the EU, except for agricultural and fishery products and some craft products, for example, carpets (HS headings 5701, 5702 and 5705) (see Table 3.7). This preference is subject to origin requirements.[32]

Table 3.7 Tariff preferences under the Tunisia-EU Agreement, 2014 or 2016[a]

Operation	Agricultural products WTO definition	Fisheries products	Non-agricultural products
Importation into Tunisia: products originating in the EU	Reduced customs duty: **32.1%** on average (MFN: 32.1%). Average non-zero duty on the **2,089** non-zero lines: **35.4**%	Reduced customs duty: average of **33.2**% (MFN: 33.2%)	Totally duty free, except for **122** lines, average duty: **0.3**%, (MFN: 9.6%); average duty on **122** non-zero lines: **20**%
Importation into the EU: products originating in Tunisia[a]	Reduced customs duty and tariff quotas: average of **12.0**% (MFN: 14.4%). Average duty on the **1,452** non-zero lines: **17.9**%	Reduced customs duty: average of: **0.6%** (MFN: 12.0%)	Duty free (MFN: 3.8%)

a The calculations for imports into Tunisia are based on the 2016 tariff, while those for imports into the EU are based on the 2014 tariff.

Source: WTO Secretariat.

3.51. Moreover, under its bilateral agreements, Tunisia grants tariff preferences to Algeria, Egypt, Iran, Jordan, Kuwait, Libya, Mauritania, Morocco, Sudan, Syria, and Turkey (Table 3.8).

Table 3.8 MFN applied rate and preferential rate, 2015

	Total			Agriculture by WTO definition			Non-agricultural products by WTO definition		
	Simple average rate (%)	Range (%)	Duty-free tariff lines (%)a	Simple average rate (%)	Range (%)	Duty-free tariff lines (%)	Simple average rate (%)	Range (%)	Duty-free tariff lines (%)a
MFN	14.1	0 - 36	46.6	32.1	0 - 36	9.1	9.6	0 - 36	56.0
EFTA	8.1	0 - 36	76.4	32.1	0 - 36	9.3	2.1	0 - 36	93.2
Algeria	8.1	0 - 36	76.4	32.1	0 - 36	9.3	2.1	0 - 36	93.2
Egypt	9.5	0 - 36	69.1	31.4	0 - 36	10.8	4.0	0 - 36	83.7
Jordan	10.0	0 - 36	66.8	31.3	0 - 36	11.6	4.7	0 - 36	80.7
Kuwait	2.1	0 - 36	89.6	0.4	0 - 36	98.9	2.6	0 - 36	87.2
Morocco	7.0	0 - 36	79.2	25.9	0 - 36	26.7	2.3	0 - 36	92.3
Palestine	0.2	0 - 36	99.2	0.1	0 - 36	99.8	0.2	0 - 36	99.1
Turkey	8.1	0 - 36	76.4	32.1	0 - 36	9.1	2.1	0 - 36	93.2
EU	8.1	0 - 36	76.4	32.1	0 - 36	9.3	2.1	0 - 36	93.2

a Percentage of all lines.

Source: WTO Secretariat calculations based on data provided by the authorities.

3.52. In order to be eligible for preferential treatment, goods must be covered by proof of origin (a certificate of origin or an invoice declaration) (Section 3.1.3 below).

[32] The rules of origin were determined by the provisions in Protocol No. 4 to the Agreement, and were set out in detail in Note DGD No. 99/199 issued by the Directorate-General of Customs.

3.1.3 Rules of origin

3.53. Tunisia notified the WTO of its preferential and non-preferential rules of origin in 1996. The rules of origin applicable under the bilateral agreements subsequently signed by Tunisia have not been notified. Tunisia sent in a new notification of its non-preferential rules of origin in February 2009 following the enactment of the new Customs Code.[33] The non-preferential rules of origin applied by Tunisia have never led to any disputes or complaints within the WTO.

(a) Non-preferential rules

3.54. Article 21 of the new Customs Code and its implementing texts have been drawn up in accordance with the provisions in Annex K to the revised Kyoto Convention. The country of origin is that in which the goods have been wholly produced in the case of extracted mineral products, vegetable products, live animals and their products; products obtained from hunting or fishing and products obtained aboard factory ships, products extracted from marine soil or subsoil, and scrap and waste. The Code also provides that decrees are to prescribe the rules to be followed for determining the origin of a good obtained in a country from the products defined above when such products are imported from another country and have undergone "substantial transformation". The provisions in Decree No. 2009-401 of 16 February 2009 define the processing or transformation which is deemed substantial and thus enables the country where it was carried out to be considered the country of origin.[34] The form in which proof of origin has to be submitted and the cases in which it is not required have been determined by the Minister of Finance in an order.[35] In practice, the customs services accept the non-preferential origin declared but, if there are serious doubts, they may require the submission of proof.

(b) Preferential rules

3.55. In 1996, Tunisia notified the WTO of the special rules applicable to products originating in countries with which it had signed preferential agreements. The agreements reached with Egypt, Jordan, Kuwait, Libya, Mauritania and Morocco, and the agreement establishing the Greater Arab Free Trade Area (GAFTA) provide for several origin criteria, including local value added amounting to at least 40% of the ex-factory price of processed goods. The percentage may be cumulated among member countries (Table 3.9). Within the GAFTA framework, specific rules of origin have been agreed by member countries for 50% of tariff lines and are based on a change in tariff heading, local value added or specific operations. The Agadir Agreement differs from the GAFTA, *inter alia*, in the adoption of pan-Euro-Mediterranean rules of origin identical to those adopted in the free trade agreements with the EU, EFTA and Turkey. These rules are specific to each product and are based either on the criterion of a change in tariff heading (in the 4-digit HS) or on that of local value added or specific operations. Overlapping of the two agreements in terms of geographical coverage may mean different rules of origin for the same transaction.

3.56. The rules of origin under the Agreement with the EU are based on specific criteria for each product. The basis is either a change in tariff heading (in the 4-digit HS) or local value added or specific operations. Furthermore, for a list of products, the level of processing or transformation required is specified (Table 3.9). Protocol 4 to the Association Agreement between Tunisia and the EU gives details in this regard.[36] The principle of diagonal cumulation of origin between the EU, EFTA member States, applicant countries for EU membership and Mediterranean countries, including Tunisia, was adopted in 2003. Its application to Tunisia took the form of the adoption of the new Protocol 4 of 28 July 2006, which came into force on 1 August 2006.[37]

[33] WTO document G/RO/N/61 of 19 February 2009.

[34] Decree No. 2009-401 of 16 February 2009 establishing the rules for determining the origin of goods in accordance with the substantial transformation criterion, viewed at: http://www.douane.gov.tn/fileadmin/lois_et_reglements/TA_2008/FR/TA_2008_12.pdf.

[35] Order of the Minister of Finance of 25 February 2009, establishing the procedures for submitting proof of origin, viewed at: http://www.douane.gov.tn/fileadmin/lois_et_reglements/TA_2008/FR/2009-02-25_Arrete_preuves_d_origine.pdf.

[36] Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Tunisia, of the other part, viewed at: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31998D0238&rid=1.

[37] Decision No 1/2006 of the EU-Tunisia Association Council of 28 July 2006 amending Protocol 4 to the Euro-Mediterranean Agreement, concerning the definition of the concept of originating products and methods

Table 3.9 Preferential rules of origin

Agreement	Rules	Comments/cumulation
Association Agreement with the EU	Wholly obtained; or Sufficient transformation based on: specific rules for each product; Change in 4-digit tariff heading or local value added criterion or specific operations criterion; List of insufficient processing (does not confer origin); Tolerance for the incorporation of non-originating materials provided that their total value does not exceed 10% of the ex-factory price of the product (the rate is 8% of the ex-factory price for HS Chapters 50 to 63).	Bilateral cumulation of origin for materials and processing among the contracting parties; Total cumulation (cumulation of processing); and pan-Euro-Mediterranean diagonal cumulation.
Free trade agreement (FTA) with EFTA For industrial goods	Wholly obtained; or Sufficient transformation based on: specific rules for each product; List of insufficient processing (does not confer origin); Tolerance for the incorporation of non-originating materials provided that their total value does not exceed 10% of the ex-factory price of the product (the rate is 8% of the ex-factory price for HS Chapters 50 to 63).	Bilateral cumulation of origin for materials among the contracting parties; Total cumulation (cumulation of processing); and pan-Euro-Mediterranean diagonal cumulation.
For agricultural products	Wholly obtained; Specific rule.	No bilateral or diagonal cumulation.
FTA with Turkey	Wholly obtained; or Sufficient transformation based on: specific rules for each product; Change in 4-digit tariff heading or local value added criterion or specific operations criterion; List of insufficient processing (does not confer origin); Tolerance for the incorporation of non-originating materials provided that their total value does not exceed 10% of the ex-factory price of the product (the rate is 8% of the ex-factory price for HS Chapters 50 to 63).	Bilateral cumulation of origin for materials among the contracting parties; Total cumulation (cumulation of processing); and pan-Euro-Mediterranean diagonal cumulation.
Trade facilitation and promotion agreement among Arab countries (Arab League countries)	Wholly obtained; or Sufficient transformation based on: specific rules agreed among member countries (50% of tariff lines) and based either on a change in the 4-digit tariff heading or local value added or specific operations; Minimum local value added of 40% of the ex-factory price of processed products for industrial goods and some agricultural products.	Cumulation of materials among member countries.
Agadir Agreement	Wholly obtained; or Sufficient transformation based on: specific rules for each product; Change in 4-digit tariff heading or local value added criterion or specific operations criterion; List of insufficient processing (does not confer origin); Tolerance for the incorporation of non-originating materials provided that their total value does not exceed 10% of the ex-factory price of the product (the rate is 8% of the ex-factory price for HS Chapters 50 to 63).	Bilateral cumulation of materials among the contracting parties; and pan-Euro-Mediterranean diagonal cumulation of materials and processing.

of administrative cooperation, viewed at: http://eur-lex.europa.eu/legalcontent/EN/TXT/?qid=1462781187937&uri=CELEX:22006D0612.

Agreement	Rules	Comments/cumulation
FTAs with Egypt, Jordan, Libya and Morocco	Wholly obtained; or Sufficient transformation based on minimum local value added of 40% of the ex-factory price of the finished goods.	Bilateral cumulation of materials among contracting parties.
FTA with Syria	Same rules of origin as those for GAFTA	
Trade cooperation agreements with other Arab and African countries (Algeria, Kuwait, Mauritania and Sudan) and Iran	Wholly obtained; or Sufficient transformation consisting of minimum local value added of 40% (50% for Iran)	Bilateral cumulation of materials among contracting parties. Cumulation of materials applicable only to the agreements with Algeria, Kuwait and Mauritania
Agreement with the Palestinian Authority	GAFTA provisions	

Source: Agreements and conventions, viewed on the Customs website at: http://www.douane.gov.tn/index.php?id=818&L=3, and conventions viewed at: http://www.douane.gov.tn/index.php?id=47&L=12013; information provided by the Tunisian authorities.

3.57. Pan-European cumulation of origin, which covered the EU and EFTA member countries, was extended in 1995 to several Mediterranean countries, including Tunisia. The enlarged scheme (pan-Euro-Mediterranean cumulation of origin) now covers the EU and EFTA member countries, Turkey, the Faroe Islands, and the signatories of the Barcelona Declaration[38], namely, Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian Authority, Syria and Tunisia. It is founded on a network of preferential agreements and provides for diagonal cumulation provided that the agreements include identical rules of origin. Currently, in Tunisia's case, pan-Euro-Mediterranean cumulation applies to its relations with the EU, EFTA member countries, countries party to the Agadir Agreement (Morocco, Egypt and Jordan), and Turkey. Trade largely takes place within the framework of the pan-Euro-Mediterranean agreement. Since 2006, there has been a structure responsible for rules of origin in the Customs, and this has enabled most of the problems previously encountered to be resolved.

3.1.4 Prohibitions, quantitative restrictions, licensing and prior authorization

3.58. All imports from Israel are banned.[39]

3.59. The products whose importation may be prohibited or restricted form the subject of a 1994 law on "exclusion from the free import regime".[40] The list of products excluded from the regime has not changed since 2001. The relevant notifications have been submitted to the WTO.[41]

3.60. According to the authorities, the goods currently excluded from the free import regime have been listed for reasons of security, public order, health, morality, or to protect fauna and flora and the country's cultural heritage.[42] There are more than 800 lines (at 9-digit HS level) in the list, corresponding to some 7.2% of all tariff lines (Table 3.10).

[38] The 1995 Barcelona Declaration established a Euro-Mediterranean partnership based on three chapters for cooperation: political dialogue; economic relations (including free trade); and human, social and cultural relations.

[39] GATT document L/6713 of 27 July 1990.

[40] Law No. 94-41 of 7 March 1994 on foreign trade.

[41] WTO documents G/LIC/N/1/TUN/2 of 11 January 2007 and G/LIC/N/1/TUN/2/Corr.1 of 14 February 2007.

[42] Decree No. 94-1742 of 29 August 1994 setting out the lists of products excluded from the free foreign trade regime, viewed at: http://www.anticor.tn/wp-content/uploads/2013/11/decrets/jo06994.pdf. According to a recent study, however, in order to contain the trade deficit, imports of motor vehicles are subject to annual quotas, allocated to concessionaires by the Ministry of Trade, according, *inter alia*, to their purchases of automotive equipment from local component manufacturers (Oxford Business Group (2016)).

Table 3.10 Products excluded from the free import regime, 2005 and 2016

HS2	Description	2005		2016	
		Lines affected (11-digit level)	% of total number of lines	Lines affected (9-digit level)	% of total number of lines
	All products	**1,081**	**6.7**	**829**	**7.2**
01	Live animals (swine)	10	8.8	6	6.3
02	Meat of swine	67	22.4	47	18.1
04*	Milk and cream, butter	-	-	13	6.2
08*	Dates	-	-	1	0.8
10	Cereals	25	26.6	1	1.1
11*	Corn starch	-	-	1	1.2
12	Oleaginous plants (cannabis, poppy)	3	2.5	3	3.7
13	Gums, resins and saps (opium, cannabis)	2	7.4	2	12.5
20*	Tomatoes	-	-	8	2.5
22*	Beer made from malt	-	-	3	1.6
25*	Sulphur	-	-	2	2.2
26	Ores, slag and ash	11	20.8	7	15.9
27*	Petroleum oils and oils obtained from bituminous minerals	-	-	10	4.9
28	Chemicals, inorganic	55	14.2	66	23.7
29	Chemicals, organic	99	16.1	73	15.5
30	Pharmaceutical products	5	5.4	8	10.7
31*	Ammonium nitrate and double salts and mixtures	-	-	4	12.9
36	Explosives	28	75.7	17	89.5
38	Chemical products, miscellaneous	101	46.5	99	52.4
39	Plastics and articles thereof (waste)	9	2.5	5	2.0
40	Retreaded tyres	10	5.7	6	4.5
41	Hides and leather (waste)	1	0.7	1	1.0
46	Manufactures of straw, esparto, etc.	1	5.9	1	4.3
49	Products of the printing industry	6	9.0	4	11.4
57	Handmade carpets	34	44.7	36	72.0
58	Special handmade fabrics	2	1.8	2	2.8
63	Other textiles, worn clothing and worn textile articles	16	11.0	9	11.0
71	Pearls, precious stones and metals, jewellery, coins	139	88.5	95	93.1
72	Iron and steel (waste)	14	2.6	12	2.8
73	Articles of iron and steel (waste)	1	0.2	1	0.3
74	Copper and articles thereof (waste)	3	3.1	3	3.8
75	Nickle and articles thereof (waste)	2	10.5	2	10.5
76	Aluminium and articles thereof (waste)	3	2.4	3	3.6
78	Lead and articles thereof (waste)	1	5.3	1	7.1
79	Zinc and articles thereof (waste)	1	6.7	1	7.7
80	Tin and articles thereof (waste)	1	8.3	1	10.0
81	Other base metals (waste)	24	28.6	19	27.1
82	Tools and implements, of ivory	7	4.3	7	6.4
84	Machines and mechanical appliances, used	14	0.9	32	2.9
85	Cells and batteries, spent	5	0.5	7	1.0
87	Used motor vehicles	115	22.3	85	28.7
88	Aircraft or spacecraft	47	74.6	18	69.2
89	Ships, boats and floating structures	41	59.4	21	51.2
90	Optical instruments, gold	9	2.0	9	3.0
91	Clocks and watches, gold	63	48.8	28	38.9
93	Arms and ammunition	41	100.0	22	100.0
94	Lamps and apparatus, of crystal glass	5	2.9	5	4.6
96	Articles, miscellaneous (waste)	50	30.9	17	16.2
97	Works of art	10	83.3	5	71.4

Source: Information provided by the Tunisian authorities.

* Products not subject to restrictions in 2005.

Note: For 2005, the number of tariff lines affected are at the 11-digit level; for 2016, the number of lines affected are at the 9-digit level.

3.61. Products excluded from free importation require an import authorization (non-automatic licence). Two days are required to obtain a licence, but the time varies depending on the product and the urgent nature of the transaction.[43] These requirements do not apply to wholly exporting industries, which may freely import all the goods needed for their investment and production. Imports of products subject to tariff quotas in connection with the minimum market access provisions in the WTO Agreement on Agriculture are administered by means of special authorizations (Section 4.1.6). In January 2016, special import authorizations at rates below the MFN rate were suspended for the import of 0% fat content dried milk, frozen and chilled red meat and calves for fattening.

3.1.5 Contingency measures

3.62. Tunisia has not so far taken any countervailing, anti-dumping or safeguard actions. Since its previous TPR, however, it has initiated safeguard investigations concerning a number of products.

3.1.5.1 Safeguard measures

3.63. There has been no change to Tunisia's legislative framework concerning safeguard measures on imports since 2005 and it remains governed by Law No. 98-106 of 18 December 1998.[44] Pursuant to this Law, safeguard measures are provisional and are taken to prevent or eliminate serious injury caused to a domestic industry by massive imports (either in absolute terms or relative to domestic production) of a like or directly competitive product.

3.64. An investigation with a view to the adoption of a safeguard measure may be initiated upon application to the Minister of Trade by the domestic industry or by the trade associations or other bodies concerned acting on its behalf. The application must include evidence of serious injury suffered or the threat of serious injury, together with evidence of a causal link between the imports in question and the alleged injury. An investigation may also be initiated by the Ministry of Trade. Investigations must be completed within nine months of their initiation, although in exceptional circumstances this period may be extended by a further two months.

3.65. Safeguard measures may take the form of quantitative restrictions or tariff increases. If it has been decided, within this context, to allocate a quota among several exporting countries, the Minister of Trade may enter into consultations concerning the allocation with countries having a substantial interest in exporting the product concerned. If this method is not applied, the quota is allotted to the exporting countries in proportion to their respective shares of imports of the product, over a previous representative period, account being taken of any factors which may have affected or may be affecting trade in the product. The period of application of a safeguard measure, including any provisional measure, may not exceed four years.

3.66. Tunisia also has a list of products subject to "pre-importation surveillance". This scheme was introduced in August 2004 and requires that products subject to this procedure must have a "*fiche d'information*" (fact sheet), whose purpose is to inform the Ministry of Trade of any import transaction prior to bank domiciliation.[45] The introduction of this scheme followed a sharp increase in imports of certain products, in particular, fibreboard, ceramic tiles and goods transport vehicles (Table 3.11).

[43] The time-limits, procedures, requirements and documents needed in order to obtain an import authorization were determined by Decree No. 94-1743 of 29 August 1994, amended by Decree No. 97-1934 of 29 September 1997 implementing the provisions of the WTO Agreement, and by Decree No. 2006-2619 of 2 October 2006 introducing amendments for carrying out foreign trade transactions, as well as the relevant financial regulations.

[44] The full text of Law No. 98-106 was viewed at: http://www.legislation.tn/sites/default/files/journal-officiel/1998/1998F/Jo10298.pdf. See also WTO document G/SG/N/1/TUN/2 of 22 December 2000.

[45] Order of the Minister of Trade of 12 August 2004 determining the procedures for pre-importation surveillance, viewed at: http://www.legislation.tn/sites/default/files/fraction-journal-officiel/2004/2004F/068/TF20046974.pdf.

Table 3.11 Products subject to pre-importation surveillance in 2015

Tariff heading	Products
4411	Fibreboard
69079020014 6908	Ceramic tiles
6910	Ceramic sanitary fixtures
701090	Carboys, bottles, flasks, jars, pots, phials, ampoules and other containers, of glass, of a kind used for the conveyance or packing of goods; preserving jars of glass; stoppers, lids and other closures, of glass
870120	Road tractors for semi-trailers
8702	Motor vehicles for the transport of ten or more persons, including the driver
8704	Motor vehicles for the transport of goods

Source: Information provided by the authorities.

3.67. Pursuant to Article 5 of the WTO Agreement on Agriculture, Tunisia has reserved the right to invoke the special safeguard clause for all agricultural products it has made subject to tariff quotas (Section 4.1.6), but has not so far taken any special safeguard measures. The latest notification to the WTO dates back to June 2012 and covers the period 2007 to 2011.[46]

3.68. Since its previous TPR, Tunisia has notified the WTO Committee on Safeguards of the initiation of two safeguard investigations in July 2006 on the import of bottles, other containers and objects of glass, and taps, cocks and valves, locks, and fittings and mountings suitable for furniture and for buildings.[47] These two investigations ended without any safeguard measures being taken. In October 2014, two notifications of the initiation of an investigation were notified relating to imports of medium density fibreboard and glass bottles.[48] These two investigations have been completed and the outcome will shortly be put before the National Foreign Trade Council for a decision.[49] In July 2015, the initiation of an investigation into imports of ceramic tiles was notified. The final report on the investigation was being finalized in March 2016. The investigations were initiated by the Ministry of Trade and the notifications were published in the Official Journal.[50]

3.1.5.2 Anti-dumping and countervailing measures

3.69. Anti-dumping and countervailing measures are still governed by Law No. 99-9 of 13 February 1999 on protection against unfair import practices and Decree No. 2000-477 of 21 February 2000 establishing the criteria and procedures for determining unfair import practices.[51] These legal texts were notified to the WTO Committee on Anti-Dumping Practices.[52] The Law covers injury caused to a domestic industry by imports of subsidized products or products that have been confirmed as dumped.

3.70. Pursuant to the Law, a product is considered as being dumped if it has been introduced into Tunisian commerce at less than its normal value, i.e. if the export price of that product is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country. A subsidy is deemed to exist if there is a financial contribution by a government or any public body; or any form of income protection or price support within the meaning of Article XVI of the GATT 1994; or if any benefit is thus conferred on the companies concerned.

3.71. An investigation is initiated directly by the Minister of Trade or following a complaint submitted in writing by a domestic industry whose collective output constitutes more than 50% of

[46] WTO documents G/AG/N/TUN/38 of 25 June 2007 and G/AG/N/TUN/42 of 7 June 2012.
[47] WTO documents G/SG/N/6/TUN/1 of 26 July 2006 and G/SG/N/6/TUN/2 of 28 July 2006.
[48] WTO documents G/SG/N/6/TUN/3 and G/SG/N/6/TUN/4 of 15 October 2014.
[49] WTO document G/SG/N/6/TUN/5 of 30 July 2015.
[50] The Official Journal was viewed at: http://www.cnudst.rnrt.tn/index26e1.html?jort_fr.
[51] The text of Law No. 99-9 of 13 February 1999 was viewed at: http://www.cnudst.rnrt.tn/jortsrc/1999/1999f/jo01599.pdf, and Decree No. 2000-477 of 21 February 2000 at: http://www.cnudst.rnrt.tn/jortsrc/2000/2000f/jo0182000.pdf.
[52] WTO document G/ADP/N/1/TUN/2 of 9 January 2001.

domestic production of the like product. Once it has been decided to initiate an investigation, the Ministry sends a request for the information required to the authorities of the exporting country, as well as to the exporters concerned, who must provide the Ministry's services with the information requested. Unless there are exceptional circumstances, investigations are concluded within 12 to 18 months of their initiation by the Minister of Trade.

3.72. Provisional anti-dumping or countervailing duties may be applied by decree, not sooner than 60 days from the date of initiation of the investigation procedure. A definitive anti-dumping or countervailing duty is imposed by decree when the final determination shows that there is dumping or subsidy and consequent injury.

3.73. An anti-dumping investigation may be terminated without the imposition of provisional or definitive anti-dumping duties if the exporter voluntarily and satisfactorily undertakes to revise his dumping prices and the Ministry of Trade finds that the injurious effect of the dumping has been eliminated. A similar provision applies in the case of countervailing measures.

3.74. Definitive anti-dumping and countervailing duties end after five years from the date of their imposition or from the date of the latest review of dumping or subsidy and consequent injury, unless the review showed that expiry of the duties would be likely to lead to continuation or recurrence of the dumping or subsidy.

3.1.6 Standards and other technical regulations

3.1.6.1 Standardization, testing and certification

3.75. Tunisia revised its standardization legislation in 2009 by adopting Law No. 2009-38.[53] This new Law repealed Law No. 82-66 on standardization and quality and abolished the status of approved Tunisian standard.[54] According to the authorities, the new legislation is consistent with WTO requirements and with the principles and practices of international and European standardization organizations. Standardization is also governed by Decree No. 2011-1083 of 21 July 2011 on procedures for the drafting, approval, revision and cancellation of Tunisian standards.[55]

3.76. Tunisia has signed the OECD Declaration on International Investment and Multinational Enterprises. It is also one of the seven pilot countries of the Marrakesh Process Task Force on sustainable procurement, aimed at accelerating the transition to sustainable forms of consumption and production.

3.77. The National Standards and Industrial Property Institute (INNORPI) was set up in 1982 under the supervision of the Ministry of Industry with the task of centralizing and coordinating all activities, studies and surveys concerning standardization, certification and industrial property; applying the overall guidelines for the national standardization system and managing it in coordination with the parties concerned; and issuing conformity certificates.

3.78. INNORPI is Tunisia's enquiry point for the purposes of the WTO Agreement on Technical Barriers to Trade (TBT Agreement); it has accepted the Code of Good Practice for the Preparation, Adoption and Application of Standards annexed to the TBT Agreement on behalf of its members. INNORPI is a member of, in particular, the International Organization for Standardization (ISO), the Commission of the Codex Alimentarius, the International Electrotechnical Commission (IEC), the Arab Industrial Development and Mining Organization (AIDMO), and the African Organisation for Standardisation (ARSO). It has been an affiliate of the European Committee for Standardization (CEN-CENELEC) since January 2005 and a founding member of the Standards and Metrology Institute for Islamic Countries (SMIIC) since May 2010. Tunisia is also a member of the International Organization of Legal Metrology.

[53] Law No. 2009-38 of 30 June 2009, viewed at: http://faolex.fao.org/docs/pdf/tun93198.pdf.
[54] Order of the Minister of Industry of 16 April 2013 abolishing the mandatory status of Tunisian standards in the food industry, viewed at: http://www.legislation.tn/sites/default/files/fraction-journal-officiel/2013/2013F/033/TF201306494.pdf.
[55] Decree No. 2011-1083 of 21 July 2011 on procedures for the drafting, approval, revision and cancellation of Tunisian standards, viewed at: http://www.cnudst.rnrt.tn/jortsrc/2011/2011f/jo0582011.pdf.

3.79. INNORPI is the national organization responsible for preparing and publishing Tunisian standards (NT). Its sphere of activity extends to voluntary standards but since 2009 it has no longer covered mandatory standards (technical regulations within the meaning of Annex I to the TBT Agreement. The legislation (Article 8 of Law No. 2009-38) allows various ministries to regulate the products within their jurisdiction (for example, medical products, agri-food products, telecommunications equipment).

3.80. According to the authorities, NT certification of products is administered pursuant to Decree No. 85-665 of 27 April 1985 on the system for certifying conformity with standards, amended by Decree No. 2002-2861 of 29 October 2002, and also by ISO/IEC Guide 17065. In order to be able to use the NT mark, an application must be made to INNORPI, which proceeds to review the technical file and appoints a verification team. The latter conducts a preliminary on-site examination and takes samples for testing in the laboratory chosen by INNORPI, which prepares a preliminary product certification verification. Depending on the results of the tests and the preliminary verification, an assessment report is forwarded to the technical committee. INNORPI's Director-General decides whether or not to grant the applicant the right to use the mark, taking into account the opinion of the technical committee. If the final decision is positive, it is published on INNORPI's website. The right to use the mark is granted for a renewable term of one year, during which there is a monitoring programme in the form of periodic inspections.

3.81. A standardization programme is drawn up each year. Draft standards are prepared in technical standardization committees.[56] They form the subject of a two-month public inquiry (through the official standardization bulletin), during which Tunisian or foreign citizens, enterprises and organizations may express their views by submitting proposals, comments or petitions.[57] The standards are simply registered and published on INNORPI's website. Technical regulations and conformity assessment procedures have to be approved by means of a joint order by the Minister responsible for industry and the competent minister for the sector. The orders are published in the Official Journal.[58]

3.82. At end-December 2015, there were 17,291 Tunisian standards in INNORPI's register, almost double the number in 2007. Around two thirds of these were analysis and testing standards, while the others were product specification standards, including those applicable to various manufacturing industries and, for example, to safety, metrology and labelling. Table 3.12 shows the trend in the number of standards since 2007.

Table 3.12 Trend in the number of Tunisian standards over the period 2007-2015

Year	Number of standards
2007	9,027
2008	10,400
2009	12,105
2010	13,548
2011	15,090
2012	16,053
2013	16,638
2014	16,892
2015	17,291

Source: Information provided by the Tunisian authorities.

3.83. According to INNORPI, 96% of Tunisian standards were equivalent to international (for example, ISO, IEC, EN) or French standards in 2015. It is deemed important for international standards to be adopted in order to boost the competitiveness of exports and observe quality requirements.

3.84. The strategy among enterprises is now to take as a basis standards on: quality management (ISO 9001); environmental management (ISO 14001 and the EU's Eco-Management and Audit Scheme (EMAS)); occupational health and safety (OHSAS 18001); ecodesign (ISO/TR 14062), as well as the ISO 26000 standard, which is a tool for regulating social responsibility. Since 2004 "environmental assessment" has become mandatory and must be

[56] There are currently 130 technical standardization committees.
[57] Draft standards are published in INNORPI's online official standardization bulletin.
[58] WTO document G/TBT/2/Add.22 of 26 November 1996.

included when evaluating a business. The introduction of an environmental management system, quality certification or ISO 14001 certification is eligible for a subsidy of up to 70% of the cost of the intangible investment. An environmental upgrading programme targeted at firms in the private sector was also launched in 2001. The main beneficiaries are SMEs, and 100 of these joined the project between 2003 and 2006.

3.85. The reorganization of the national standardization system led to the enactment of Law No. 2005-92 in October 2005, amending and supplementing Law No. 94-70 of 20 June 1994 establishing a national system for the accreditation of conformity assessment bodies. The 2005 Law made the National Accreditation Council into a body still entitled the National Accreditation Council (TUNAC) under the supervision of the Ministry responsible for industry. The Council is a government institution with its own legal status and financial autonomy and is the sole authority responsible for accrediting conformity assessment bodies (testing laboratories, certification and inspection bodies). The Law sets out the criteria and procedures for accrediting conformity assessment bodies and provides for the creation of accreditation committees, together with an advisory arbitration committee to settle any disputes.[59] Decree No. 2006-1210 concerns TUNAC's administrative and financial structure and its operating procedures.[60] Decree No. 2006-1340 deals with conformity assessment bodies and the composition and functioning of the arbitration committee.[61]

3.86. TUNAC has signed mutual recognition agreements with European Accreditation (EA)[62] and International Laboratory Accreditation Cooperation (ILAC)[63] on the accreditation of laboratories, and with the International Accreditation Forum (IAF)[64] on the accreditation of management system and environmental quality certification. These agreements have enabled TUNAC to extend its services to the international sphere. Indeed, 12 analytical laboratories have been accredited in line with ISO/IEC standard 17025 in five African countries and five testing laboratories in line with ISO/IEC standard 17025 have been accredited in Iraq and Saudi Arabia.

3.87. Tunisia has also signed mutual recognition agreements on certification with the following Arab countries: Libya in 2005 for all industrial goods and agri-food products; Morocco in 2006 for industrial, agri-food and pharmaceutical products; Syria in 2006 for industrial goods; Jordan in 2009 and Saudi Arabia. It has also signed a memorandum of understanding with Egypt on mutual recognition of industrial products in 2005.

3.88. It is planned to sign a mutual recognition agreement with the EU and for this purpose Tunisia has chosen to prepare an Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) covering the electrical and mechanical industries and construction products in view of the extent of trade in these sectors and their development potential.[65] A national action plan was drawn up in 2005 and was implemented under the Industrial Modernization Programme (2003-2009) and the second export development programme (PDE II) (2005-2009). INNORPI and TUNAC have already started to participate in European organizations specializing, respectively, in standardization (CEN-CENELEC) and accreditation (EA). TUNAC signed a bilateral agreement with EA in June 2008 to allow recognition of its accreditation in relation to analysis, testing and calibration. A twinning project for "Support to the Tunisian administration for the preparation of agreements with the EU on conformity assessment" lasting 27 months was completed in July 2009.

3.89. The steps required to conclude the ACAA were finalized under a programme in support of business competitiveness and market access facilitation (PCAM), lasting three years and with a budget of €23 million. The programme was launched in 2010 and concluded in February 2015. In particular, it assisted 400 businesses in setting up quality management benchmarks, including

[59] Law No. 2005-92 of 3 October 2005, amending and supplementing Law No. 94-70 of 20 June 1994, viewed at: http://www.cnudst.rnrt.tn/jortsrc/2005/2005f/jo0792005.pdf.
[60] Decree No. 2006-1210 of 24 April 2006, viewed at: http://www.legislation.tn/sites/default/files/fraction-journal-officiel/2006/2006F/035/TF200612093.pdf.
[61] Decree No. 2006-1340 of 8 May 2006, viewed at: http://www.legislation.tn/sites/default/files/journal-officiel/2006/2006F/Jo0392006.pdf.
[62] Online information from European Accreditation, viewed at: http://www.european-accreditation.org.
[63] Online information from International Laboratory Accreditation Cooperation, viewed at: http://ilac.org.
[64] Online information from the International Accreditation Forum, viewed at: http://www.iaf.nu.
[65] Viewed at: http://www.industrie.gov.tn/marquage-ce/www/fr/doc.asp?mcat=59&mrub=155.

40 businesses in moving towards CE marking and 300 businesses through technical and non-technical coaching. It is planned to set up laboratories to complete the range of tests necessary for the application of European directives such as those on low voltage, electromagnetic compatibility and products for the building industry. In addition to the priority sectors selected by Tunisia, this agreement might be expanded to include other industrial sectors, for example the agri-food industry and packaging.

3.90. According to the authorities, the trade agreements signed by Tunisia reaffirm the provisions in the TBT Agreement as regards standardization, technical regulations and conformity assessment procedures.

3.91. In general, self-certification of conformity by suppliers or importers is not allowed. The Customs verifies the certificates and other technical documents and the competent ministries verify the documents and then the goods; these verifications are carried out electronically. According to the authorities, they do not overlap. Importers are then contacted for inspections or the taking of any samples to be sent to specialized laboratories which carry out all types of analysis and testing for the purposes of quality control or observance of technical regulations.

3.1.6.2 Technical controls

3.92. The authorities have revised the technical import regulations since 2010 in order to streamline technical control procedures, including the three predetermined lists of products for which control is virtually systematic. The goal is to issue authorization for release within 48 hours. Around 11% of all tariff lines (all products such as carpets, clothing, beverages, milling products and some food preparations) are subject to technical import control.

3.93. The systematic technical control documents from the Ministry of Trade have been handled electronically since 2005: documents are all dispatched and received electronically through the TTN single window at the Ministry of Finance. Work is under way to make all systematic technical control paperless. The goal is to enhance the efficiency and transparency of technical control procedures and thus lessen the time required to clear imports through customs.

3.94. The following goods have been exempt from technical import control since July 2010[66]: raw materials and semi-finished goods for importers' professional use in connection with their industrial, agricultural, crafts or tourism activities; imported samples; advertising material for everyday use; goods intended for exhibitions and not for sale on the domestic market; imports by diplomatic missions; imports by the Tunisian Red Crescent; goods imported as gifts by the authorities and government administrative institutions; and returned goods.

3.95. The Decree of July 2010 introduced the principle of selectivity and risk management when examining and handling cases.[67] Henceforward, it is the technical service concerned which decides on the control method required in each case. This Decree provides for the expansion of the list of approved laboratories by including accredited private laboratories.

3.96. The Joint Order of 18 September 2010 gives operators the possibility of requesting a second examination of the goods and the Decree of July 2010 identifies the bodies authorized to carry out technical controls according to the nature of the goods (by body and by product). It also gives importers the possibility of bringing a product into conformity provided that the non-conformity is not related to safety or consumer health aspects.[68] Moreover, its objective is to unify the technical import control procedures, which are henceforward determined in a joint order and not in a decision as was previously the case. The "free sale certificate" was abolished by the Joint Order of 18 September 2010. Consequently, the original copies of the documents required are no longer

[66] Article 2 (*bis*) of Decree No. 2010-1684 of 5 July 2010 amending Decree No. 94-1744 of 29 August 1994 on the procedures for technical control of imports and exports, and bodies authorized to carry it out, viewed at: http://www.cnudst.rnrt.tn/jortsrc/2010/2010f/jo0552010.pdf.

[67] Article 4 of Decree No. 2010-1684 of 5 July 2010 and Article 3 of the Order of 18 September 2010.

[68] Article 7 of the Order of the Ministers of Trade and Crafts, Agriculture, Water Resources and Fisheries, Public Health, Industry and Technology, and Communications Technology of 18 September 2010 establishing the procedures for systematic technical control of imports, viewed at: http://www.legislation.tn/sites/default/files/fraction-journal-officiel/2010/2010F/076/TF201013374.pdf. Circular of the Minister of Trade of 19 February 2014 on the guide determining the procedures for technical control of imports.

needed for technical control, unless there is any doubt. Lastly, the Order allows the documents to be submitted prior to arrival of the goods and before embarking upon customs formalities so as to speed up the technical control procedures.[69]

3.97. The changes have also resulted in a certain decrease in the number of products subject to technical import control. The Order of the Ministry of Trade and Crafts of 15 September 2005 specifies the list of products subject to technical import control.[70] Lists A, B and C in the 2005 Order concern three types of control depending on the nature of the product. Controls are generally conducted at the site of customs clearance before the Customs authorizes release of the goods: products on list A are systematically controlled; those on list B require a conformity certificate; and those on list C must meet specifications.

3.98. The products on list A are systematically controlled by the relevant technical service, which may do this on the basis of the documents, or possibly by receiving samples or taking samples for analysis and testing. For medicines, cosmetics and vaccines, each batch is controlled. According to the authorities, the purpose of the control, which must not exceed 24 hours for provisional authorization for release and three days for authorization to put up for sale, is to guarantee the safety and health of consumers and to detect any problems of unfair competition, including counterfeiting. Physical and analytical controls, however, depend on the time taken in the laboratory. Any importer of products subject to systematic technical control must file a dossier with the relevant service prior to arrival of the goods or at the latest before commencing customs formalities in order to obtain an authorization to market the goods.

3.99. In 2015, the products in list A covered almost 1,900 tariff lines (11% of all lines). Those most frequently controlled were agri-food products, cosmetics and domestic electrical appliances. The relevant technical services are supervised by the Ministries responsible for agriculture, industry, trade and public health (Table 3.13). The following are some of the products removed from list A since the previous TPR: particle board, paper and paperboard, Koranic books, bolts, razors, sound reproduction appliances and microscopes. Some products which did not previously appear on the list have been added, for example, chlorine, containers for compressed or liquefied gas, filters for hemodialysis, carriers, washing machines and tanks for gaseous fuel.

Table 3.13 Products subject to systematic technical import control (List A)

HS code	Products	Relevant technical service
Ex 0601-0602	Bulbs and tubers	Ministry of Agriculture
Ex 0701-0713	Vegetables	Ministry of Agriculture
Ex 0903-0910	Mate and spices, seeds	Ministries of Trade and Agriculture
Ex 1001-1008	Cereals for sowing	Ministry of Agriculture
Ex 1101-1104 Ex 1107-1108	Products of the milling industry	Ministry of Trade
Ex 1201-1214	Seeds and fruits	Ministry of Agriculture
Ex 1503	Lard stearin, oleostearin	Ministry of Trade
Ex 1509-1518	Vegetable fats and oils	Ministry of Trade
Ex 1701, 1702, 1704	Sugars and sugar confectionery	Ministry of Trade
Ex 1806	Cocoa preparations	Ministry of Trade
Ex 1901-1905	Preparations for infant use, other food products	Ministries of Trade and Public Health
Ex 2001-2009	Preparations of fruits and vegetables	Ministries of Trade and Public Health
Ex 2101-2106	Miscellaneous food preparations	Ministry of Trade
Ex 2202	Beverages	Ministry of Trade
Ex 2302-2309	Animal feed	Ministry of Agriculture
Ex 2524	Asbestos	Ministry of Public Health
Ex 2801	Chlorine	Ministry of Industry
Ex 2844-2845	Radioactive chemical elements, isotopes	Ministry of Public Health
Ex 3006	Reagents, dental products	Ministry of Public Health
Ex 3303-3307	Perfumes, hair and eye products, toothpaste, shaving preparations	Ministries of Trade and Public Health

[69] Article 2 of the Joint Order of 18 September 2010.

[70] Order of the Minister of Trade and Crafts of 15 September 2005, amending the Order of the Minister of the National Economy of 30 August 1994 establishing the list of products subject to technical import and export control, viewed at: http://www.cnudst.rnrt.tn/jortsrc/2005/2005f/jo0762005.pdf.

HS code	Products	Relevant technical service
Ex 3401	Soaps, inc. for medical use	Ministries of Trade and Public Health
Ex 3407	Modelling clay for children	Ministry of Trade
Ex 3808	Domestic disinfectants	Ministry of Public Health
Ex 3821-3822	Culture media for medical diagnostic purposes, *in vitro* diagnostic products	Ministry of Public Health
Ex 3921	Food packaging	Ministry of Trade
Ex 3926, 7013	Feeding bottles, of plastic or glass	Ministries of Trade and Public Health
Ex 4014-4015	Condoms, gloves, dummies, of rubber or silicone, rubber erasers	Ministry of Public Health
Ex 6401-6405	Footwear	Ministry of Trade
Ex 6812	Fabricated asbestos	Ministry of Public Health
Ex 6911-6912	Porcelain, tableware	Ministry of Trade
Ex 7007	Glass	Ministry of Trade
Ex 7303-7306	Tubes and pipes for oil and gas pipelines	Ministry of Industry
Ex 7311	Containers for compressed or liquefied gas	Ministry of Industry
Ex 7321, 7323	Cooking appliances, household articles	Ministry of Trade
Ex 7419	Containers of copper for compressed or liquefied gas	Ministry of Industry
Ex 7613	Containers of aluminium for compressed or liquefied gas	Ministry of Industry
Ex 8402-8403, 8405	Boilers	Ministry of Industry
Ex 8418	Refrigerators	Ministry of Trade
Ex 8450	Washing machines	Ministry of Trade
Ex 8414-8416, 8419	Compressors, burners, water heaters, fans, air conditioning machinery; sterilizers for medical use	Ministry of Industry Ministry of Trade Ministry of Public Health
Ex 8421	Filters for hemodialysis	Ministry of Public Health
Ex 8424, 8426, 8427, 8428	Extinguishers, travelling cranes, carriers, lifts	Ministry of Industry
Ex 8450	Washing machines	Ministry of Trade
Ex 8471, 8473	Computers and components	Ministry of Communications Technology
Ex 8481	Gas relief valves	Ministry of Industry
Ex 8517, 8520, 8524-8529	Telecommunications, radar, radio navigation and radio broadcasting equipment	Ministry of Communications Technology
Ex 8504, 8506	Ballast, batteries	Ministry of Trade
Ex 8509	Electrical appliances	Ministry of Trade
Ex 8516	Water heaters and other domestic electrical appliances	Ministry of Trade
Ex 8527, 8529	Radio broadcast receivers, antennas	Ministries of Trade and Communications Technology
Ex 8536	Fuses, circuit breakers, switches	Ministry of Trade
Ex 8539	Lamps and tubes	Ministry of Trade
Ex 8542-8544	Integrated circuits, cables	Ministries of Communications Technology and Trade
Ex 8708	Tanks for gaseous fuel	Ministry of Industry
Ex 9018-9019 Ex 9021-9022 Ex 9025	Medical apparatus, medical thermometers, measuring apparatus	Ministry of Public Health
Ex 9501-9503	Prams and pushchairs, toys	Ministry of Trade
Ex 9608-9609	Pens, lead pencils	Ministry of Trade

Source: Official Journal of the Tunisian Republic, 23 September 2005, No. 76, p. 2473; and information provided by the authorities.

3.100. List B products are goods that pose less of a risk to the consumer than those on List A. This list comprises mainly articles of clothing, yarns and fabrics and, to a lesser extent, paper and paperboard, products of iron and steel, and a large number of electrical machines and appliances also produced locally. List B products are controlled by the Customs, which, until 2010, made sure that the goods were accompanied by a certificate of conformity with the relevant technical regulations. The conformity certificate was abolished in 2010.

3.101. List C products are controlled by examining the conformity of the products imported with the specific conditions laid down in the relevant specifications and containing the technical regulations to be observed in order to market the good (or service) in question. It may also be necessary to take samples and carry out analyses and tests. The goods concerned are mainly agri-food and mineral products; the specifications mostly relate to storage requirements. For example, importers of grain maize (corn) and soya cake must undertake to maintain stocks equal to one sixth of their annual import programme.[71] In the case of vehicles, the specifications relate to such requirements as after-sales service.

3.102. In order to make the technical control procedures even simpler, the authorities are planning to introduce a computerized integrated risk management system for each of the agencies responsible for technical control, together with an online database of regulations on technical control of imports and exports. Shortening the list of products subject to technical control by removing low-risk products is also one of the authorities' stated objectives.

3.103. From January 2005 to the end of 2015, Tunisia made 16 notifications to the WTO's TBT Committee, of which nine concerned the establishment or amendment of Tunisian technical regulations.[72] The other seven notifications concerned new regulations or harmonization of Tunisian regulations with European and international legislation such as the draft order on labelling and the presentation of pre-packaged foods according to the CODEX standards and European directives.[73] Tunisia has not been party to any dispute relating to the TBT Agreement.

3.104. A single trade concern related to the technical regulation measures applied by Tunisia has been brought to the Committee's attention. It was raised by the EU and concerns the labelling and presentation of pre-packaged foods notified by Tunisia to the WTO.[74] Comments on a number of points relating to this measure were forwarded to Tunisia on 16 October 2008, but did not meet with any response.

3.1.6.3 Sanitary, phytosanitary and environmental measures

3.1.6.3.1 Sanitary and phytosanitary (SPS) measures

3.105. Apart from the laws and regulations described in Section 3.1.6.1 above, the phytosanitary measures applied by Tunisia are mostly based on a 1992 law, amended in 1999 and 2001, and its Orders.[75]

3.106. Veterinary sanitary control at the border is governed by Law No. 99-24 of 9 March 1999.[76] A number of legal provisions have been introduced since 2010 relating to the sanitary control and monitoring of the conditions of production of fishery products[77]; the phytosanitary requirements and the sanitary conditions for the creation of facilities for the treatment, processing and storage of meat and offal[78]; as well as the procedures for the control of plants and plant products imported

[71] Order of the Ministers of Finance, Agriculture and Trade of 11 January 1997.

[72] WTO documents G/TBT/N/TUN/12 of 11 November 2005, G/TBT/N/TUN/14 of 2 August 2006, G/TBT/N/TUN/17 of 12 January 2007, G/TBT/N/TUN/19 of 29 May 2008, G/TBT/N/TUN/21 and G/TBT/N/TUN/22 of 5 August 2008, G/TBT/N/TUN/23 of 18 November 2008, G/TBT/N/TUN/24 and G/TBT/N/TUN/25 of 3 April 2009.

[73] WTO document G/TBT/N/TUN/20 of 22 July 2008. Other WTO documents G/TBT/N/TUN/10 of 1 June 2005, G/TBT/N/TUN/11 of 6 July 2005, G/TBT/N/TUN/13 of 8 February 2006, G/TBT/N/TUN/15 and G/TBT/N/TUN/16 of 3 November 2006, and G/TBT/N/TUN/18 of 20 April 2007.

[74] WTO document G/TBT/N/TUN/20 of 22 July 2008.

[75] Law No. 92-72 of 3 August 1992 revising the plant protection legislation, as supplemented by Law No. 99-5 of 11 January 1999 and amended by Law No. 2001-28 of 19 March 2001, viewed at: http://faolex.fao.org/cgi-bin/faolex.exe?rec_id=008047&database=faolex&search_type=link&table=result&lang=eng&format_name=@ERALL.

[76] Law No. 99-24 of 9 March 1999 on veterinary sanitary control at importation and exportation, viewed at: http://www.cnudst.rnrt.tn/jortsrc/1999/1999f/jo02199.pdf.

[77] Order of the Minister of Agriculture, Water Resources and Fisheries of 26 March 2010, amending and supplementing the Order of 19 September 1998 establishing the procedures for sanitary control and for monitoring the conditions of production and marketing of fishery products, viewed at: http://www.cnudst.rnrt.tn/jortsrc/2010/2010f/jo0262010.pdf.

[78] Order of the Minister of Agriculture of 4 January 2013 establishing the sanitary conditions for the creation of facilities for the treatment, processing and storage of meat and offal, viewed at: http://faolex.fao.org/docs/pdf/tun132805.pdf.

into Tunisia and their conformity with the International Plant Protection Convention (IPPC).[79] The Order of 3 June 2011 fixes the amount and the procedures for the payment of contributions collected on behalf of the State to cover fees relating to the sanitary control of plants and the various analyses and pesticide-related operations.[80]

3.107. SPS measures (within the meaning of Annex I to the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement)) are generally taken on the initiative of the Ministry responsible for agriculture (MARHP) (Section 4.1). The Tunisian enquiry points for SPS matters are the MARHP and the Ministry of Trade, the latter also being responsible for notifications.[81]

3.108. Tunisia is a member of the World Organisation for Animal Health (OIE). In the area of plant protection, it has signed the IPPC and belongs to the FAO and the European and Mediterranean Plant Protection Organization (EPPO); the Near East Plant Protection Organization (NEPPO); the FAO/WHO Codex Alimentarius Commission; and the International Union for the Protection of New Varieties of Plants (UPOV). Import restrictions may be imposed pursuant to other conventions signed by Tunisia (for example, CITES).

3.109. Tunisia had never previously notified the WTO of its national sanitary and phytosanitary measures, but submitted its first two notifications in 2015. They concern all its trading partners and relate to a draft order setting maximum limits for the migration of lead and cadmium into ceramic articles and materials that may enter into contact with food, taking into account ISO standards.[82] Since 1995, Members have not expressed any concerns with regard to Tunisia in relation to the SPS Agreement.

3.110. Special certificates are required for importing animals and plants: for example, a certificate of purity/health and origin for live animals, meat, raw hides, vegetables, food additives, animal feed, beverages and other food products; and a certificate of origin and safety for bees and honey. A certificate of non-contamination by radioactivity is also required for imports of food products and animal feed.

3.111. For plants, parts of plants and plant products, the phytosanitary certificate issued by the plant protection service in the exporting country must be in conformity with the IPPC model and must be in Arabic, French or English. Since 2013, the certificate has also had to include an additional country of origin declaration for some plants.[83] A phytosanitary certificate or inspection is not required for agricultural products that have been processed, for example, oils, vegetable fats, brine, preserved foods, starch and flour, agricultural products intended for processing such as coffee, cocoa and hops, spices, condiments and incense.[84]

3.112. The importation of live animals carrying any of the contagious diseases listed by decree is prohibited.[85] When live animals are imported, the sanitary status of the exporting country is taken into account or, failing that, the status of the region, then the farm and, finally, the animal, in accordance with OIE resolutions. Production livestock may only be imported from countries/regions free of the diseases on the OIE's List A specific to the species. The Orders of the Minister

[79] Order of the Minister of Agriculture of 28 May 2013 establishing the phytosanitary requirements and procedures for the control of plants and plant products imported into Tunisia, viewed at: http://www.nasraouibouzid.tn/TextesJORT/40aine/Arr28-05-2013F.pdf.

[80] Order of the Minister of Agriculture and the Environment and the Minister of Finance of 3 June 2011 determining the amount and procedures for payment of the contribution towards phytosanitary control, analysis, approval and provisional marketing authorization for the sale of pesticides, viewed at: http://faolex.fao.org/docs/pdf/tun107245.pdf.

[81] WTO documents G/SPS/ENQ/26 of 11 March 2011 and G/SPS/NNA/16 of 11 March 2011.

[82] WTO documents G/SPS/N/TUN/1 of 29 April 2015 and G/SPS/N/TUN/1/Add.1 of 3 June 2015.

[83] Order of the Minister of Agriculture of 28 May 2013. The list includes chestnut trees, chrysanthemums, conifers, carnations, strawberry plants, kiwi bushes, pawpaw trees, citrus fruit without stalks, mango trees, avocado trees, guava trees, tomato seeds, lucerne, clover, narcissi, tulips, beans, peas (*pisum sativum*), stone fruit trees, oaks (*quercus spp.*), rose bushes, potatoes, wheat, tubers (other than potatoes), vines and maize.

[84] The full list is given in Article 5 of the Order of 28 May 2013.

[85] Law No. 84-27 of 11 May 1984 on animal diseases considered to be contagious. Decree No. 84-1225 of 16 October 1984 establishes the list of animal diseases considered to be contagious and lays down general sanitary measures common to these diseases. It was amended and supplemented by Decrees Nos. 98-2362 of 23 November 1998, 2004-1198 of 25 May 2004 and 2009-2200 of 14 July 2009.

responsible for agriculture of 31 May 2012 establish the lists of quarantine bodies and of plants and plant products barred from entry into Tunisian territory.[86]

3.113. An authorization to manufacture, import, formulate, package, sell or distribute pesticides for agricultural use requires a diploma as an agronomist, chemical engineer, pharmacist or the possession of a degree in chemistry or equivalent diploma; or a diploma granted by an agricultural or public health college, after training in entomology, phytopathology, pesticide products and techniques for their application, and general principles of the toxicology of pesticides.[87]

3.114. Conformity assessment is the responsibility of the veterinary service at the border for animal products and of the phytosanitary control service for plants and plant products. Tunisia has 27 border posts (land, sea and air) with on-the-spot inspectors.

3.115. In the case of plants, documentary checks focus on the conformity of the phytosanitary certificate of origin. Tunisia states that it applies international standards as regards import and export procedures. Visual inspection and sampling for laboratory analysis are carried out in order to detect any harmful organisms. Plants for reproduction, such as seeds, are subject to mandatory sampling. Analyses are also carried out on the basis of an assessment of the risk of introducing diseases or destructive pests. If there are no pests or diseases requiring quarantine, the consignments checked are admitted subject to monitoring of their phytosanitary status. The National Plant Protection Company (SONAPROV), under the supervision of the Ministry responsible for agriculture[88], is a government-owned company whose role is to conduct studies, develop treatments and combat crop parasites.

3.116. Animal products are subject to a three-stage veterinary sanitary control process: first, the documents are checked and then verified to ensure that their content corresponds to the products imported; and, finally, there is a physical inspection to check the storage conditions, weight and packaging. It may be decided to conduct laboratory analyses.

3.117. Under its preferential agreements, Tunisia has embarked on negotiations with the EU on a deep and comprehensive free trade agreement (DCFTA) containing a section on SPS measures. Tunisia has received assistance from the EU on SPS matters with the aim of promoting the transfer of technical know-how in the field and helping to establish governance frameworks and appropriate infrastructure so as to boost access to the EU and other markets.[89]

3.1.6.3.2 Environmental measures

3.118. The main legislative texts relating to environmental protection and conservation of natural resources are: Decree No. 91-362 of 13 March 1991 on the prior preparation of environmental impact studies for new projects; Law No. 94-122 of 28 November 1994 enacting the Regional and Urban Development Code; Law No. 95-75 of 7 August 1995 authorizing the accession of the Tunisian Republic to the Berne Convention on the Conservation of European Wildlife and Natural Habitats; and Law No. 96-41 of 10 June 1996 on solid wastes. A draft environmental code is being prepared. In practice, Tunisia has only 30 inspectors on its entire territory.

3.119. On 11 October 1995, Tunisia acceded to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal. In 1992, Tunisia ratified the Bamako Convention on the Ban of the Import into Africa of Hazardous Wastes and the Control of Transboundary Movement and Management of Hazardous Wastes within Africa. The importation of hazardous wastes, within the meaning of the national legislation, is strictly prohibited. The Notice

[86] Order of the Minister of Agriculture of 31 May 2012 establishing the list of quarantine bodies, viewed at: http://faolex.fao.org/docs/pdf/tun113265.pdf. Order of the Minister of Agriculture of 31 May 2012 establishing the list of plants and plant products barred from entry into Tunisian territory, viewed at: http://faolex.fao.org/docs/pdf/tun113273.pdf.

[87] Decree No. 92-2246 of 28 December 1992, viewed at: http://faolex.fao.org/docs/pdf/tun11738.pdf.

[88] SONAPROV was established by Law No. 69-14 of 28 February 1969 and Law No. 71-14 of 9 March 1971.

[89] WTO documents G/SPS/GEN/1139 of 13 March 2012 and addenda of 15 March 2013, 14 March 2014 and 16 March 2015.

published in the Official Journal of 28 September 2010 sets out, in Annexes 1 and 2, the list of hazardous chemicals and acids subject to prior import authorization.[90]

3.120. Tunisia has also ratified the Stockholm Convention on Persistent Organic Pollutants of 17 June 2004. Under the provisions of that Convention (Article 3), Parties prohibit the production, use, import and export of chemicals covered by the Convention. In October 2015, Tunisia ratified the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade. Tunisia has ratified the London Convention (1973) and Barcelona Convention (1976) to combat pollution. However, it appears that there continue to be problems in relation to phosphate mining (Section 4.2).

3.121. Tunisia has ratified the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). The importation of species of fauna and flora listed in CITES Appendix I requires an import permit issued by the Ministry responsible for agriculture. According to the Forestry Code, all species are subject to an import permit. The Ministry responsible for forests (MARHP) examines applications to import animal or plant species and may grant or deny authorization for their importation. Products covered by the Montreal Protocol on CFCs (chlorofluorocarbons) are subject to an import licence issued by the National Environmental Protection Agency.

3.122. In 2015, there were still no laws or regulations on the non-human applications of genetic engineering or on the use of genetically modified organisms (GMOs) in food production, although draft legislation is under study. The use of GMOs in food products is not subject to authorization and there are no special requirements concerning the labelling of food obtained from GMOs. However, Tunisia, as a contracting party to the Convention on Biological Diversity and the Cartagena Protocol on the prevention of biotechnological risks, is in the process of finalizing a national legal framework that will make it possible to regulate genetically modified species. A Commission has been set up and draft legislation is being prepared, including components such as thresholds and labelling that are close to those provided for by the relevant EU legislation.

3.123. A 5% tax, established by the 2003 Finance Law, is levied on sales, including imports, of a range of generally imported products, namely, petroleum oils, polymers, centrifuges, and cells, batteries and accumulators, and chemicals. This tax goes towards two special treasury funds: 70% to the Pollution Cleanup Fund (FODEP) and 30% to the Fund for the Protection of Environmental Aesthetics (FPEE).[91]

3.124. The Finance Law for 2008 broadened the scope of the tax to include some other products such as plastic tubing and pipes, bags and furniture.[92] The 2009 Finance Law broadened the scope of FODEP to cover the cost of fixed and operating expenses for the treatment of industrial and special wastes.[93] The 2014 Finance Law boosted FODEP's resources by allocating to it the proceeds of payments by contributors to the management schemes for lubricating oils and used oil filters.[94] A list of 27 products was added to the products to which the tax applies, such as extruded plastic tubing, hose and fittings, and pallets and netting in tubular form, as well as spark-ignition alternating or rotary piston engines (internal combustion engines), and mechanotherapy devices;

[90] Notice of the Ministers of the Interior and Local Development, Trade and Crafts, Industry and Technology, Agriculture, Water Resources and Fisheries, and Public Health, on optimization of the management of certain hazardous chemicals and acids, viewed at: http://www.cnudst.rnrt.tn/jortsrc/2010/2010f/jo0782010.pdf.

[91] The role of FODEP is to encourage manufacturers to prevent pollution by establishing waste collection and recycling units. In practice, FODEP also provides assistance for the prevention of waste pollution and the development of clean technology. The FPEE is responsible for funding operations relating to environmental cleanliness and aesthetics, the construction and maintenance of sidewalks, and action to combat urban plastic pollution.

[92] Article 31 of Law No. 2007-70 of 27 December 2007 on the Finance Law for 2008, Official Journal No. 104 of 28-31 December 2007, page 4361.

[93] Added by Article 11 of the Finance Law for 2009.

[94] Decree No. 2002-693 of 1 April 2002 on the conditions and procedures for the recovery of lubricating oils and used oil filters and their management, as amended and supplemented by Decree No. 2008-2565 of 7 July 2008.

massage devices; psychotechnical devices; and ozone therapy, oxygen therapy, aerosol therapy, artificial respiration and other therapeutic respiration apparatus.[95]

3.125. The 2014 Finance Law introduced two new taxes: a tax on energy products consumed, for which the product list and rate are set by decree, and a tax of TND 3/kg of weight of the engine or spare part upon importation of engines and used parts of tariff headings HS 8407, 8408, 8511 and 8708.[96] Since 2015, other taxes have been levied on a list of products such as used lubricating oils and used tyres.

3.1.6.4 Marking, labelling and packaging

3.126. The 1992 Law on Consumer Protection lays down the general principles on which the labelling and packaging measures are based. The Ministerial Order of 3 September 2008 on the labelling and presentation of pre-packaged foods specifies the information that must appear on the labelling of all pre-packaged foods. In particular the label must indicate: sales name; list of ingredients, quantity of certain ingredients or categories of ingredients; net quantity; date of manufacture; use-by date; storage and use conditions; manufacturer's name and address; batch number; place of origin; and instructions for use (where necessary). In addition, Arabic must be one of the languages used for labelling food. The Order of September 2008 also includes provisions concerning labelling information and methods for pre-packaged dietary foods and foods intended for special medical purposes.

3.127. Similar requirements apply to pharmaceutical products (including medicines) and, in the case of compounds, the name and percentage of each component must also be indicated. Decree No. 90-1400 of 3 September 1990 establishes the rules of good practice for the manufacture of medicines intended for human consumption, quality control, packaging, labelling, sales name and the associated advertising. The Joint Order of 16 October 2009 establishes the procedures for the preparation, validation, dissemination and review of the criteria relating to eco-labelling and the practical conditions for granting the Tunisian eco-label and controlling its use.[97]

3.2 Measures directly affecting exports

3.2.1 Procedures

3.128. In general, natural or legal persons wishing to engage in export activities must register with the Central Business Register.[98] Most export documentation is transmitted via the TTN electronic single window system common to all operators. In the case of "resident" enterprises, the export operation must still pass through several institutions (the Ministry of Trade, the domiciliary bank to which export earnings have to be repatriated, the port authority and the Customs), in addition to intermediaries such as customs brokers, shipping agents and carriers, each contributing one or more documents.

3.129. Exports by resident enterprises involving payment of an amount exceeding TND 200 are carried out under cover of a final invoice domiciled with an approved intermediary bank; export earnings must be repatriated within ten days of the date on which payment becomes due. However, resident exporters may hold the proceeds of their export operations in foreign-currency business accounts. Wholly exporting non-resident ("offshore") enterprises are not bound by the foreign exchange legislation and do not have to repatriate their export earnings (Table 3.14).

3.130. All goods presented for export must be covered by a detailed customs declaration in which they are assigned a customs procedure. This document must be accompanied by an export authorization issued by the Ministry of Trade for goods excluded from the free export regime (Section 3.2.3).

[95] Official Journal No. 105 of 31 December 2013, page 3691.

[96] Article 68 of Law No. 2013-54 of 30 December 2013 on the Finance Law for 2014, viewed at: http://www.legislation.tn/sites/default/files/fraction-journal-officiel/2013/2013F/105/Tf2013541.pdf.

[97] Joint Order of the Ministers of the Environment and Sustainable Development, Industry, Energy and Small and Medium-Sized Enterprises, and Tourism of 16 October 2009, viewed at: http://faolex.fao.org/docs/pdf/tun92820.pdf.

[98] The website of the Central Business Register is available at: http://www.registre-commerce.tn/accueil.html.

3.131. Since January 2011, Tunisia has applied the EU's Entry Summary Declaration (ENS) for exports to the EU.[99] Under this measure, Tunisian operators must present to the Customs an electronic declaration containing the safety-security data concerning the goods before they enter EU territory. In principle, the ENS applies to all goods, with a few exceptions.

3.132. In order to benefit from preferences under bilateral or multilateral agreements, the export product must be accompanied by a certificate of origin issued by the Customs or by the chambers of commerce or industry, or drawn up by the exporter.

3.133. Under the export development programme the Customs has set up a system of performance indicators in particular for container dwell times and customs clearance times for goods at the port of Radès. The programme has also brought improvements to the technological infrastructure, including the purchase of additional computer equipment, renewal of the central server of the SINDA system, purchase of x-ray inspection systems, establishment of a risk management system, setting up of a geolocation system for mobile loading units and vehicles, and training of customs officers.

3.2.2 Export taxes

3.134. Since its previous TPR in 2005, Tunisia has continued to maintain cyclical taxes on exported metallic scrap in order to discourage exports: a tax of TND 300/tonne on waste and scrap of stainless alloy steel (national tariff lines 72042110008 and 72042190000)[100]; a tax of TND 1,000 to 1,400/tonne on waste and scrap of iron, copper and brass (national tariff lines 74040010009, 74040091004 and 74040099008) and of TND 450/tonne for aluminium waste and scrap (subheading 760200)[101]; and a customs services fee on crude petroleum oils and oils obtained from bituminous minerals (under national tariff heading HS 27090090), at a rate of 1.5% of their value.

3.135. A tax of 0.5% on olive oil in, bulk and a tax of 1% on dates are also levied on exports of such products. Two new taxes have also been introduced since 2009: one of TND 300/tonne on used radiators (subheading 870891)[102]; and another to finance biological recovery, of which the proceeds go to the financing fund for biological recovery periods in the fisheries sector.[103] The biological rest system is financed by a tax on fishery products, including aquaculture products for export or for sale on the domestic market by partially or wholly exporting enterprises, international trading companies or enterprises operating in economic activity parks. Consequently, imports are not subject to this tax. The tax is payable at a rate of 2% on the customs value of the exported goods.

3.2.3 Export prohibitions, licences and controls

3.136. Under the current legislation, which has not changed since 2005, exports of goods and services may be subject to restrictions in order to safeguard morality, security, public order and human health; to protect fauna and flora and the country's cultural (historical, archaeological and artistic) heritage.[104] Decree No. 94-1742 of 29 August 1994 sets out the list of products "excluded from the free export regime".[105]

3.137. The Decree reflects the multilateral agreements to which Tunisia is party, such as CITES or the Basel Convention. Thus, certain products, wastes and/or species are subject to an export

[99] Information on the ENS can be viewed at: http://www.belfort.cci.fr/fileadmin/user_upload/mediatheque/International/douane/Presentation_ICS-ECS.pdf.
[100] Decree No. 2005-2604 of 24 September 2005, viewed at: http://www.cnudst.rnrt.tn/jortsrc/2005/2005f/jo0782005.pdf.
[101] Decree No. 2008-2399 of 23 June 2008, viewed at: http://www.supcom.mincom.tn/upload/1372320937.pdf.
[102] Decree No. 2009-2356 of 12 August 2009, viewed at: http://www.profiscal.com/newfisaf/decret/D_2009-2356_fis.pdf.
[103] Law No. 2009-17 of 16 March 2009, as amended by Article 13 of Law No. 2009-71 of 21 December 2009 on the Finance Law for 2010.
[104] Article 3 of Law No. 94-41 of 7 March 1994 on foreign trade, viewed at: http://www.bct.gov.tn/bct/siteprod/documents/loi9441.pdf.
[105] Decree No. 94-1742 of 29 August 1994 setting out the lists of products excluded from the free foreign trade regime, viewed at: http://www.anticor.tn/wp-content/uploads/2013/11/decrets/jo06994.pdf.

permit, certificate or prohibition. Species of wild fauna and flora threatened with extinction (see CITES, Appendices I, II and III) are subject to a prior authorization issued by the Directorate-General of Forests of the Ministry responsible for agriculture.[106]

3.138. Other products can only be exported with the prior authorization of the Ministry of Trade, valid for six months.[107] The main purpose of authorization is to prevent shortages on the domestic market and ensure the availability of inputs for domestic industry. The products concerned are:

- cereals and cereal flours, and food preparations obtained therefrom;
- forage and animal feed;
- molasses;
- oilseed cake;
- certain minerals;
- waste and scrap of iron, steel, copper and aluminium;
- coal and petroleum products;
- certain chemical elements and isotopes;
- fertilizers;
- raw and dehaired hides;
- stationery;
- precious metals and waste thereof;
- bismuth and cobalt, titanium, beryllium, antimony, zirconium and their products; and
- aircraft, balloons and dirigibles, parachutes, and ships.

3.139. Export authorizations are issued by the Ministry of Trade. Hazardous products may be exported after authorization by the Ministry responsible for the environment, in accordance with Decree No. 2000-2339 of 10 October 2000. Exportation of wastes included in list A of the Basel Convention is also subject to prior authorization by the Ministry responsible for the environment.

3.2.4 Export subsidies, promotion and support

3.140. The latest notification by Tunisia under Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures dates from 2006.[108] It covers the period 2001-2003. No notification has been made to the WTO since that date.[109] Generally speaking, Tunisia maintains many programmes aimed at developing exports, including agri-food exports. Rationalization of these programmes, which are described below, would make the Tunisian trade regime more transparent and efficient.

3.2.4.1 Fiscal and foreign exchange incentives

3.141. Tunisia has several different regimes for exporting enterprises. The Investment Incentives Code (CII) distinguishes "wholly exporting" enterprises, which must make at least 70% of their sales for export (shipped from the plant during the previous calendar year), from "partially exporting" enterprises. This percentage was reduced to 50% on an exceptional basis in 2009 and then again in 2015, in order to address the exporting difficulties encountered by these enterprises. The remainder of production may be sold on the domestic market. The procedures whereby wholly exporting enterprises make sales and provide services on the domestic market are established by decree.[110]

3.142. Article 14 of the CII, as well as the foreign exchange legislation, further distinguish between "resident" and "non-resident" (or "offshore") enterprises, the latter being defined as enterprises at least 66% of whose capital is held by non-residents who made their investment using imported convertible currencies; they can only be wholly exporting. Enterprises qualify for

[106] CITES; viewed at: https://www.cites.org/sites/default/files/fra/app/2013/F-Appendices-2013-06-12.pdf.
[107] Decree No. 94-1743 of 29 August 1994, viewed at: http://www.anticor.tn/wp-content/uploads/2013/11/decrets/jo06994.pdf.
[108] WTO document G/SCM/N/123/TUN of 19 September 2006.
[109] WTO document G/SCM/W/546/Rev.6 of 14 April 2015 on notification requirements under the Agreement on Subsidies and Countervailing Measures.
[110] Decree No. 97-308 of 3 February 1997, establishing the conditions for sales that may be made in Tunisia by exporting enterprises, as amended by Decree No. 2000-867 of 24 April 2000.

different benefits depending on whether they are "wholly exporting" or "partially exporting", and whether they are "resident" or "non-resident" (Table 3.14).[111] Partly because of the many benefits available, in 2015 almost two thirds of exports, in value terms, were made by "wholly exporting enterprises". Most of the wholly exporting enterprises operate as non-resident enterprises in order to qualify for exemptions from the foreign exchange repatriation obligation, the main advantage of the distinction between resident and non-resident enterprises.

Table 3.14 Benefits accorded to export enterprises under each regime, 2015

Privilege	Regime[a]		
	Wholly exporting non-resident enterprises	Wholly exporting resident enterprises	Partially exporting resident enterprises
Obligation to repatriate export earnings	No	Yes	Yes
Profits tax (corporation tax)	0% (10 years), thereafter 50%; 10% tax on profits from exports made after 1 January 2014. Enterprises for which the period of total deduction of income or profits from export has not expired at 1 January 2014 enjoy the full deduction until the 10-year period has expired.	0% (10 years), thereafter 50%; 10% tax on profits from exports made after 1 January 2014. Enterprises for which the period of total deduction of income or profits from export has not expired at 1 January 2014 enjoy the full deduction until the 10-year period has expired.	Only on the profits from export earnings: 0% (10 years), thereafter 50%; 10% on profits from exports made after 1 January 2014. Enterprises for which the period of total deduction of income or profits from export has not expired at 1 January 2014 enjoy the full deduction until the 10-year period has expired.
Customs duties on inputs and capital goods	No	No	Only on export activity Companies operating under the inward processing regime: a guarantee of 5% of the value of the imported goods Capital goods are subject to a 0% rate (2016 Finance Law)
VAT and consumption tax on inputs and capital goods	No	No	Only on export activity Companies operating under the inward processing regime: a guarantee of 5% of the value of the imported goods Capital goods are subject to a 0% rate (2016 Finance Law)

a Non-resident status is reserved exclusively for wholly exporting enterprises.

Source: WTO Secretariat, based on information provided by the Tunisian authorities.

3.143. Companies established under the "wholly exporting enterprises" regime, as defined in the CII, benefit from a suspensive free-warehousing procedure, wherever they may be located. This allows them to import all the inputs they need for production purposes, and to use a simplified declaration, the "DAE" (release or shipment authorization request) at the time of release of their imports or shipment of their exports. In 2015, enterprises established under this regime accounted for two thirds of the value of total merchandise exports and over a quarter of total import value.

3.144. "Wholly exporting" enterprises also enjoy total deduction of export income and profits from the basis of assessment during the first ten years of activity, and a 50% deduction after that. However, these enterprises are subject to corporation tax at a rate of 10% of profits from exports

[111] These regimes were notified to the WTO in document G/SCM/N/123/TUN of 19 September 2006.

in the case of income and after 1 January 2014.[112] Enterprises operating prior to 1 January 2014 whose period of total deduction of profits derived from exports had not expired at 31 December 2013 also continue to enjoy total deduction until the end of the period granted for that purpose.[113] In 2016, the normal rate of corporation tax (on profits) is 25%.

3.145. Moreover, profits and income reinvested in the initial capital or in an increase in the capital of wholly exporting enterprises qualify for total relief. The relief is also total for profits reinvested within the company itself. Finally, wholly exporting enterprises may import, free of all duties and taxes (customs duties, VAT, consumption tax), the capital goods they need in order to produce, subject to such goods not being available on the domestic market. This exemption also applies to purchases on the local market (CII, Article 15). If VAT is paid under other regimes, it is reimbursable at the time of export.

3.2.4.2 Economic activity parks

3.146. The growing importance of the export promotion strategy in the mid-1980s led to the expansion of the "wholly exporting" enterprises regime that gave rise to the concept of the free economic zone in 1992[114], and then that of the economic activity park in 2001.[115]

3.147. All wholly exporting enterprises established inside an economic activity park qualify for fiscal, financial and customs benefits, according to their status.[116] An economic activity park may be established on Tunisian territory by decree of the Minister of the Economy. Management of the park is granted to a legal person known as the "operator", which invests in the necessary infrastructure and provides maintenance services in consideration for the rent paid by the enterprises established in the park. Any natural or legal person, whether or not resident, may invest freely in export activities after lodging a declaration with the operator.

3.148. There are currently two economic activity parks in Tunisia, created in 1993.[117] The first, at Zarzis, includes port facilities and an airport, housing and warehouses; the other is at Bizerta, near Tunis (Table 3.15). Economic activity parks are under customs supervision and access to them is restricted to persons working in them. A customs office has been set up in each park, at which all the customs clearance operations of the enterprises are centralized, as well as operations relating to management of the parks. A detailed customs declaration must be filed in connection with any movement of goods entering or leaving the park. In accordance with the provisions of Law 92-81, products necessary for the operators' activities in the park may be freely imported. The foreign trade regulations and the technical import control regulations do not apply.

[112] Added by Article 34.3 of Law No. 2007-70 of 27 December 2007 on the Finance Law for 2008.
[113] Amended by Article 24.4 of Law No. 2010-58 of 17 December 2010 on the Finance Law for 2011, as amended by Article 11 of Supplementary Finance Law No. 2011-56 of 25 June 2011 and by Article 20 of the Finance Law for 2013.
[114] Law No. 92-81 of 3 August 1992 establishing free economic zones.
[115] Law No. 2001-76 of 17 July 2001, viewed at: http://www.douane.gov.tn/fileadmin/lois_et_reglements/TA/FR/TA_12.pdf.
[116] Economic activity parks were established by Law No. 92-81 of 3 August 1992 establishing free economic zones, as amended and supplemented by Laws Nos. 94-14 of 31 January 1994, 2001-76 of 17 July 2001, 2006-80 of 18 December 2006 and 2007-70 of 27 December 2007.
[117] Decree No. 93-1916 of 13 September 1993 establishing a free economic zone at Zarzis; Decree No. 93-2051 of 4 October 1993 establishing a free economic zone at Bizerta.

Table 3.15 Economic activity parks operational in 2015

Economic activity park	Areas of activity	Size (hectares)	Total cost (TND million)	Jobs recorded/companies installed in 2015
Zarzis[a]	Labour-intensive industrial projects with a technological input; services involved in petroleum and gas activities and logistics; free-zone transaction activities	60	18,683	182 employees/47 companies
Bizerta[b]	Machinery, electricity and electronics industry; naval and pleasure boating industry; pharmaceutical industry; plastics processing; fabric, textiles and leather finishing; trading and services	100 (Bizerta 30 and Menzel Bourguiba 70)	512	4,300 employees/59 companies

a Zarzis economic activity park, viewed at: http://www.zfzarzis.com.tn/fr/missions-du-parc.html.

b Bizerta economic activity park, viewed at: http://www.paeb.tn/presentation-parc.php.

Source: WTO Secretariat, based on data provided by the authorities; viewed at: http://www.parcs-activites.tn/parcs-activites.html.

3.149. All operations inside an economic activity park must be carried out in foreign exchange or convertible dinars. In addition, the goods and services provided by the operators to persons working in the parks are considered to be exports; they are therefore subject to the foreign trade and exchange regulations and taxed accordingly.

3.150. Offshore banks and other non-resident financial institutions as well as service enterprises working on behalf of non-residents are not required to be installed in the economic activity parks, but may set up throughout the territory.

3.151. In addition to fiscal advantages, enterprises wishing to set up in an economic activity park enjoy simplified procedures (i.e. single window), thereby avoiding red tape, a significant advantage in Tunisia, which is ranked 74th out of 189 in terms of ease of doing business.[118] Thus, investors file their dossier and sign their occupancy agreement with the park operator, which represents the single window, and all the setting up and installation formalities are then carried out by the company operating the economic activity park on behalf of the investor.

3.152. A simplified declaration called the DAE (release/shipment authorization request) enables exporting enterprises to dispose of imported products immediately and also rapidly export the products they manufacture.

3.2.4.3 Other suspensive customs procedures

3.153. In order to boost the export competitiveness of its enterprises, Tunisia has nine different economic customs procedures in addition to the standard exchange procedure: a total of five procedures allowing importation with suspension of duties and taxes, a temporary export procedure, two transit procedures, and a drawback procedure for reimbursement upon exportation of duties paid at importation (Table 3.16).[119] These procedures facilitate the storage, processing, use and movement of goods. They vary according to whether the enterprise is wholly export- or partially export-oriented and whether it is resident or non-resident. Unless a waiver is granted, operations under a customs procedure with economic impact must be covered by security guaranteeing fulfilment of the relevant undertakings.

[118] World Bank (2016).

[119] The various export procedures and the associated privileges are described in detail on the Customs website, viewed at: http://www.douane.gov.tn/index.php?id=466.

Table 3.16 Suspensive procedures, 2015

Name	Benefits	Beneficiaries
Public or private customs warehousing	Goods are placed for a specified period in premises under customs control with suspension of duties and taxes and other commercial measures. Maximum length of stay of goods is 2 years in private warehouses, 5 years in public warehouses and 3 years in special public warehouses.	Private warehouse for own account: person engaged in a commercial or industrial activity for the needs of that activity. Private warehouse for use by third parties: natural or legal persons whose main or secondary business is storing or warehousing goods on behalf of third parties. Public warehouse: municipalities, chambers of commerce and Tunisian semi-public companies.
Processing under customs control: - for partial exportation - for the local market	Use of foreign raw materials in the manufacture of compensating products with suspension of import duties and taxes and clearance of accounts when manufacturing is completed, both for re-exportation and for placement on the market within the limits of the percentages respectively fixed for each of these destinations (processing under customs control for partial exportation); use or production of raw materials with suspension of duties and taxes (processing under customs control for the local market); the compensating products are placed on the market with payment of the applicable duties and taxes. Goods may remain under the processing under customs control for partial exportation procedure for a maximum period of 6 months, which may be extended upon justified request.	Manufacturers possessing the equipment needed for the activity
Processing warehouses provided for under the CII	Duty- and tax-free import of machinery and equipment needed for their activities and of raw materials and semi-finished products necessary for their production; Exemption from VAT for local purchases of machinery and equipment, raw materials, consumables, semi-finished products and services necessary for their activities; may recruit managerial and supervisory staff of foreign nationality up to a maximum of four persons per enterprise.	Wholly exporting enterprises including agricultural and fisheries enterprises; wholly exporting service enterprises; foreign personnel of a service enterprise
Temporary admission ("existing state") including the ATA carnet system	Suspension of duties and taxes for various operations: Entry of articles or machinery for repairs, tests and experiments; one-off exceptional operations that are not of a nature to be generalized; empty or full imported packaging for re-export empty or full; products for display in exhibitions; machinery and equipment to be used to carry out works. The ATA carnet, valid for one year, is an international document that replaces national customs documents with an international customs guarantee chain.	Manufacturers; enterprises carrying out major works (dams, etc.); organizers of trade fairs and exhibitions; exporters of packaging
Inward processing	Suspension of duties and taxes on goods imported in order to be processed, worked or for further treatment, against a surety of 5% of their value. Products included in this procedure must be re-exported or warehoused within a period of 6 months, which may be extended on request (up to 2 years).	Enterprises possessing the machinery and equipment needed for the activity
Temporary exportation and outward processing	Export of goods outside the customs territory for a specified period for the purpose of: outward processing; repair and maintenance; display or participation in events outside the customs territory; animal reproduction or participation in races; participation in sporting, cultural, scientific or religious events; machinery and equipment for works carried out by enterprises resident within the customs territory under a contract signed with non-resident enterprises; materials, machinery, equipment, accessories and spare parts necessary for making films, television or radio programmes in the context of coproduction with similar enterprises resident outside the customs territory; means of transport by land, sea or air for private or commercial use registered in Tunisia and used for the carriage of goods or persons outside the customs territory free of charge or against payment.	Persons possessing the goods presented for export; manufacturers; enterprises carrying out works abroad; organizers of trade fairs or exhibitions abroad; individuals (artists, craftsmen, sports teams)

Name	Benefits	Beneficiaries
Transit	Suspension of duties and taxes, prohibitions and other restrictions normally applicable to goods coming from abroad that cross the customs territory (international transit) or are moved between two offices or warehouses (ordinary transit).	All transport enterprises and operators
International Road Transport System (TIR)	Simplification and harmonization of customs formalities at the border in order to facilitate and speed up the carriage of goods by road. This system has been established since 2 September 2002 and allows goods to be carried by road without load breaking across one or more borders between countries party to the Geneva Convention of 1975, which entered into force in 1978.[120]	All transport enterprises and operators
Reimbursement upon export of duties paid at importation	Reimbursement upon export of goods (or their deposit in a customs warehouse with a view to their export at a later date) of customs duties paid at the time of import or of the import of raw materials used in their composition.	All partially exporting enterprises under Tunisian law
Standard exchange	Definitive export of defective goods to be repaired, restored or refurbished and import of replacement goods with full or partial exemption from applicable import duties. Prior import of replacement goods may be authorized before the dispatch of the defective goods.	All enterprises under Tunisian law

Source: Ministry of Finance, Directorate-General of Customs, viewed at: http://www.douane.gov.tn/index.php?id=466.

3.2.4.4 Financial aid and other export promotion measures

3.154. There are a number of mechanisms and structures available to exporters for marketing Tunisian products abroad and many organizations to provide export support, including financial aid (Section 2.2).

3.155. The Export Promotion Centre (CEPEX)[121], as the agency responsible for implementing the country's export promotion strategy under the Ministry of Trade, is tasked with assessing the impact of export support measures. It manages the computerized trade data bank Tasdir Net and organizes trade-related training missions, fairs and exhibitions.

3.156. CEPEX offers a series of financial incentives through a special Treasury fund: the Export Promotion Fund (FOPRODEX), which was established by the Government in 1985 and is available to exporters to facilitate access to international markets. It provides support in the form of loans and/or subsidies for all sectors of activity. The support is classified into three categories: the first includes the introduction and development of an enterprise's export activities through the implementation of an export plan, the recruitment of graduates, international market surveys, assistance with canvassing and advertising, and also with participation in fairs and special events abroad and in international tenders. FOPRODEX also helps enterprises to set up abroad, to gain access to new communications and promotion technology, to design new packaging for exports, and to register trademarks abroad.

3.157. The second category covers collective promotion activities by trade associations and international trading companies. The third category covers the transport of Tunisian products to foreign markets by assuming part of the cost of transporting agricultural exports: one third of freight costs for agricultural and agri-food products when shipped by sea, 50% if they are carried by air, and 25% for craft products irrespective of the means of transport.

3.158. For promotion activities, the company itself assumes 20% of the cost. Loans are reimbursed over three years with a one-year grace period and at the same interest rate as that on the money market. If the loan component is renounced, the company is given a bonus of 5 points for the subsidy component. The subsidy rate is increased by 10 points if the promotion is aimed at Sub-Saharan African countries.

[120] The countries party to the Geneva Convention of 1975 are: Tunisia, Algeria, Morocco and the 15 EU member countries at the time. The text of the Convention was viewed at: http://www.logistiqueconseil.org/Articles/Transport-routier/Convention-tir.htm.

[121] For further details, see the CEPEX website at: http://www.cepex.nat.tn/content/accueil.

3.159. In 2015, FOPRODEX's total budget was TND 19 million, or 63% of CEPEX's total budget. FOPRODEX also helps exporting enterprises to recruit graduates by financing 50% of their salaries during the first year, 40% the second year and 30% the third year. CEPEX's annual budget over the period 2013-2015 was TND 30 million, of which an average of TND 5 million went to the programme for participation in trade fairs and special events abroad.

3.160. The Export Market Access Fund (FAMEX II) provides marketing and trade assistance for implementing export projects. It also offers financial support for carrying out export projects with a maximum subsidy of TND 100,000 per beneficiary, or 50% of the cost for businesses and 70% of the cost for export-oriented trade associations. The subsidy rises to TND 150,000 if the export project includes opening an office abroad.

3.161. The Competitiveness Support and Export Development Fund (TASDIR+) is a World Bank-financed project to promote Tunisia's exports by offering a range of support and assistance services. It provides partial subsidies with non-reimbursable cofinancing of 50% to individual businesses and 70% to trade associations. The project is due to be implemented over the period 2015-2020 with a budget of US$22 million. It is targeted at enterprises in all sectors of activity producing goods and services for export and focuses on high-valued added activities, in particular the electronics, automotive, aeronautical and pharmaceutical industries, as well as health and education services. TASDIR+ gives preference to enterprises with production facilities located outside the major urban areas, companies headed by women and businesses employing young graduates, as well as companies active in priority sectors.

3.2.4.5 Export insurance

3.162. The leading export insurance agency is the Tunisian Foreign Trade Insurance Company (COTUNACE), created in 1984 and under the authority of the Ministry of Finance until 2013.[122] In 2013, COTUNACE became a government-invested enterprise following its amalgamation with the company Assurcrédit, specializing in loans to local businesses. In 1997, the export insurance-credit subsector was opened up to any company. There are currently two other insurance companies working in the branch, namely ASTREE and CARTE.[123] In 2014, the branch's total turnover amounted to TND 11.6 million (83% of it by COTUNACE), which insured TND 1,535 million worth of exports in 2014. The export insurance-credit side remains small, however, and barely accounts for 0.8% of the insurance sector's total turnover.

3.163. COTUNACE covers non-payment by the foreign buyer as a result of a commercial or non-commercial risk (e.g. civil or international war, natural disasters, or non-transfer of foreign currency). Non-commercial risks are reinsured through the export risk guarantee fund, which can also reinsure commercial risks relating to export transactions that are essential for the national economy. The fund is managed by COTUNACE under an agreement signed with the Minister of Finance, who determines the amount of premiums for non-commercial risks.

3.164. COTUNACE also covers the risk of non-reimbursement of export pre-financing credits prior to shipment granted by banking institutions to small and medium-sized enterprises to cover the risk of inability to fulfil the export order in accordance with the sales contract. This risk is covered by the Pre-Shipment Export Finance Guarantee Fund so as to enable small and medium-sized enterprises to obtain sufficient financing from banking institutions without having to provide the security they usually require. Up to 90% of the amount of the credit is covered, but the guarantee must not exceed 80% of the value of the contract and is limited to TND 1 million per transaction, for the sale of both goods and services.[124] The premium rate is lower than the actual equilibrium rate in order to reduce costs for the exporter and boost export transactions.

3.165. In January 2009, pursuant to Article 5 of Law No. 2008-79 of 30 December 2008 on short-term support measures to enable businesses to continue their activities, the State assumed 50% of the cost of insurance premiums due in order to support exporters during the global

[122] Law No. 84-40 of 23 June 1984. For further details, see COTUNACE, viewed at: http://www.cotunace.com.tn/content/pages/accueil.php.

[123] Law No. 97-24 of 28 April 1997.

[124] Law No. 99-95 of 6 December 1999 on the creation of the Pre-Shipment Export Finance Guarantee Fund, viewed at: http://www.finances.gov.tn/domaines/assurance/cadre%20legal/assurance%20exportation.pdf.

economic crisis. The measure was extended up to June 2010. In January 2010, 300 companies were taking advantage of the support provided and the State-paid premiums amounted to TND 1.7 million for exports insured for TND 670 million. This short-term measure, aimed at protecting exporters from the effects of the 2008 global financial and economic crisis, is no longer in effect.

3.166. Since 2010, the Tunisian Guarantee Company (SOTUGAR), a public interest corporation, has been managing the guarantees granted by the National Guarantee Fund (FNG) for some categories of loan granted by banks, for example, part (70%) of the export pre-financing credits (Section 3.3.2).

3.3 Measures affecting production and trade

3.3.1 State trading, State-owned enterprises and privatization

3.167. Tunisia's latest notification to the WTO concerning State trading within the meaning of Article XVII of the GATT dates back to 2006[125] and lists nine State trading enterprises. In 2004, State trading enterprises imported 16% of Tunisia's imports. It did not prove possible to obtain any estimate of the corresponding figure for 2015.

3.168. According to the notification, the Tunisian Trade Board (OCT) imports sugar (under a *de facto* monopoly) and tea (black and green), unroasted coffee and occasionally other products (mostly potatoes and rice) without exclusive rights, and then distributes them wholesale.

3.169. The Cereals Board has a monopoly on imports of durum wheat, common wheat and barley. It may also import maize and soya cake but has no monopoly on these imports (Section 4.1.8).[126] The National Oils Board imports oilseed (soya, colza, olive) oil and exports olive oil, without exclusive rights (Section 4.1.8).

3.170. The Tunisian Petroleum Activities Enterprise (ETAP) has a monopoly on imports of crude oil and its by-products, and natural gas (Section 4.3). It exports the crude oil reverting to the State after the Tunisian Refining Industries Company (STIR) has been supplied and any excess propane or condensate production on behalf of STEG, the Tunisian Electricity and Gas Company (not included in the State trading notification); it also markets the crude oil share of some private operators. STIR has a monopoly on the production of and domestic trade in petroleum products. The Tunisian Lubricants Company (SOTULUB) has a *de facto* monopoly on the export of greases and lubricants.

3.171. Medicines and pharmaceutical products are imported exclusively by the Central Pharmacy of Tunisia (PCT). The National Alcohol Board holds the exclusive right to import pure alcohol, which can be passed on to the private sector, if necessary. The other products subject to an import monopoly include cigarettes and other tobacco products, playing cards, matches, and gunpowder.

3.172. Although the extraction and export of phosphates are not a *de jure* monopoly, the Gafsa Phosphate Company and the Tunisian Chemical Group were the only producer/exporter in 2016.

3.173. Exclusive rights are granted for trade in services such as electricity, drinking water, rail transport, some passenger transport, air transport, airport management, air traffic control, ports, radio and television, and postal services (Section 4).

3.174. Tunisia's legislation considers "State-owned enterprises" to be companies in which more than 50% of the capital is held by public shareholders, individually or jointly. Tunisia's State-owned enterprises remain economically important, with value added of TND 7.4 billion, or 9.7% of GDP, in 2013. This share has declined somewhat since 2003, when it was 13.1% of GDP. The number of employees in State-owned enterprises has decreased over the past ten years, to 139,386 in 2013 compared to 167,000 in 2003. They accounted for 4% of the labour force employed at national level in 2013, compared to 8.8% in 2003.

[125] WTO documents G/STR/N/8/TUN/Rev.1, G/STR/N/9/TUN, and G/STR/N/10/TUN of 24 February 2006 and G/STR/N/8/TUN/Rev.1/Suppl.1, G/STR/N/9/TUN/Suppl.1 and G/STR/N/10/TUN/Suppl.1 of 27 April 2006.

[126] Decree-Law No. 62-10 of 3 April 1962 creating the Cereals Board.

3.175. At end-October 2015, the Tunisian State still held shares in 104 companies. Its holding exceeds 50% of the capital in 65 of these (Table 3.17). The main sectors concerned are telecommunications, energy, transport and transport support services, and financial services. The State also has holdings in agriculture and agri-industry, chemicals, public works and housing, mining, trade, building materials, the press and publishing, mechanical and electrical industries, and tourism.

Table 3.17 Companies with a State holding, 2015

No.	Company with a State holding	Acronym	State holding (%)
1	Agence de Réhabilitation et de Rénovation Urbaine	ARRU	100
2	Agence des Ports et des Installations de la Pêche	APIP	100
3	Agence Foncière d'Habitation	AFH	100
4	Agence Foncière Industrielle	AFI	100
5	Agence Foncière Touristique	AFT	100
6	Agence Municipale de Gestion relevant de la Municipalité de Tunis	AMG	100
7	Agence Municipale des Services Environnementaux	AMSE	100
8	Agence Tunis Afrique Presse	TAP	98.4
9	Agence Tunisienne de Solidarité	ATS	100
10	Agence Tunisienne des Transports Terrestres	ATTT	100
11	Banque de Financement des Petites et Moyennes Entreprises	BFPME	60.0
12	Banque de l'Habitat*	BH	33.4
13	Banque Nationale Agricole*	BNA	23.5
14	Banque Tunisienne de Solidarité	BTS	38.8
15	Caisse de Prêts et de Soutien des Collectivités Locales	CPSCL	100
16	Caisse Nationale de la Sécurité Sociale	CNSS	100
17	Caisse Nationale de l'Assurance Maladie	CNAM	100
18	Caisse Nationale de Retraite et de Prévoyance Sociale	CNRPS	100
19	Centre de Promotion des Exportations	CEPEX	100
20	Centre National Pédagogique	CNP	100
21	Compagnie des Phosphates de Gafsa	CPG	99.9
22	Compagnie des Transports par Pipe- lines au Sahara	TRAPSA	65.0
23	Compagnie Tunisienne de Navigation	CTN	86.2
24	EL Bouniane	EL BOUNIANE	99.9
25	Entreprise Tunisienne des Activités Pétrolières	ETAP	100
26	Groupe Chimique Tunisien	GROUPE CHIMIQUE	99.9
27	Imprimerie Officielle de la République Tunisienne	IORT	100
28	Manufacture des Tabacs de Kairouan	MTK	100
29	Office de la Marine Marchande et des Ports	OMMP	100
30	Office de la Topographie et du Cadastre	OTC	100
31	Office de l'Aviation Civile et des Aéroports	OACA	100
32	Office des Céréales	OFFICE CEREALES	100
33	Office des Terres Domaniales	OTD	100
34	Office du Commerce de Tunisie	OCT	100
35	Office National de la Famille et de la Population	ONFP	100
36	Office National de l'Assainissement	ONAS	100
37	Office National de la Télédiffusion	ONTEL	100
38	Office National de l'Huile	ONH	100
39	Office National des Postes	TUNISIE POSTES	100
40	Pharmacie Centrale de Tunisie	PCT	100
41	Radio Tunisienne	RADIO TUNISIENNE	100
42	Régie des Alcools	REGIE ALCOOLS	100
43	Régie Nationale des Tabacs et des Allumettes	RNTA	100
44	Société de Promotion de Logements Sociaux	SPROLS	100
45	Société des Services Nationaux et des Résidences	SNR	92.6
46	Société des Transports de Tunis	TRANSTU	100
47	Société d'Exploitation du Canal et des Adductions des Eaux du Nord	SECADENORD	100
48	Société Djebel Djérissa	SDD	99.5
49	Société du Réseau Ferroviaire Rapide de Tunis	RFR	100

No.	Company with a State holding	Acronym	State holding (%)
50	Société Générale d'Entreprise de Matériel et de Travaux	SOMATRAGET	12.8
51	Société les Ciments d'Oum El Kélil	CIOK	97.9
52	Société Nationale de Distribution de Pétrole	SNDP	99.9
53	Société Nationale de la Cellulose et du Papier Alfa	SNCPA	92.4
54	Société Nationale de la Protection des Végétaux	SONAPROV	100
55	Société Nationale des Chemins de Fer Tunisiens	SNCFT	100
56	Société Nationale d'Exploitation et de Distribution des Eaux	SONEDE	100
57	Société Nationale du Transport Inter-Urbain	SNTRI	100
58	Société Nationale Immobilière de Tunisie	SNIT	100
59	Société Nouvelle d'Impression de Presse et d'Edition	SNIPE	19.2
60	Société Promosport	PROMOSPORT	100
61	Société Régionale de Transport Gouvernorat de Sfax	SORETRAS	37.6
62	Sociétes des Ciments de Bizerte*	CB	79.8
63	Société Tunisie Autoroutes	TUNISIE AUTOROUTES	98.0
64	Société Tunisienne de Banque*	STB	71.5
65	Société Tunisienne de l'Air*	TUNIS AIR	64.9
66	Société Tunisienne d'Electricité et de Gaz	STEG	100
67	Société Tunisienne de Sidérurgie	EL FOULADH	91.6
68	Société Tunisienne des Industries de Raffinage	STIR	100
69	Société Tunisienne des Marchés de Gros*	SOTUMAG	37.5
70	Société Tunisienne de Sucre	ST Sucre	11.8
71	Télévision Tunisienne	TELEVISION TUNISIENNE	100
72	Tunisie Télécom	TUNISIE TELECOM	65.0

* Companies quoted on the stock exchange.

Source: Information provided by the Tunisian authorities.

3.176. In 2014, most of Tunisia's State-owned enterprises experienced financial and structural problems, with a cumulated deficit of around TND 3 billion (around €1.3 billion). Several ministries therefore launched rescue plans and programmes with a view to the reorganization of the enterprises under their authority.

3.177. The privatization process is governed by several laws, but mainly Law No. 89-9 of 1 February 1989, as amended in 1994, 1996, 1999, 2001 and 2006.[127] The August 1994 Law opened the process up to foreign investors. The Commission for the Reorganization and Restructuring of Enterprises in Public Ownership (CAREPP)[128] is tasked with giving the Head of Government its views on restructuring operations; the Directorate-General of Privatization (DGPV)[129] ensures the proper conduct of the privatization process in collaboration with the other government agencies concerned; and the Technical Committee on Privatization[130] is in charge of examining the technical aspects of the privatization proposals to be put before CAREPP.

3.178. The regulations provide for four kinds of privatization, namely: the sale of blocks of shares either by means of a call for bids on the basis of specifications or through sale on the stock exchange; opening up of the capital through an increase in capital reserved for a strategic partner; by means of a concession (transfer of the management and operation of an activity traditionally carried out by a government body to a private person or entity, for a specified period); or by selling assets (used less and less).

3.179. Up until 2011, the method most commonly used was to sell shares, which was the case for 100 companies privatized since 1987. It applied to 47.7% of the companies privatized and yielded

[127] Law No. 89-9 of 1 February 1989 on government holdings, enterprises and institutions, as amended and supplemented by Laws Nos. 94-102 of 1 August 1994, 96-74 of 29 July 1996, 99-38 of 3 May 1999, 2001-33 of 29 March 2001, and 2006-36 of 12 June 2006.

[128] CAREPP was created by Law No. 89-9 of 1 February 1989.

[129] The DGPV was created by Decree No. 96-271 of 14 February 1996; its responsibilities and organization are determined in Decree No. 96-1226 of 1 July 1996.

[130] The Technical Committee on Privatization was created by Decree No. 97-410 of 21 February 1997, supplemented by Decree No. 98-1440 of 13 July 1998.

78.6% of the total income from privatization. Since the privatization process was revived in 2012, the method usually selected has been to open up the capital to a strategic investor through a public-private partnership, while maintaining the public status of the company, by increasing the capital reserved to the strategic partner (this does not usually exceed 49% of the capital). This method is currently being used for the companies El FOULEDH and SOMATRAGET.

3.180. Under Law No. 89-9 of 1 February 1989, buyers, employees and former employees of companies with government holdings are entitled to special benefits. Those available to buyers include tax relief on profits or income reinvested and tax exemption on the company's profits for the first five years of its actual operation. The ceding company is eligible for exemption from capital gains tax on the sale. The benefits available to employees and former employees include priority for buying shares, together with special terms for the time-limit for payment, the purchase of shares at a lower price and the allocation of free shares.

3.181. The privatization specifications usually provide for post-transfer monitoring, imposing certain obligations and commitments for a period of five years (as of the date of purchase), for example, maintaining jobs and staff benefits, undertaking to carry out a development plan, forwarding the balance sheets annually to the DGPV, together with the number of personnel recruited and the progress made with the business plan.

3.182. According to official figures for December 2009, 219 companies were privatized between 1987 and 2009, with proceeds of almost TND 6 billion, of which 90% took the form of foreign investment. In all, shares were sold in 100 companies (corresponding to 47.7% and yielding income of TND 4,699 million), while assets were sold in 113 (corresponding to 51.6% and yielding TND 439 million). The remainder were sold in part or granted as a concession (five transactions corresponding to 2.3%, earning income of TND 706 million, as well as one instance of an increase in capital, corresponding to 0.5% and income of TND 132 million).

3.183. The services sector occupies first place, with 53.9% of the companies ceded, followed by industry (37.8%), and agriculture and fishing (8.3%). The breakdown of income from privatization by sector confirms the importance of the services sector, which alone accounts for over 84.5% of the income earned from the transactions, representing a total of TND 4,917 million, notably through the sale of 35% of the capital of Tunisie Télécom to the Emirates consortium "Técom-Dig" for TND 3,052 million. The industrial sector is in second place, yielding an estimated amount of TND 1 billion, or 17.6% of the total. The income from privatization in the agricultural sector remains extremely limited and was not more than TND 41 million.

3.184. Following the events in January 2011, CAREPP decided to suspend the privatization and restructuring process under way. It was revived from 2012 to 2014, targeting State-owned enterprises with economic problems and using financial support measures (loans from the Treasury; State guarantee in order to receive assistance from donors; rescheduling debt, especially social debt) (See Table 3.18).

3.185. Reforms have been under way since 2015: review of CAREPP's competence, in the form of a draft decree, giving it fewer responsibilities and lessening its scope so as to confine its action to the sale of shares and assets owned by the State (and no longer to State-owned enterprises, as was formerly the case); and the creation of a committee responsible, *inter alia*, for preparing a study on the strategy to be followed for the reform of State-owned enterprises, including recovery and restructuring programmes and their financing needs.

Table 3.18 Current reorganization – privatization, 2015-2016

Name of the enterprise	Reorganization – privatization / restructuring
Société tunisienne de sidérurgie Elfouledh	Recapitalization and opening up the capital, reserving up to 49% of the post-recapitalization capital for a strategic partner through an international call for bids.
Filière sucrière	Selection of a commercial bank to assist the Ministry of Development, Investment and International Cooperation in choosing a strategic partner.
Société de travaux publics SOMATRA-GET	Creation of a steering committee in the Ministry of Public Works to help the company with its restructuring by opening up 49% of its capital to a private partner.

Name of the enterprise	Reorganization – privatization / restructuring
Société ELLOUHOUM	Under consideration for financial and social reorganization, regularization of its property situation and restructuring of its activities in order to strengthen its role in regulating the market.
Société tunisienne de tourisme des jeunes (SOTUTOUR)	Creation of a steering committee in the Ministry of Finance and launching of consultations in order to select a consultancy firm for diagnosis and recovery.
Société nouvelle d'impression, de presse et d'édition (SNIPE LA PRESSE)	Under consideration for a restructuring project awaiting financing.

Source: Table drawn up by the WTO Secretariat on the basis of information received from the authorities.

3.186. A new law on public-private partnership (PPP) was adopted in November 2015 with the objective of diversifying ways of meeting government procurement needs and sources of financing by allowing one or more private suppliers of construction, conversion and maintenance of public works services to be associated.[131] Pursuant to this Law, the government party may entrust a private supplier with financing, building or converting works or facilities or even infrastructure, whether tangible or intangible, needed for the public service, under a contract for a specified period.

3.187. This new Law also defines the overall framework for public-private partnership contracts, how they should be drawn up and the mechanisms for their implementation and monitoring. Article 4 provides that the contracts concluded must respond to a need predetermined by the State and must take into account national and local priorities, as well as the objectives in development plans. Article 5 states that they must observe the rules of good governance, transparency of procedures and equal opportunities. One provision in the new Law prescribes that the private partner must use domestic products and employ Tunisians. Public-private partnerships were previously governed by the framework law on concessions.[132]

3.3.2 Incentives

3.188. Since the mid-1980s, Tunisia has introduced a large number of measures to attract direct investment, especially from abroad, in activities aimed at local economic development and exports. Many incentives are now granted under the Investment Incentives Code (CII) (Section 2.5). For any eligible investment, the CII grants the following "common benefits": natural or legal persons subscribing to the original capital or capital increase of an eligible enterprise may deduct income or profits reinvested up to a maximum of 35% of their net taxable income or profit. They may also opt for the declining balance method of depreciation (rather than linear depreciation) for production machinery and equipment.

3.189. According to Article 9 of the CII, capital goods required for the investment are eligible for suspension of VAT and consumption tax on imported goods with no locally produced equivalents and also on locally produced goods. Nevertheless, Article 24 of Law No. 2014-54 (Supplementary Finance Law for 2014), confirmed in the 2016 Finance Law, amended these provisions. For imported capital goods, companies which had the right to suspension of VAT, consumption tax and taxes of equivalent effect on purchases are now subject to VAT at a reduced rate of 6% provided that the capital goods have no locally produced equivalents. For capital goods produced locally, they may still benefit from the suspension of VAT and consumption tax, as allowed under the CII.

3.190. The finance laws for the period 2014-2016 also introduced other measures to boost the creation of SMEs. The benefits given for new investment include the possibility of accelerated depreciation and fiscal deductions such as exemption for the profits of SMEs created in 2016 in the processing sector for the first five years of activity.

3.191. The "specific benefits" provided by the CII can be broken down according to a number of parameters. Those conditional upon export are described in Section 3.2.4. The other parameters include regional and agricultural development (Section 4.1), combating pollution and protecting the environment, promotion of technology and business support, new promoters and small

[131] Law No. 2015-49 of 27 November 2015 on public-private partnership contracts.
[132] Law No. 2008-23 of 1 April 2008 on the concessions regime, viewed at: http://faolex.fao.org/docs/pdf/tun80935.pdf.

enterprises and small trades. The regional development-related fiscal benefits include full exemption from income tax or corporation tax for the first ten years as of the effective start-up date; and 50% exemption from income and profits tax for the subsequent ten years. For investments declared as of 1 January 2011, Law No. 2011-28 of 18 April 2011[133] provides that the State should assume the employer's contribution to the social security scheme with respect to wages paid to Tunisian employees for the first five or ten years (depending on the site of the project) as of the effective start-up date.

3.192. The financial benefits include a subsidy of 15%-25% of the total investment, with a ceiling of TND 1-1.5 million for projects established in regional development areas. The State also finances 30% of the total investment (with a ceiling of TND 2 million) for projects receiving support from the Industrial Decentralization and Promotion Fund (FOPRODI) and located in priority regional development areas. In addition, the State pays a subsidy of 8% of the cost of the project (excluding the cost of the land) for projects relating to culture or leisure activities. The State may also finance up to 85% of the infrastructure costs.

3.193. In order to give companies more effective support, the CII provides that the State should assume all or some of the employer's social security contributions for Tunisian graduates and newly recruited employees for a period of five years. It also provides additional fiscal and financial benefits for investment that is particularly important for the domestic economy, for example, in industries manufacturing capital goods or in the takeover of companies in difficulty.

3.194. Since 2011, FOPRODI has taken a share in the minimum start-up capital in order to help "new promoters", defined in the CII as natural persons of Tunisian nationality whether or not associated as a company.[134] For the first tranche of the investment and up to TND 2 million, FOPRODI's share in the capital may not exceed 60% of the minimum capital, and the promoter must guarantee personal input of at least 10% of the capital and a contribution of at least 10% of the capital from a risk capital investment company or a venture capital mutual investment fund. For the remainder of the investment and up to TND 10 million, FOPRODI's share in the capital is limited to 30% of the additional capital and the promoter must guarantee personal input equivalent to at least 20% of the capital and a contribution of at least 20% of the additional capital from a risk capital investment company or a venture capital mutual investment fund.

3.195. The State may also grant subsidies for research and technical assistance costs, to purchase capital goods or to develop the land or premises necessary for project implementation.

3.196. The National Guarantee Fund (FNG) is intended to guarantee the granting of some categories of loan from banks, out of their regular funds or by borrowing, to small and medium-sized economic units, as well as loans to farmers in general to cover drought risk. The guarantees given by the FNG may also extend to service activities, notably in relation to information technology.

3.197. The State also pays out subsidies to encourage protection of the environment. For example, pollution cleanup and damage repair facilities are eligible for a subsidy amounting to 20% of the costs incurred. At end-2015, this subsidy had been paid out to 510 companies by the National Environmental Protection Agency (ANPE) for a total of TND 33 million.

3.3.3 Competition policy and price control

3.198. There have been changes to Tunisia's legislation on price control since its previous TPR following the adoption of a new law on competition and pricing in 2015. This Law, for which the implementing texts are under preparation, repeals Law No. 91-64 of 29 July 1991 and all its amending texts. This reform process is based on the recommendations stemming from a number

[133] Decree-Law No. 2011-28 of 18 April 2011 establishing fiscal and financial measures for the revival of the domestic economy, viewed at: http://www.international-pro-consulting.com.tn/documents/Decret_loi_2011_28.pdf.

[134] Decree No. 2008-388 of 11 February 2008 on the promotion of new entrepreneurs, small and medium-sized enterprises, small enterprises and small trades, as amended by Decrees Nos. 2009-36 of 13 January 2009 and 2011-442 of 26 April 2011, viewed at: http://www.portail.finances.gov.tn/domaines/AVFISC/cadre%20legal/code_incitation%20Fr/Decrets_Fr/decret_fr_2008_388.pdf.

of studies conducted in 2010 and 2011 and is part of the series of measures intended to enhance the consistency and effectiveness of competition policy and strengthen the competitiveness of the domestic economy. It was also prompted by concern to harmonize competition rules with requirements as a privileged partner of the EU.

3.3.3.1 The new competition law

3.199. Law No. 2015-36 of 15 September 2015 on the reorganization of competition and pricing did not affect the fundamental principles enshrined in the former law, namely, the principle of free pricing and the ban on anti-competitive and discriminatory practices. It also confirmed the various revisions made to the 1991 Law in order to establish a market economy and enhance competitiveness, as well as the rules of transparency and proper functioning of the market. It also made a number of improvements as regards the role and responsibilities of the Competition Council as compared to the former text.

3.200. The existing institutional structure is retained in the new Law, comprising an independent authority, the Competition Council and the Directorate-General of Competition and Economic Surveys (DGCEE), under the Ministry of Trade. The Competition Council and the DGCEE are responsible for implementing competition policy through market surveillance missions, promotion of competition and investigations into anti-competitive practices. The Competition Council also plays an advisory role in all competition-related matters.

3.201. Greater powers are given to the Competition Council under the new Law and henceforward it has to be consulted on draft legislation directly intended to impose special conditions on the exercise of an economic activity or profession or to introduce restrictions that might hinder access to a given market (Article 11).

3.202. Stricter sanctions are imposed for anti-competitive practices, particularly in the case of understandings or abuse of a dominant position (10% of turnover compared to 5% previously). Clemency measures (if a cartel is denounced, the accusation is not contested, or there is an undertaking to reinstate competition) allow the Competition Council to grant full exemption from the sanction or to reduce it.

3.203. The new Law prescribes publication of the Council's decisions and notices on its website. Any exemption from application of the Law granted by a decree from the Minister of Trade, after receiving the views of the Competition Council, is published in the Official Journal. Lastly, the new legislation clarifies certain procedural aspects and reinforces the right of defence by giving a reasonable period to the defence to formulate its comments on the report at the end of the investigation (two months instead of the 30 days previously).

3.204. The new legislation introduces rules aimed at ensuring more transparent prices and conditions of sale (for example, marking, labelling and display of prices), and prohibiting restrictive practices (for example, refusal to sell and making sale conditional upon the purchase of a given volume or the simultaneous purchase of other goods). The Law also lays down the obligation to communicate a price list, and it prohibits reselling below cost, imposing of minimum prices or unjustified discriminatory terms, and anti-competitive practices.

3.205. The following are among the anti-competitive practices prohibited: concerted action and express or tacit understandings preventing free pricing, restricting market access, or aimed at market sharing; abuse of a dominant position; and abuse of a state of economic dependence. The Law, however, allows exemptions from anti-competitive practices in cases where the effect is to achieve technical or economic progress and give users a fair share of the resulting profits. Such exemptions are granted by the Minister of Trade, after hearing the views of the Competition Council, and must be published in the Official Journal. In 2015, seven decisions on exemptions were taken in the catering, education, sports and meal tickets sectors. These decisions concerned exemption from application of Article 5 of the new Law to certain anti-competitive clauses appearing in franchising contracts (territorial exclusivity clause, non-competition clause).

3.206. Like the previous Law, the new Law provides for the supervision of mergers when, over the previous three financial years, the merged companies' share of the market exceeded 30% of sales, purchases or any other transactions of the substitutable goods, products or services on the

domestic market or on a substantial part thereof; or the global turnover of these companies on the domestic market exceeded TND 20 million.[135] Such transactions must be notified to the Minister of Trade, who decides whether or not to agree to the merger, after hearing the views of the Competition Council.

3.207. The Competition Council dealt with 12 cases during 2015 and examined 39. The most important are summarized in Table 3.19. Pursuant to Article 5 of Law No. 2015-36, the Council has several times censured State-owned enterprises when they were acting as economic operators.

Table 3.19 Cases dealt with by the Competition Council, 2015

Sector	Offending practice	Decision of the Competition Council
Government procurement	Understandings	Fines imposed on the offending companies and injunction to end the practices; obligation to publish the Council's decision.
Repairs and spare parts	Abuse of a situation of economic dependence	Fines imposed on the offending company and injunction to end the practices and obligation to amend the contractual clauses; obligation to publish the Council's decision.
Telecommunications	Abuse of a situation of economic dependence	Fines imposed on the offending companies and injunction to end the practices; obligation to publish the Council's decision.
Government procurement	Abuse of a dominant position	Injunction to end the practices; obligation to publish the Council's decision.
Distribution of cleaning products in supermarkets	Abuse of a situation of economic dependence	Fines imposed on the offending companies and injunction to end the practices; obligation to publish the Council's decision.
ADSL telecommunications	Abuse of a dominant position	Withdrawal of the offer and fines imposed on the offending company; obligation to publish the Council's decision.
Meal tickets	Abuse of a collective dominant position	Injunction to end the practices; obligation to publish the Council's decision.
Distribution of phosphoric acid	Abuse of a situation of economic dependence	Injunction to end the practices; obligation to publish the Council's decision.
Production and distribution of veterinary medicines	Abuse of a dominant position	Fines imposed on the offending company and injunction to end the practices; obligation to publish the Council's decision.

Source: Information provided by the Tunisian authorities.

3.208. The following sectors have their own regulatory authorities which also have competition responsibilities: telecommunications, banking, and financial and insurance markets.

3.3.3.2 Price controls

3.209. Like the 1991 Law, the new Law prescribes that the price of goods and services is freely determined through competition, except for those excluded from the free pricing regime. The list of goods and services not subject to free pricing, as well as the terms and conditions for determining their cost or selling price, are still set by a 1995 Decree (Decree No. 95-1142) (Box 3.1). These are "essential" goods subsidized by the State, services furnished under State monopolies, or activities characterized by lack of competition.

[135] Decree No. 2005-3238 of 12 December 2005 determining the global turnover threshold above which merger transactions are subject to prior authorization, viewed at: http://www.cnudst.rnrt.tn/jortsrc/2005/2005f/jo1012005.pdf.

Box 3.1 Goods and services subject to administered or authorized prices

A Products and services subject to the controlled price regime at all stages

Subsidized bread; subsidized flour and semolina; subsidized couscous and pasta; subsidized edible oils; subsidized sugar; paper; subsidized school textbooks and exercise books; tea; fuels, including LPG; electricity, water and gas; passenger transport fares; medicines and medical acts; subsidized reconstituted milk; charges for postal and telephone services; tobacco; matches and alcohol; charges for port services; hot beverages (coffee and tea) served in cafés of categories 1, 2 and 3.

B Products subject to the controlled price regime at the production stage

Salt; baker's yeast; roasted coffee; beer; metal barrels and containers; motor vehicles (assembly); lime; cement and reinforcing bars; compressed gas.

C Products subject to control of distributor's margin

Rice; citrus fruit; table grapes; dates; other fruit; potatoes; tomatoes; pimentos; onions; other vegetables; plants and condiments; poultry; eggs; bran and milling products; butter; tomato concentrate; lump sugar; roasted coffee; yeast; beer; artificial cement; white cement; reinforcing bars; metal containers; private cars; vans; coaches; buses; trucks; trailers; other road vehicles; school ink; compressed gas; school paper; exercise books; baby food containing flour and milk.

Source: Decree No. 95-1142 of 28 June 1995.

3.210. List A products are subject to the controlled price regime at all stages (production and distribution), that is to say, the price levels or price changes are predetermined by the State on the basis of the company's costs and accounts, or the data for the sector in the case of sectoral authorization. List B products are also subject to price authorization, at the production stage, in sectors with insufficient competition. List C products are subject to self-authorization at the distribution stage, that is to say, the company determines the price by applying to the cost price a mark-up fixed in advance by the State; prices in this category are subject to *post facto* checks. In practice, some of these products are no longer subject to these measures.

3.211. The General Compensation Fund (CGC) was set up in 1970 to moderate the effects of fluctuations in the price of staples (especially imports) and to help preserve the purchasing power of low-income groups and has several objectives. Its expenditure has fluctuated since 2005, rising until 2008, then declining from 2008 to 2010 and subsequently rising again from 2010 onwards. In 2011, other products were added to the list of products to be subsidized by the CGC: tinned tomatoes, powder sugar, pasta and couscous (Table 3.21). The subsidy for semi-skimmed milk was also reinstated after being removed in 2009. This expansion of the CGC's scope occurred when cereal prices were rising on the international market and had the effect of increasing the Fund's resources. The price of all the products receiving subsidies is controlled.

Table 3.20 Cost trends for the General Compensation Fund, 2005-2015

(TDN million)

Products	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Cereals and cereal products	170.9	239.5	474.2	873	687	466.7	887.4	1,005.7	1,117.9	1,152.4	1,359.3
Vegetable oils	57.8	69	111.5	167.5	108.4	112.7	214.4	264.4	232.2	201.7	167.1
Sterilized semi-skimmed fresh milk	6.7	7.3	7.3	2.8	-	-	23.1	31.9	57.1	68.6	61.2
Sugar	-	-	-	-	-	-	10.8	10.4	9.7	9.7	8.9
Paper for schools	7.7	5.6	5	4.6	4.3	4.3	4.3	4.3	4.3	2.8	4.5
Tomato concentrate	-	-	-	-	-	-	9.6	10.8	12.4	-	-
Pasta	-	-	-	-	-	-		4.8	16.4	13.9	32.6
Rounded total	243.1	321.4	598	1,047.9	800	730	1,149.6	1,332.3	1,450	1,449.1	1,633.6

Source: Information provided by the Tunisian authorities.

3.212. In 2016, intervention by the CGC, under the authority of the Ministry of Trade, was confined to five products: semi-skimmed fresh milk, cereals and cereal products, oilseed oils, sugar and paper for exercise books. The subsidy for oilseed oils and cereals is calculated on the basis of the difference between the cost price and the selling price set by the authorities. For milk, there is a flat rate (currently TND 0.115/litre), which is granted to central dairies on the basis of the volume sold, with the selling price to the public being fixed by the authorities. For sugar, there is also a flat rate (TND 0.050/kg), which is given to the trade board on the basis of the volumes marketed and intended for final consumers. The price of exercise books is determined by the authorities as they are subsidized through paper subsidies given to the manufacturers.

3.213. A 1% tax was created in 2012 to finance the CGC. It is levied on gross salaries exceeding TND 20,000 annually and came into force under the 2013 Finance Law. Households whose annual income exceeds TND 20,000 reimburse the CGC for the subsidies by paying it this tax each year. For 2011, the breakdown of the CGC's budget by sector was as follows: 7.5% of food subsidies benefited wealthy households, 60.5% the middle class, 9.2% the poorest and 22.8% non-households (including restaurants, cafés, tourists). Any elimination of the subsidies on staple foods would, however, in the short term increase the poverty level by 3.6 percentage points and the extreme poverty level by 1.7 percentage points.[136] The CGC's expenditure in 2015 was around TND 1.63 billion, or 2% of GDP (as compared to 1.1 percentage points in 2010 and 0.7 percentage points in 2001).[137]

3.214. Since 1994 Tunisia has had an annual programme subsidizing the import of "popular-selling" cars from foreign manufacturers (European or Asian), with a fixed profit margin for local dealers. This programme was suspended after 2011, but has recently been reintroduced. The purpose of this measure is to make it easier for Tunisians to buy cars. It has been decided to increase the profit margin for dealers which import vehicles under this programme from TND 500 to TND 1,000 and to allow other car dealers to import them as well, provided that they observe selling prices "which take into account the purchasing power of the middle class, with help from banks and social security funds".

3.3.4 Government procurement

3.215. Tunisia is neither a party to nor an observer of the Plurilateral Agreement on Government Procurement concluded under WTO auspices.

3.216. There have been important changes in relation to government procurement since Tunisia's previous TPR in 2005. The revision of the regulatory framework, which was launched in 2012 following an auto-evaluation of the national system, ended with the preparation of an action plan. The new regulatory framework was confirmed by the adoption of Decree No. 2014-1039 of 13 March 2014[138], and revises a certain number of the provisions in the 2002 Decree.[139]

3.217. The new Decree establishes the principle according to which bids are evaluated on the basis of "the lowest bid that meets the specifications". Nevertheless, for the procurement of important goods and equipment with technical specifications, the bids may be evaluated by weighing quality against cost (Article 63). Likewise, design contracts are governed by special procedures which give priority to quality (Article 126). The new regulations take into account sustainable development aspects, placing them at the level of fundamental principles (Article 6) and using them as criteria when evaluating bids (Article 64). With its 194 Articles, the new Decree aims to be as exhaustive as possible.

3.218. According to the new Decree, government procurement contracts are written contracts, concluded against payment by the government purchasers with a view to fulfilling orders from the Government, which may entail carrying out works, supplying goods or services or carrying out studies. The State, local authorities, State-owned establishments and enterprises and public

[136] National Institute of Statistics in collaboration with the Centre for Social Research and Studies and with technical support from the African Development Bank.

[137] *Idem*.

[138] Decree No. 2014-1039 of 13 March 2014, viewed at: http://www.marchespublics.gov.tn/onmp/upload/documents/Decret_2014_1039_FR.pdf.

[139] Decree No. 2002-3158 of 17 December 2002, supplemented by Decrees Nos. 2007-1329 of 4 June 2007 and 2008-2471 of 5 July 2008.

distribution services (water, electricity) are deemed to be government purchasers. Concessionaires of networks and any other legal person, public or private law body entering into a contract on behalf of a government entity or to be paid out of public funds in order to meet a need of general interest must also comply with government procurement regulations.

3.219. In the same way as the former text, the new Decree does not make any distinction between Tunisian and foreign companies. Some provisions specific to certain sectors, defined in Articles 127 to 134, concern the procurement of imported goods with fluctuating prices, for example, petroleum and wheat; the procurement of goods to be sold in the same state or packaged as part of a commercial activity (Article 135) such as medicines, human and veterinary vaccines at the Central Pharmacy; or procurement to be paid out of the operating budget of a State-owned enterprise working in a competitive environment.

3.220. The new Decree covers all procurement with the exception of procurement by the Ministry of Defence and the three State banks. Article 4 lists government contracts which are not deemed to be government procurement, namely: contracts of association, contracts establishing groups, subcontracting contracts, delegated contracting agency contracts between a government purchaser and other parties, and agreements on the fulfilment of public works between State services governed by the current legislation and regulations, concession contracts and sponsorship contracts.

3.221. Procurement of a value lower than the thresholds set in Article 5 of the new Decree must be the subject of competition through consultation without having to abide by the special procedures for government procurement, but it must be in accordance with written procedures which respect the principles mentioned in Article 6 of the Decree.

3.222. The procedure for awarding government procurement contracts involves several commissions, namely: commissions which monitor procurement, including the Higher Procurement Control and Audit Commission (CSM), established within the Higher Procurement Authority (HAICOP), the departmental commissions within each Ministry, the regional commissions within each governorate, the local commissions within communes whose budget exceeds a certain threshold, and the internal commissions within each State-owned enterprise. Other government bodies also have their own internal procurement control commissions, for example, the regional agricultural development commissariats, the regional education commissariats, local education authorities and State-owned health enterprises. The various commissions, composed of representatives of the competent ministerial departments, together with comptrollers of government expenditure and State comptrollers, undertake a prior examination of the various government procurement proposals according to their competence (Article 164).

3.223. The commissions for opening bids are standing commissions established within each government purchaser responsible for opening and deciding on the admissibility of bids. The bid evaluation commissions are ad hoc commissions established for each competition in order to evaluate bids on the basis of the methodology and criteria indicated in the specifications and to propose the award of the contract in question. The procurement commissions, established within each government purchaser, are responsible for opening the bids, evaluating them and proposing the award of contracts for procurement for the following amounts, including all taxes: TND 200,000 to TND 500,000 for public works; TND 100,000 to TND 200,000 for design contracts and the supply of goods or services in the informatics and communications technology sector (which is the subject of special government procurement rules); TND 100,000 to TND 300,000 for the supply of goods and services in other sectors; and TND 50,000 to TND 100,000 for design contracts in other sectors (Article 50).

3.224. The institutional structure is made up of several structures. HAICOP, under the Presidency of the Government, has been attached to the Ministry of Civil Service, Governance and Anti-Corruption.[140] The National Government Procurement Council is an advisory body entrusted with strategic orientation and is for large government or private purchasers, universities and civil society. Its responsibilities and composition are specified in Articles 143 to 146 of Decree No. 2014-1039. HAICOP is composed of the CSM and the Government Procurement Investigation and Monitoring Committee (COSEM). The CSM is attached to the Prime Minister's office and examines procurement of public works, the supply of goods and services, design

[140] Pursuant to Decree No. 2016-271 of 2 March 2016.

contracts and the purchase of informatics hardware and services. It comprises commissions specializing in different sectors: construction, civil engineering and related design; communications technology, informatics, electricity, electronics and related design; raw materials and products sold in the same state, miscellaneous orders; acting as the attorney on behalf of government bodies before the courts and judicial bodies; the National Government Procurement Observatory (ONMP); and the Tunisia on-line E-Procurement System (TUNEPS).

3.225. The responsibilities of the ONMP are specified in Article 156 of the Decree and include, in particular, the introduction of an information system on government procurement, assistance to government purchasers through consultation and training so as to build the capacity of those involved in government procurement, and proposals for any government procurement-related regulatory or legislative measure.[141] COSEM is the body responsible for government procurement-related appeals and its responsibilities are described in Articles 181 to 184 of the Decree.

3.226. The principal method recommended for awarding government procurement contracts is a call for bids (Article 41). This may be open or restricted, or in two stages or with a competition, in accordance with Articles 42 to 48 of the new Decree. In exceptional cases, the contract may be awarded directly (Article 41). In this connection, Article 49 lists six cases in which this applies, including: procurement of works, supplies of goods and services and design contracts which, for technical reasons, can only be fulfilled by a particular entrepreneur, supplier or service provider; procurement that cannot be obtained through a competition (a call for bids) for reasons of public security or national defence; and procurement which, following a competition held at least twice consecutively, did not result in any bids.

3.227. The extended consultation procedure no longer appears in the current government procurement regulations. Awarding contracts directly is allowed in the case of public security or national defence projects (Article 49).

3.228. Table 3.22 below shows procurement by the central administration (ministries and public administrative institutions). In 2014, 69% of procurement was through calls for bids for an amount of over TND 1 billion. The call for bids is open when any bidder may submit a bid and restricted when there is preselection of bidders. A call for bids may be restricted if the subject of the procurement is complex or its fulfilment requires the use of substantial resources or if the services can only be provided by a limited number of companies with enough professional and financial capacity to carry out the project satisfactorily. Furthermore, the government purchaser may employ a restricted call for bids if so required by donors. Awarding contracts through a competition is the method used if special considerations so justify, for example, for technical, aesthetic or financial reasons.

[141] ONMP, viewed at: www.marchespublics.gov.tn.

Table 3.21 Principal methods of awarding government procurement contracts, 2006-2014

(TND million)

Year	Call for bids					Extended consultation		Directly		Total
	Open	Restricted	With a competition	Total	% of total value	Value	% of value	Value	% of value	
2006	798	0	0	798	71.2	35	3.2	287	25.6	1,120
2007	816	0	0	816	80.0	30	3.0	174	17.1	1,021
2008	981	0	0	981	81.5	42	3.5	180	15.0	1,204
2009	1,038	0	0.2	1,039	74.0	47	3.4	317	22.6	1,403
2010	1,297	10	0.1	1,307	79.5	35	2.2	302	18.4	1,644
2011	1,329	0	0.4	1,329	85.4	20	1.3	208	13.4	1,557
2012	1,131	0	0.3	1,132	78.7	36	2.5	269	18.7	1,437
2013	752	0	0.2	752	62.4	71	5.9	381	31.6	1,205
2014	1,043	1	3	1,047	68.7	49	3.2	428	28.1	1,524

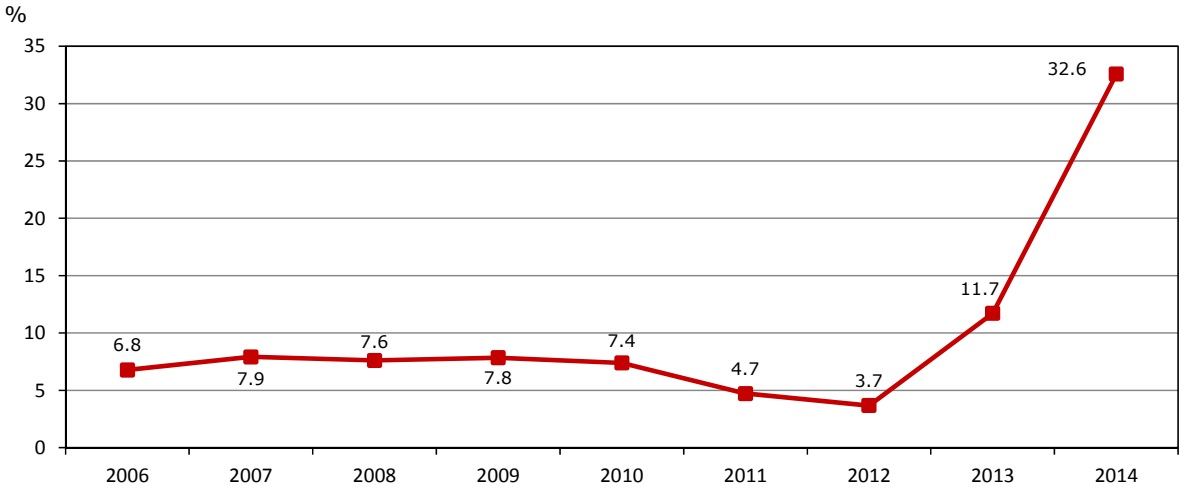
Note: These statistics concern procurement by the central administration, excluding State-owned enterprises and local authorities.

Source: Information provided by the Tunisian authorities.

3.229. The new government procurement regulations renew the possibility of giving a preference for Tunisian companies and products of Tunisian origin. Pursuant to Article 26 of Decree No. 2014-1039, bids by Tunisian companies for works contracts and products of Tunisian origin, of equal quality, receive preference over bids by foreign companies and products of any other origin, provided that the bids by Tunisian companies are not more than 10% over the amount of those by foreign companies. The bidder must submit the Tunisian certificate of origin issued by the competent services. In order to apply the preference margin for Tunisian companies and products of Tunisian origin, the bids are compared taking into account customs duty and on the basis of prices that include all duties and taxes.

3.230. The share of government procurement awarded to foreign companies remained stable from 2006 to 2010 at around 7%. It fell to 4% in 2011 and 2012, then rose sharply to reach 33% in 2014 (Chart 3.5).

Chart 3.5 Share of government procurement contracts awarded to non-resident suppliers, 2006-2014



Source: Information provided by the Tunisian authorities.

3.231. Several government purchasers together may award a joint contract in order to meet common needs (Article 17). Likewise, one or more purchaser may decide to set up a central

procurement office (Article 18). Article 23 provides that specifications must encourage foreign design offices to become associated with one or several Tunisian design offices or experts. Pursuant to Article 24, specifications may also include incentives to associate specialized Tunisian companies when foreign companies are recruited in the industrial and informatics software development sectors.

3.232. Some orders for imports whose prices fluctuate rapidly and which, as a result, cannot comply with the general terms and procedures for awarding, fulfilling and controlling procurement contracts, may also be given directly (Article 49). Since 2004, three joint orders from the Minister of Trade and the Minister with responsibility for the companies concerned have determined the list of imports "with fluctuating prices".[142] The main products involved are cereals and petroleum products.

3.233. A call for bids has to be published in the press and on the government procurement website at least 30 days before the end of the period for receiving bids. This time-limit may be shortened to 15 days if there is a duly justified emergency. The notice may also be published on any physical medium or online and on the site of the government purchaser itself where appropriate. For electronic procurement, the notice is published on TUNEPS.[143]

3.234. The introduction of the government procurement gateway has enabled procedures to become paperless and has improved transparency. Not only does it allow consultation of a database on government procurement, but also online bidding following the introduction of TUNEPS, in operation since June 2014. The specific provisions relating to online government procurement are set out in Articles 77 to 82 of Decree No. 2014-1039. TUNEPS makes all the regulations governing government procurement available to government purchasers and private operators, together with online support for its use. In October 2015, 22 pilot purchasers had made use of TUNEPS.

3.235. The reasons for rejecting bids must be transmitted to bidders within a reasonable time frame, either in writing or electronically. In case of disagreement, the system offers, in the first instance, the possibility of lodging an informal appeal against the decisions taken within five working days following publication of the decision contested. Articles 180 to 184 of the new Decree describe the procedures and conditions for informal appeals and appeals to COSEM. For the latter, suspending the procurement procedure is not automatic and is only triggered if the request is considered to be justified.

3.3.5 Intellectual property rights

3.236. Tunisia has been a member of the World Intellectual Property Organization (WIPO) since 1975 and is party, *inter alia*, to the Paris Convention for the Protection of Industrial Property (founder member) and the Berne Convention for the Protection of Literary and Artistic Works (founder member). It is also party to the Patent Cooperation Treaty (PCT), a member of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks; the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration; the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods; the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks; the Convention of the International Union for the Protection of New Varieties of Plants (UPOV Convention); and the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure. Tunisia also signed the Universal Copyright Convention in 1969 and the 1963 Brazzaville Convention on protection of expressions of folklore.

[142] Order of the Minister of Industry, Energy and SMEs and the Minister of Trade and Crafts of 9 February 2006 determining the list of imports with fluctuating prices in the case of the national metallurgy company; Order of the Minister of Agriculture, Water Resources and Fisheries and the Minister of Trade and Crafts of 19 May 2010 determining the list of imports with fluctuating prices in the case of the OTD, viewed at: http://www.legislation.tn/sites/default/files/fraction-journal-officiel/2010/2010F/042/TF201007464.pdf; Order of the Minister of Industry and Technology and the Minister of Trade and Tourism of 9 May 2011 determining the list of imports with fluctuating prices, namely, petroleum coke and coal, viewed at: http://www.cnudst.rnrt.tn/jortsrc/2011/2011f/jo0332011.pdf.

[143] TUNEPS, viewed at: https://www.tuneps.tn/index.do.

3.237. Since the previous review, Tunisia acceded to the Hague Agreement Concerning the International Registration of Industrial Designs in 2012, including the 1925 Act; and in 2013 to the Protocol to the Madrid Agreement Concerning the International Registration of Marks. In addition, Tunisia is one of the 54 countries and intergovernmental organizations which have signed the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications adopted on 20 May 2015 in Geneva. In July 2014, Tunisia and the European Patent Organization signed an agreement on the validation of European patents. Tunisia has not yet ratified the 1961 Rome Convention for the protection of related rights, but Chapter 7 *bis* of Law No. 2009-33 has incorporated the provisions of this Convention. Tunisia plans to accede to the revised Kyoto Convention in 2016.

3.238. The competent authorities in the intellectual property sphere are principally the National Standardization and Industrial Property Institute (INNORPI) and the Tunisian Copyright and Related Rights Organization (OTDAV), which replaced the Tunisian Copyright Protection Organization in 2013.[144] OTDAV is a non-administrative public body, under the supervision of the Ministry of Culture and Heritage Preservation. INNORPI is responsible for managing industrial property titles (trademarks, patents, industrial designs and layout-designs of integrated circuits) and keeps the Central Business Register.

3.239. In 2008 and 2010, Tunisia notified the WTO of the relevant texts and regulations under Article 63.2 of the TRIPS Agreement, thereby supplementing the previous notifications on trade-related aspects of intellectual property rights.[145] Tunisia has not yet ratified the Protocol amending the TRIPS Agreement, but intends to do so. This amendment incorporated new provisions arising from the Doha Declaration on the TRIPS Agreement and Public Health concerning compulsory licensing.

3.240. There have been important changes to the legislative framework for intellectual property since Tunisia's previous TPR. Article 41 of Tunisia's new Constitution of 2014 prescribes that "intellectual property is guaranteed". Several laws, decrees and orders have been adopted since 2005, the principal ones being Law No. 2009-33 of 23 June 2009 on literary and artistic property[146]; Law No. 2007-68 of 27 December 2007 on appellations of origin, geographical indications and indications of source for craft products; Law No. 2007-50 of 23 July 2007 on the protection of trademarks and service marks[147]; Government Decree No. 2015-303 of 1 June 2015 establishing the procedures for the registration of and opposition to the registration of trademarks and service marks, as well as the procedures concerning entry in the national register of marks.[148]

3.241. The responsibilities of the Customs have been strengthened by the new legislation to combat counterfeiting and piracy. In 2009, the National Council to Combat Counterfeiting and Piracy was created within the Ministry of Trade.[149] It gives its views on the anti-counterfeiting and anti-piracy programmes in relation to intellectual property, including copyright and related rights, and prepares the relevant action programmes at the legal and practical levels. It is composed of representatives of the various ministries concerned, some interested government institutions, including OTDAV, and representatives of trade organizations and civil society.

3.242. The most common import-related infringements of intellectual property in Tunisia involve the counterfeiting of trademarks. The informal production and distribution markets contribute to supplying the domestic market in the same way as imports of counterfeit goods.

3.243. Tunisia applies the principle of international exhaustion of intellectual property rights and the authorities have indicated that, in practice, there is no restriction on parallel imports on grounds relating to intellectual property rights.

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[144] OTDAV was created pursuant to Decree No. 2013-2860 of 1 July 2013. Viewed at: http://www.cnudst.rnrt.tn/jortsrc/2013/2013f/jo0572013.pdf.

[145] For the 2010 notifications, see WTO documents IP/N/1/TUN/5 and IP/N/1/TUN/C/1; for those for 2008, see WTO documents IP/N/1/TUN/3, IP/N/1/TUN/4, IP/N/1/TUN/G/2 and IP/N/1/TUN/T/4.

[146] Viewed at: http://www.legislation.tn/sites/default/files/journal-officiel/2009/2009F/Jo0522009.pdf.

[147] Viewed at: http://www.wipo.int/wipolex/en/text.jsp?file_id=197893.

[148] Viewed at: http://www.wipo.int/edocs/lexdocs/laws/fr/tn/tn056fr.pdf.

[149] Decree No. 2009-418 of 16 February 2009 creating the National Council to Combat Counterfeiting and establishing its powers, composition and operating procedures, viewed at: http://www.wipo.int/wipolex/en/text.jsp?file_id=202291.

3.3.5.1 Industrial property rights

3.244. There have been a number of changes to the legislative framework for industrial property rights since 2005, especially as regards registration procedures and the protection of trademarks and service marks. Government Decree No. 2015-303 of 1 June 2015 specifies the procedures for the registration of and opposition to the registration of marks. This new Decree contains provisions governing the registration of marks in accordance with the Madrid Protocol; it provides for longer time-limits for opposition to the registration of marks and entry in the national registers of marks; it also allows applications for registration of a mark to be filed electronically.

3.245. Law No. 2007-50 of 23 July 2007 contains provisions aimed at further strengthening the national anti-counterfeiting mechanism and raising the level of protection by imposing more dissuasive terms of imprisonment and fines. It modifies the amounts of the fines applicable, which range from TND 10,000 to TND 50,000 (previously TND 5,000 to TND 50,000), and defines the categories of official responsible for recording infringements, together with the procedure to be followed for seizure of products suspected of being counterfeit, as well as the elements to be included in the report on the seizure and the procedures for taking samples and conducting laboratory analyses. It also provides for a fine of TND 5,000 to TND 20,000 and a term of imprisonment of one to six months for any person seeking to avoid the controls intended to verify suspected goods. It supplements Law No. 2001-36 of 17 April 2001, which prohibits any reproduction of a protected mark in any form whatsoever. Registration is valid for indefinitely renewable ten-year periods.

3.246. The laws on patents, layout-designs of integrated circuits and industrial designs have not changed since 2001. Law No. 2000-84 of 24 August 2000 on inventions continues to govern patents.[150] It extends the patentability of inventions to all spheres of technology such as medicines and agricultural chemicals, and gives patent protection for a term of 20 years. This Law also modified the procedure for granting patents by requiring a substantive examination of applications, in addition to the examination of form. It also introduced a system of contractual licences freely negotiated between the parties. There is a provision for a compulsory licensing system, particularly if required in the interests of public health.

3.247. Diagnostic, therapeutic and surgical methods for the treatment of humans or animals may not be patented; however, these provisions do not apply to preparations used for applying one of these methods. Plants, animals and essentially biological processes for the production of plants or animals are excluded from patentability, however, this provision does not apply to medical biological processes or products obtained by these processes. Medical biological processes, including microorganisms and products obtained by these processes, are eligible for patent protection.

3.248. A patent confers on its owner or his successors in title an exclusive right of exploitation. However, Tunisia applies the principle of international exhaustion of patent rights. Thus, this exclusive right does not extend to the offering, importing, stocking or use of the patented product or the product obtained by means of a patented process, on Tunisian territory, after that product has been lawfully introduced into the commerce of any country, by the owner of the patent or with his explicit consent.

3.249. Law No. 2001-20 of 6 February 2001 still applies to layout-designs of integrated circuits and provides for the protection of creations and innovations in electronics and information technology, such as microchips and semiconductor components.[151] The legislation applies to both nationals and foreigners. An Order of the Minister of Finance of 3 December 2001 establishes the form of the written application for suspension of customs clearance where imports incorporate a counterfeit integrated circuit layout-design. According to the authorities, no application has yet been made.

3.250. Law No. 2001-21 of 6 February 2001 continues to govern industrial designs.[152] It introduced changes with respect to the type of protection provided when the same subject-matter simultaneously embodies both technical and ornamental innovations and provides that the term of

[150] Viewed at: http://www.wipo.int/wipolex/en/text.jsp?file_id=129787.
[151] Viewed at: http://www.wipo.int/wipolex/en/text.jsp?file_id=129821.
[152] Viewed at: http://www.wipo.int/wipolex/en/text.jsp?file_id=129833.

protection of an industrial design is, at the discretion of the party filing the application, five, ten or, at most, 15 years. Tunisia acceded to the Hague Agreement concerning the International Registration of Industrial Designs in June 2012.

3.251. The aim of Law No. 2007-68 of 27 December 2007 is to promote the original characteristics of craft products and to protect their specificities by granting them "an appellation of origin", "a geographical indication" or "an indication of source".[153] It supplements Law No. 99-57 of 28 June 1999 on appellations of controlled origin (AOC) and indications of source for agricultural products. The 2007 Law defines "an appellation of origin" as the geographical denomination of a region or parts of a region, serving to designate a product originating there, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors. The natural factors generally comprise the geographical environment in which the product originated; the human factors generally comprise the specific techniques acquired by craftsmen, which must result from age-old local, steady and well-known traditions.

3.252. The 2007 Law defines a "geographical indication" as the indication which serves to identify a product as coming from a region, locality or place in the region in cases where the quality or the reputation or other characteristics of the product are essentially attributable to its geographical origin. An "indication of source" designates the country, region or locality where the product is made; it may comprise names or emblems which symbolize the country, region or locality. The delimitation of the geographical area which allows the grant of an appellation of origin, a geographical indication or an indication of source for the products concerned is determined by an Order of the Minister responsible for crafts.

3.253. The Law also contains provisions on the protection, control and certification of products with an appellation of origin, a geographical indication or an indication of source. The control and certification body is appointed by an Order of the Minister responsible for crafts. The Law includes provisions on infringement and sanctions. The commercial use or imitation of an appellation of origin, a geographical indication or an indication of source on any like product which does not meet the requisite conditions is punishable by a fine of TND 1,000 to TND 20,000. If the infringement is repeated, the fine is doubled. The same sanctions apply to any person that imports imitated foreign craft products protected in Tunisia, in accordance with the international agreements ratified.

3.254. The body responsible for industrial property may not attribute any trademark or service mark to an appellation of origin, geographical indication or indication of source if the application for the mark is filed after notification of the delimitation of the appellation of origin, geographical indication or indication of source. Law No. 99-57 provides for the protection of geographical indications for all natural or processed agricultural or food products, whether of plant or animal origin. Products bearing protected geographical indications currently include wine and "Deglet Nour de Kébili" dates. Steps are being taken for other products, including "Teboursouk" olive oil.

3.255. The protection of undisclosed information is provided for by domestic positive law. Under Article 168 of the Labour Code, undisclosed information is information of a confidential nature and knowledge relating to manufacturing processes acquired in the course of employment. In the case of pharmaceuticals, undisclosed information is protected by a Circular of the Minister of Public Health reproducing the wording of Article 39 of the TRIPS Agreement. In addition to a fine, the Penal Code (Article 138) provides for a term of two years' imprisonment for a factory manager, clerk or worker who discloses or communicates the factory's manufacturing secrets.

3.256. All the texts described above provide for border measures to prevent the importation of counterfeit products and combat the circulation of such goods on Tunisian territory. Moreover, Tunisian legislation provides for judicial proceedings, leading to civil and criminal penalties, to be brought against anyone who infringes intellectual property rights. Any infringement may give rise to a civil action for damages. The court may also order the forfeiture and destruction of counterfeit articles and the implements used in making them. Finally, any deliberate infringement of intellectual property rights is punishable by a fine of TND 1,000 to TND 100,000 and imprisonment for a term of one to six months (two years for manufacturing secrets under the Penal Code).

[153] Viewed at: http://www.cnudst.rnrt.tn/jortsrc/2007/2007f/jo1042007.pdf.

Tunisia provided detailed information on the measures taken to enforce these rights in its responses to Members' questions.[154]

3.3.5.2 New plant varieties

3.257. There has been no change to Tunisia's legislative framework for the protection of new plant varieties since its previous TPR. They are still governed by Law No. 99-42 of 10 May 1999 on seeds, seedlings and new plant varieties.[155]

3.3.5.3 Copyright and related rights

3.258. Tunisia's legislative and regulatory framework for copyright underwent substantial reform with the adoption of Law No. 2009-33 of 23 June 2009 amending and supplementing Law No. 94-36 of 24 February 1994 on literary and artistic property. New decrees and orders relating to the promotion of creation and to royalties for private copies complete the relevant domestic legislation: Decree No. 2011-1068 of 29 July 2011 establishing the list of products subject to the tax to promote creation[156]; Decree No. 2013-3201 of 31 July 2013 establishing the conditions and procedures for intervention by the Fund for the Promotion of Literary and Artistic Creation [157]; Ministerial Order of 27 January 2014 on the composition of the Advisory Commission in charge of examining applications submitted in order to obtain a subsidy for the promotion of literary and artistic creation; and the Order of the Minister of Finance and the Minister of Culture and Heritage Preservation of 11 January 2016 establishes the form of the written application for suspension of customs clearance of imports or exports of goods deemed to infringe copyright and related rights.

3.259. The 2009 Law now covers related rights (the rights of performers, phonogram producers and broadcasting organizations), in accordance with the TRIPS Agreement. It broadens the areas covered by protecting foreign works, works expressed orally (previously, only lectures were covered) and clothing, fashion and articles of personal adornment in addition to the traditional spheres covered by the 1994 Law, namely, cinematographic works, literary works, musical compositions, photographic works, as well as software and folklore.

3.260. The Law specifies that the author's moral rights may not be renounced and are inalienable. They may, however, be transmitted by way of inheritance or by will, in the same way as economic rights. The legislation also gives the author the exclusive right to authorize use of his work. The term of protection for computer programs has been doubled, from 25 to 50 years. More generally, the term of protection for copyright and related rights has been harmonized and set at 50 years, in compliance with the TRIPS Agreement.

3.261. According to the authorities, the current legislation guarantees the protection of the various literary and artistic property rights covered by the TRIPS Agreement and ensures observance of the fundamental principle of national treatment. It enabled the introduction of a system of collective management of copyright and the creation of the OTDAV in 2013. The latter registers authors and declarations of their works. It also represents authors *vis-à-vis* users and, where necessary, before the judicial authorities in order to regain their rights. At end-2015, the numbers belonging to the OTDAV were 1,077 for music, 704 for literary works, 559 for dramatic works and 24 for other sectors.

3.262. A filing procedure has also been introduced. This consists of filing a copy of a work with the OTDAV in a sealed package against issue of an "acknowledgement of filing" and the payment of an annual fee. This procedure allows authors, if there is a dispute, to provide the judicial authorities with proof of the date of filing of the work, which is valid against third parties and leads to a simple presumption of the authorship of a work and its ownership. Filing is valid for a period of one year renewable at the request of the applicant. In 2014, 729 works were filed.

[154] WTO document IP/Q/TUN/1 of 2 June 2004.
[155] Viewed at: http://www.wipo.int/wipolex/en/text.jsp?file_id=129811.
[156] Viewed at: http://www.cnudst.rnrt.tn/jortsrc/2011/2011f/jo0582011.pdf.
[157] Viewed at: http://www.otdav.tn/download/document_en_fran%C3 per centA7ais_/D%C3%A9cret %20n per centC2 per centB0%202013_3201.pdf.

3.263. Counterfeiting and piracy remain widespread in Tunisia. Since 2013, following the establishment of a team of sworn officials authorized by the OTDAV, over 50 interventions in the field were carried out and concerned hotels, restaurants, internet service providers and shopping areas. The offences were reported to the competent courts. The police force is now required, when needed, to assist the authorized officials so that they can carry out their task properly. The national legal provisions do not provide for courts responsible for copyright matters in Tunisia, where the principle of territoriality is decisive for turning to the competent court.

3.264. In general, any user of a protected work who has not obtained an authorization is liable to a fine of TND 1,000 to TND 50,000. If the offence is repeated, the fine is doubled, and may be accompanied by a term of imprisonment ranging from one to 12 months or to only one of these sanctions. The 2009 Law provides that any person infringing copyright or related rights must pay material and moral damages to the right holder, in an amount set by the competent jurisdiction.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1.1 Overview

4.1. The agricultural sector, including agro-industry and fishing, offers numerous promising opportunities for trade and investment in Tunisia, especially in the case of export-oriented activities. Tunisia is in fact very rich in agricultural specialties thanks to the nature of its land, its fishery resources and its know-how. As well as being one of world's leading exporters of olive oil, it produces dates, oranges, "harissa", essential oils, bluefin tuna and seafood (Chart 4.1).

4.2. Moreover, the country's geographical location, 150 km from the European coast, makes it an ideal place for growing crops for export to Europe, particularly as the Government is offering a wide range of financial and fiscal aid for investors, especially if they export at least 70% of their production. In fact, there is a sharp dichotomy between exporting enterprises, which operate under free zone conditions, and the rest of the agri-food sector.

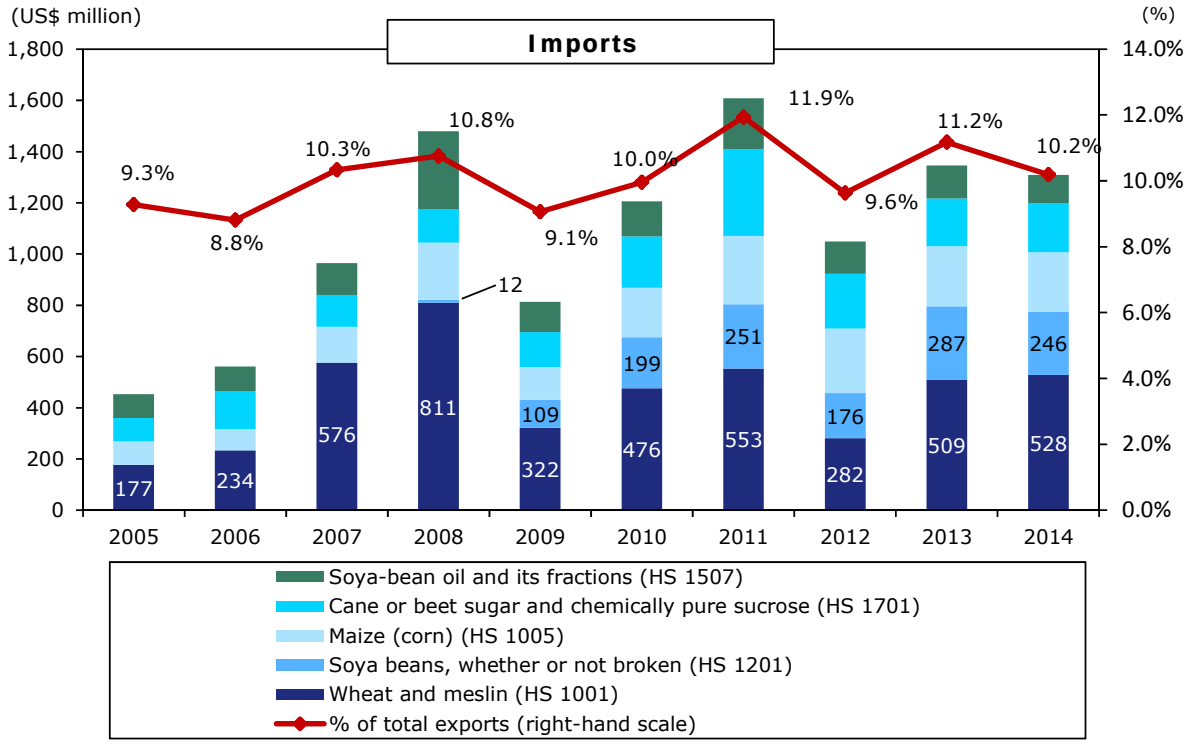
4.3. This aid and the many overlapping programmes (offshore regime, wholly exporting regime, incentives to invest, export subsidies, "specifications" – see Sections 2 and 3) are now under review, because of their high budget cost and comparative ineffectiveness in increasing production and creating jobs, one of the Government's current priorities being to encourage young people to return to the rural sector.

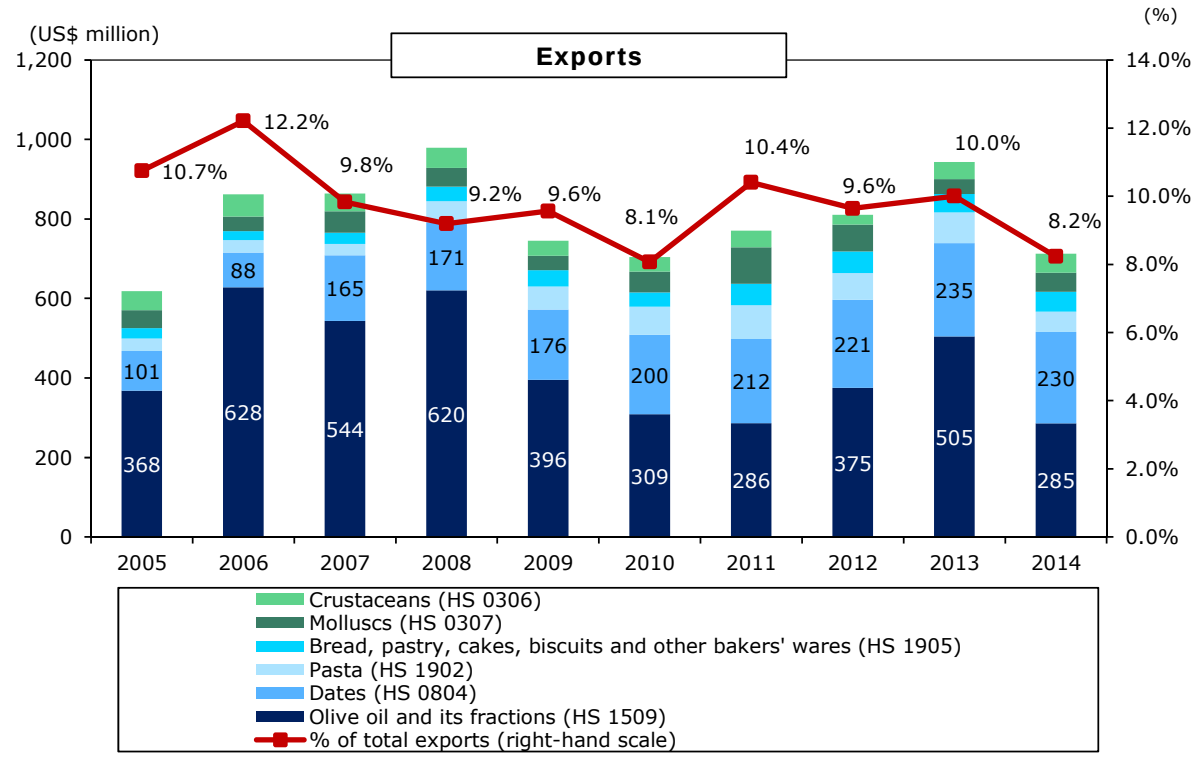
4.4. The main imports are wheat, soya beans, maize (corn) and barley, and cane sugar. To boost domestic production, the Government is seeking to attract foreign investment in the agri-food sector. However, restrictions on foreign investment remain in connection with the purchase or lease of agricultural land (Section 4.1.3), and several important agri-food activities are subject to prior authorization (semolina production, milling, edible oil refining, tobacco industry, malt and beer production, see Section 4.1.8).

4.5. Production continues to depend heavily on climatic conditions. The high level of protection accorded to the sector obliges the Government to relax the restrictions, when need be, and even to import, while granting tax or customs concessions, in order to contain the rise in prices during periods of low output. Thus, in 2013, substantial cargos of carton milk, sheep meat, particularly mutton, as well as of fruit and vegetables, including potatoes, were imported by the Ministry of Trade, which deals with these imports, through private or public operators, in consultation with the Ministry responsible for agriculture and fisheries. This bears witness to the ineffectiveness and complexity of trade policy in the agricultural sector, which involves numerous taxes, public import monopolies, marketing offices, State-owned enterprises and subsidies. However, there has been a radical change since 2009 as a result of a reduction in customs duties, with tariff protection in the sector at a maximum rate of 36% since 2009 (150% in 2005 (Chart 4.2)). Moreover, substantial reductions in excise duty in 2015 have further improved access to the Tunisian market, mainly for certain products such as wine and tobacco (section on wine and tobacco), tea, coffee and food preparations, and helped to combat smuggling, while reducing the cost of these products for the consumer.

4.6. Domestic and regional trade in food products has been seriously disturbed by the political crises in Tunisia and neighbouring countries. Not only has transport been disrupted between the north and the south of Tunisia, but exports of subsidized agricultural products, to Algeria and especially Libya, have increased massively despite the restrictions on their exportation, causing shortages of products usually available in Tunisia and food price inflation, whence the need for the State to import them.

Chart 4.1 Main imports and exports (agricultural and fishery products), 2005-2014[a]



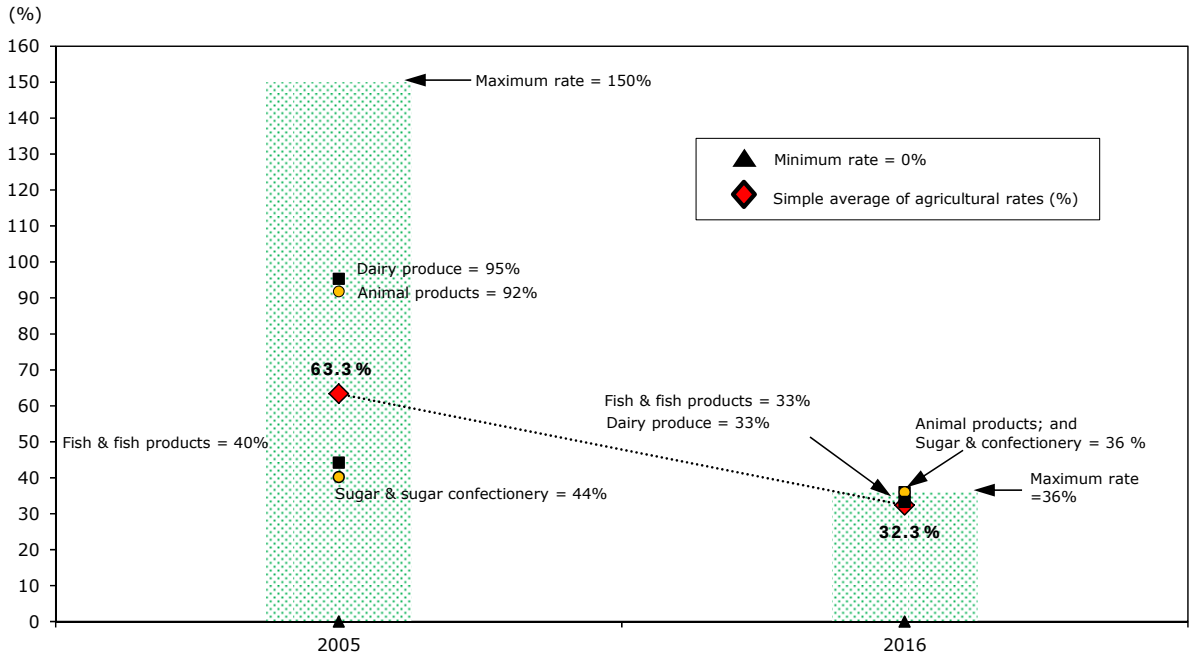


Note: The bar charts indicate the main products at HS 4-digit level; the plotted curves indicate the contribution of agriculture and fishing to total exports/imports.

a WTO definition.

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database; and data provided by the Tunisian authorities for 2014.

Chart 4.2 Customs duties on agricultural products, 2005 and 2016



Source: WTO Secretariat calculations based on data provided by the authorities; and WTO Tariff Analysis Online (TAO) database.

4.7. Agricultural policy, including its trade-related aspects, is currently the subject of a national review and at the beginning of 2016 a new agriculture and fisheries development plan was in the process of being drawn up. This policy is the responsibility of the Ministry of Agriculture, Water Resources and Fisheries (MARHP), which was hoping to have a new development policy for agriculture, fishing and the agri-food sector by June 2016, within the context of Plan 2016-2020, which would define, in particular, the role of international trade and investment in the promotion of Tunisian agriculture.

4.8. The National Agricultural Observatory (ONAGRI) analyses Tunisian agricultural and fishing markets.[1] The Agricultural Investment Promotion Agency (APIA) is a public institution responsible for promoting private (including foreign) investment in the areas of agriculture, fishing and associated services, as well as in primary processing activities that form part of agricultural or fishery projects.[2] APIA's role is to welcome and provide information for the foreign investor and help him to choose among the numerous support programmes, especially in relation to exports (see Section 2.2 for the roles of the APIE and the APII).

4.1.2 Trends in agricultural production and trade

4.9. Table 4.1 presents figures on Tunisia's production of and trade in agricultural products. In 2015, olive oil accounted for 52% of exports in terms of value, followed by dates (12%), seafood products (8%) and cereal-based preparations (5%). Imports consisted mainly of cereals and cereal products (49%), seed oil (10%), and sugar (9%). Tunisia traditionally imports wheat, in quantities that depend on the domestic crop, which itself depends on the very variable weather conditions. Imports of oilseeds have increased significantly since 2008.

[1] Viewed at: http://www.onagri.nat.tn.
[2] Viewed at: www.apia.com.tn.

Table 4.1 Main agricultural crops, 2005, 2010-2014

Product	2005	2010	2012	2013	2014	Rate of growth p.a. (2005-2013)	Of which exports (%)		2013 Net production (constant 2004-2006, million Int. $)
							2005	2013	
Production and reserves									
Agricultural and processed crops, production ('000 tonnes)									
Tomatoes, fresh	960	1,296	1,375	1,013	1,250	2.8	0.3	1.0	..
Olives, for oil	650	750	900	1,100	400	0.6	0	0.0	..
Wheat	1,627	822	1,523	975	1,513	-6.2	0	0.0	124.0
Melons, inc. watermelons		498	500	490	510	1.4	1.3	4.3	..
Potatoes	310	370	350	385	385	2.7	0.7	3.2	60.9
Barley	465	237	724	289	773	-5.8	0	0.0	0.0
Pimentos, fresh	256	304	270	384	380	0.9	0.0	0.3	129.5
Onions (fresh and dried)	262	362	355	389	390	6.7	0.1	1.5	..
Carrots and turnips	51	188	202	222	221	20.2	0	0	55.3
Dates	113	174	193	195	199	7.1	44.4	54.3	89.6
Olive oil	130	150	180	220	80	-1.1	52.1	78.7	..
Onions, dried	123	147	152	153	..	2.8	..	..	32.2
Table grapes	75	97	115	132	137	1.0	0.1	3.8	..
Oranges	101	137	198	102	122	3.2	18.4	16.3	..
Peaches and nectarines	105	114	128	127	138	2.4	0.3	8.8	..
Fruit, citrus n.e.s.	81	104	117	125	..	5.6	..	..	56.4
Apples	100	126	111	120	122	2.3	0.0	0.1	..
Edible fats	98	98	83	117	..	2.2	16.9	22.4	..
Barley beer	66	92	91	113	..	7.0	1.0	0.6	..
Pulses n.e.s. (inc. broad beans)	27	115	114	111	..	19.3	..	..	38.1
Grapefruit and pomelos	74	87	96	99	..	3.7	0	0.0	22.2
Vegetables, fresh n.e.s.	78	100	100	98	..	3.0	0.8	2.0	18.6
Tropical fruit, fresh n.e.s.	75	88	97	98	..	3.4	..	..	39.9
Pumpkins and gourds	40	49	58	81	173	9.1	0.0	3.8	..
Soya oil	0	68	49	77	..	..	0	12.3	..
Broad beans, dried	48	48	72	69	54	5.4	0.2	1.8	12.7
Cucumbers, gherkins	37	42	60	69	68	8.3	0.1	0.0	..
Lettuce and chicory	18	22	64	67	75	17.7	0.6	8.9	..
Fruit, fresh n.e.s.	68	67	74	67	..	-0.2	2.3	5.5	23.4
Almonds, unshelled	43	52	70	52	67	2.4	..	..	153.5
Pears	53	66	62	48	17	-1.2	7.2	8.5	19.6
Cauliflowers and broccoli	10	39	43	45	36	20.7	0.3	0.3	..
Lemons and limes	28	37	49	44	60	5.8	0.9	0.5	17.4
Mandarins, clementines, etc.	33	37	48	39	47	2.0	0.1	0.1	9.6
Peas, fresh	16	11	45	38	56	11.3	0.1	0.5	..
Triticale	5	21	26	31	32	25.5	..	..	..
Cereals, n.e.s.	37	27	30	30	30	-2.4	..	..	2.4
Livestock (reserves)									
Sheep ('000 head)	7,213	7,234	6,802	6,856	6,806	-0.6	..	..	
Goats ('000 head)	1,427	1,296	1,272	1,274	1,248	-1.7	..	..	
Bovine cattle ('000 head)	686	671	654	646	671	-0.8	..	..	
Beehives ('000)	430	507	589	600	240	4.3	..	..	
Donkeys ('000 head)	240	240	240	240	..	0.0	..	..	
Camelids ('000 head)	235	235	236	237	..	0.1	..	..	
Poultry (million head)	70	86	87	87	..	2.7	..	..	
Mules ('000 head)	82	82	82	82	..	0.0	..	..	
Chickens (million head)	66	80	81	81	..	2.6	..	..	
Horses ('000 head)	57	57	57	57	..	0.0	0.0	2.5	
Primary livestock farming and its products									
Hen eggs (million)	1,538	1,673	1,773	1,881	2,054	1.9	..	..	
Fresh cow's milk ('000 tonnes)	900	1,030	1,098	1,149	1,192	2.9	..	..	
Sheep meat ('000 head)	4,200	3,850	3,638	3,638	..	-1.8	..	..	
Goat meat ('000 head)	850	790	756	756	..	-1.5	..	..	
Bovine meat ('000 head)	226	241	222	229	..	0.2	..	..	
Poultry meat (million tonnes)	76	94	101	109	..	4.6	..	..	

Product	2005	2010	2012	2013	2014	Rate of growth p.a. (2005-2013)	Of which exports (%) 2005	Of which exports (%) 2013	2013 Net production (constant 2004-2006, million Int. $)
Camelid meat ('000 head)	18	18	18	18	..	0.1	..	..	
Horse meat ('000 head)	8	9	9	9	..	0.2	..	..	
Exports ('000 tonnes)									
Olive oil, virgin	109	109	153	151	93	4.1			
Dates	50	84	101	106	87	9.8			
Pasta	77	134	119	124	94	8.1			
Non-alcoholic beverages	65	32	47	52	50	-2.4			
Maize (corn) oil	48	28	92	35	14	-2.6			
Edible fats	23	20	23	26	20	5.9			
Tomatoes, purée	19	10	29	23	4	2.6			
Watermelons	6	18	20	22	15	18.1			
Oranges	19	26	19	21	23	1.6			
Pastry products	15	21	23	19	..	3.0			
Pimentos, mild and spiced	5	13	11	18	..	16.6			
Cereals	113	12	10	16	14	-21.8			
Oil, boiled, dehydrated, etc.	0	2	6	13	..	93.4			
Tomatoes, fresh	3	15	24	21	20	20.6			
Potatoes	2	10	5	12	14	24.0			
Wheat flour	74	1	1.2	1	3	-20.8			
Peaches and nectarines	0	5	8	11	13	55.2			
Imports									
Wheat	1,133	1,915	1,587	1,486	1,662	3.4			
Maize (corn)	662	889	855	868	1,022	3.4			
Barley	681	429	363	821	429	3.2			
Oilseeds	18	438	434	491	460	50.9			
Soya	0	422	412	467	435	..			
Sugar, refined	189	228	226	226	228	2.1			
Spun sugar, raw	130	101	158	139	189	0.8			
Soya oil	172	158	107	120	121	-4.4			
Soya cake	271	79	138	93	138	-12.5			
Palm oil	34	55	66	76	72	10.6			
Corn oil	89	58	91	57	34	-5.4			
Wheat bran	73	115	71	57	..	-3.1			
Potatoes	36	21	38	33	24	-1.0			
Coffee, green	9	15	23	22	24	11.4			
Molasses	16	15	25	22	32	4.3			
Bananas	21	19	7	21	36	0.0			
Textile fibres	25	18	19	15	..	-6.0			
Malt	7	12	19	14	16	8.6			
Glucose and dextrose	9	10	12	12	11	4.6			
Rice	18	10	11	12	16	-4.6			

.. Not available.

Note: 0.0 signifies more than 0%.

Source: Statistical Yearbook (MARHP 2014); Economic Budget (MARHP 2014); and FAO Stat, viewed at: http://faostat3.fao.org/download/Q/QC/F (database accessed in March 2016).

4.1.3 Access to land for foreigners

4.10. Foreigners may not buy or rent agricultural land in Tunisia.[3] At present, leases are not granted to foreigners but only to companies in which foreigners may hold a maximum of 66% of the capital and which must be co-managed by a Tunisian national.[4] Consequently, only agri-food

[3] Law No. 64-5 of 12 May 1964 on agricultural property in Tunisia.

[4] Specifically, Law No. 97-33 of 26 May 1997 amending Law No. 69-56 of 22 September 1969 on the reform of agricultural structures stipulates that agricultural land may be exploited by a company in which foreigners hold shares only under a leasing arrangement and without the land being treated as a contribution to the corporate capital. At the same time, Article 4 of Law No. 89-43 of 8 March 1989 stipulates that the

processing activities are accessible to foreign nationals, who may purchase the industrial land necessary to carry out these activities.

4.11. However, a national consultation held in 2015 dealt, in particular, with the question of access by foreigners to agricultural land, with a view to increasing national agricultural value added. The Government is currently planning to dissolve the State cooperatives and create "public limited development companies", with the State renting land to private companies, engineers and young farmers. It was also envisaged that 66% of the capital in these companies should be accessible to foreigners, by means of a lease with a negotiable term of between 10 and 25 years, renewable up to 40 years, after a call for bids from the APIA.

4.1.4 Support for production

4.12. Tunisia's latest notification to the WTO concerning domestic support pertains to the year 2014.[5] Since the 1990s, agriculture and fishing, including the agri-food processing industry and related services, have been among the priority activities of the Investment Incentives Code (CII[6], Article 1). To encourage enterprises (domestic only) to invest in the agricultural sector, the CII provides for an investor subscribing to the capital of an agricultural or fishing enterprise to be allowed to deduct that investment from income or net profits subject to personal income tax or corporation tax. Moreover, for five years the State may take responsibility for 50% of the employer's contribution to the statutory social security regime relating to the salaries paid to Tunisian nationals with a higher education diploma recruited by enterprises working in the agricultural sector.

4.13. The State may also contribute to the cost of studies linked with investment and grant subsidies for the purchase of agricultural equipment, bovine cattle, irrigation systems, seed, etc. (CII, Article 33). Decree No. 94-427 of 14 February 1994 classifying investments and establishing the conditions and modalities for the granting of incentives in the agricultural and fisheries sector continues to define the priority sectors and zones and types of investment, as well as the State financial support available.[7] It appears that this decree is currently being reviewed.

4.14. In the case of primary-processing agri-food companies, the principal current tax incentive when investors opt for the Agricultural Development Regime is exemption from corporation tax (IS) for ten years from the start of operations.

4.15. Agro-industrial and fishing enterprises are also eligible for the "wholly exporting" regime or the "offshore" regime (Section 3.2.4). The fact that exporting agri-food companies have access to a tax regime considerably less burdensome than that available to their domestic counterparts, while being able to sell part of their output on the same domestic markets, appears to be a source of unfairness and a distortion of competition.

4.16. The VAT regime that applies to the agricultural sector is particularly complicated. In general, the agricultural sector is exempt from VAT, but it is optionally applicable to agricultural, agri-food (basic food products) and fishing enterprises, with different rates on inputs than on finished products and a 23-page list of exemptions including, in particular, exemptions for imported inputs if not available locally. Exemptions from VAT or rates reduced to 6% apply to agricultural and food products (Section 3.1.2.5), apart from fresh products. The wholesale trade in agricultural products likewise seems to be exempt, which also represents a considerable loss of income in terms of tax

shareholders of public limited companies acquiring agricultural land must all be natural persons of Tunisian nationality, which excludes any participation by a legal person, even one of Tunisian nationality. See also Law No. 95-21 of 13 February 1995 on State-owned agricultural immovable property.

[5] WTO document G/AG/N/TUN/47 of 8 April 2016, viewed at: https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=R:/G/AG/NTUN47.pdf. For the period 2010-2013, see WTO document G/AG/N/TUN/45 of 24 August 2015, viewed at: https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=R:/G/AG/NTUN45.pdf.

[6] Investment Incentives Code, enacted by Law No. 93-120 of 27 December 1993, viewed at: http://www.Tunisiaindustrie.nat.tn/fr/download/cfga/CODE_FR.pdf.

[7] Investors interested in accessing this support may approach the APIA. Viewed at: http://www.portail.finances.gov.tn/domaines/AVFISC/cadre%20legal/code_incitation%20Fr/Decrets_Fr/decret_fr_94_427.pdf.

receipts. Overall, the regulations are complex, consisting of an accumulation of old texts which have been the subject of numerous amendments and repeals, and would benefit from being updated and considerably simplified.

4.17. According to the authorities, the need to improve soils and preserve their fertility is again a priority under the new Plan 2016-2020. However, a 1997 study by the FAO, cited in the previous TPR, had already stressed the severe erosion and signs of declining soil fertility, the desertification in the centre and the south of the country, and the overexploitation of plant resources.[8]

4.18. Efforts are also being made to modernize and restructure the agricultural sector by upgrading agri-food enterprises, introducing new technologies, and promoting quality, traceability, certification and the adoption of quality standards and quality management systems. The Fund for the Development of Competitiveness in the Agricultural and Fisheries Sectors (FODECAP) is intended to finance operations relating to agricultural and fishing activities, either directly or through interbranch groups or specialized bodies, with a view to developing competitiveness in these sectors. The rules governing the organization and functioning of the Fund and its modes of operation are established by decree.[9] Financing is provided to cover, in particular, operating and equipment expenses and the work programmes of interbranch organizations, as well as to stabilize the prices of agricultural and fishery products. The Fund intervenes directly to provide financial support for the management of biological recovery and within the context of the upgrading of the fisheries and aquaculture sector and agricultural holdings, including materials and equipment and diagnostic studies and training.

4.1.5 Measures affecting exports of agri-food and fishery products

4.19. The CII provides for the status of a "wholly exporting enterprise" (ETE, Section 3.2.4), under which about one fifth of the 1,063 agri-food businesses with ten or more employees now operate. To be eligible for ETE status, it is sufficient to export at least 70% of production, with the possibility of disposing of the remaining 30% on the domestic market. According to the CII, where agricultural or fishery products are concerned, this 30% portion can be sold on the Tunisian market totally free of VAT, other internal taxes and import duties and taxes (CII, Article 17).

4.20. To promote agri-food sector exports and deal with production shortages associated with climate change, whenever there is a decline in domestic production, industries may resort to importing goods under the temporary admission procedure (Table 3.16) in order to promote and satisfy export demand.[10]

4.21. When this report was being finalized, Tunisia was preparing to notify the WTO of the subsidies disbursed in connection with the exportation of agricultural products over the last 12 years. Its last such notification in this respect, which relied on the flexibility offered by Article 9.4 of the Agreement on Agriculture, concerned tomato concentrate, potatoes, dates, lemons, wine and tomatoes.[11] In fact, the products and destinations eligible for these subsidies are announced by order on an ad hoc basis.

4.22. At that time, the subsidies consisted of payments intended to lower the cost of processing the products or reduce air freight costs. They were paid out by FOPRODEX (Section 3.2.4) on presentation of the invoice.[12] According to the authorities, these payments are still being made.[13] In 2015, FOPRODEX's budget was TND 19 million (€8.3 million).

4.23. All the subsidized food products, as well as numerous products such as cereals and cereal preparations, fodder and cattle food, molasses and oilcake, can be exported only with the prior

[8] FAO (1997).

[9] Decree No. 96-1563 of 9 September 1996, establishing the rules on the organization, functioning and modes of operation of the Fund for the Development of Competitiveness in the Agricultural and Fisheries Sectors, viewed at: http://www.portail.finances.gov.tn/domaines/AVFISC/cadre%20legal/code_incitation%20Fr/Decrets_Fr/decret_fr_96_1563.pdf.

[10] *Monographie 2014*, APII, http://www.Tunisiaindustrie.nat.tn/fr/download/CEPI/mono_iaa.pdf.

[11] WTO document G/AG/N/TUN/33/Corr.1 of 1 August 2005.

[12] See also WTO document G/AG/R/12 of 31 October 1997.

[13] See, in particular, the online presentation by Tunisia Export, viewed at: http://www.uticabenarous.com/images/Nouveau%20dossier/foprodex1.pdf.

authorization of the Ministry of Trade.[14] The aim of this measure is to ensure that the subsidies on the consumption of these products are refunded if the subsidized products are exported (Section 3.2.3).

4.1.6 Measures affecting agricultural and fishery imports

4.24. Tunisia has substantially reduced the level of tariff protection accorded to its agricultural sector, from an average of almost 67% in 2005 to 32% in 2016, a maximum customs duty rate of 36% having been applied to food and fishery products since 2009. The aim was to encourage agri-food enterprises to improve their competitiveness on the domestic and international markets and develop exports. As a result, the cost of imported food products, in particular for industries that use them as inputs (agri-food industry, including the export branch and hotel and restaurant trades), has been reduced. This has also benefited consumers, in particular those with a low income most of which is spent on food. Moreover, excise duty on alcohol, tobacco, tea and coffee has been lowered in response to the growing problem of customs fraud at importation.

4.25. However, broad segments of the agri-food sector remain protected from imports not only by customs duties but also by other high import taxes and levies (Section 4.1.8). Imports free of these duties, taxes and levies (by virtue of an application for "fiscal privilege"[15]) are authorized only within the limits of tariff quotas or when domestic production is insufficient; thus, imports of meat, dairy produce, oil and sugar, free of duties and taxes, may be organized by the Ministry of Trade at the proposal of the Ministry responsible for agriculture. In January 2016, faced with a domestic surplus of milk, the fiscal privilege on imports of powdered milk was suspended to contain imports in order to allow a new drying unit to process part of the domestic milk output. In January 2016, the fiscal privilege was also suspended for imports of bovine meat, in order to reduce imports.

4.26. About 1.3% of the total number of lines in the Tunisian tariff, or 147 lines, are covered by tariff quotas (TQ) which Tunisia has bound in the WTO (Section 3.1.2.4), as well as by special safeguard clauses (Section 3.1.5.1 and Table 2.3) which, however, have never been invoked.

4.27. When this report was being finalized, Tunisia was also preparing a new notification to the WTO concerning these quotas; the last notification to be published relates to the year 2012 (Table 4.2).[16] The ex-quota applied rates amount, in principle, to 36% for all these products. Since the previous TPR in 2005, Tunisia's notifications[17] show that the tariff quotas for sheep meat, durum wheat, common wheat, barley and sugar were completely filled in at least seven years out of the eight notified; cereals are imported under tariff quotas exclusively by the Grain Board (see below). The quota for calves and bullocks has also almost always been filled since 2009 and up until 2012. With regard to cheese, the TQ has also practically always been filled since 2005 and was even exceeded in 2008 and 2012.

[14] Decree No. 1742 of 24 August 1994 establishing the list of products excluded from the free export regime, viewed at: http://www.anticor.tn/wp-content/uploads/2013/11/decrets/jo06994.pdf.

[15] Directorate-General of Customs, *Établissement des demandes de privilèges fiscaux*, viewed at: http://www.douane.gov.tn/fileadmin/guides_formulaires/guides/Guide_de_l_utilisateur_DPF_v1.pdf.

[16] WTO document G/AG/N/TUN/44 of 15 January 2014.

[17] WTO documents G/AG/N/TUN/37 of 25 June 2007, G/AG/N/TUN/41 of 9 June 2011 and G/AG/N/TUN/43 of 7 June 2012.

Table 4.2 WTO tariff quotas

(% and tonnes)

	Tariff heading	Average duty rate in 2016 (%)		WTO[a]		Volume of WTO quota (tonnes)	In-quota imports during the period (tonnes)	Fulfilment of the quota (%)
		In-quota	Ex-quota	In-quota	Ex-quota[b]		2014	
Calves and bullocks	ex 01 02	..	36.0	27.0	78.0	3,000	3,000	**100**
Bovine meat	ex 02 01/02	..	36.0	27.0	89.3	8,000	8,000	**100**
Sheep meat	ex 02 04	..	36.0	27.0	100.0	380	380	**100**
Milk, powdered	ex 04 02	..	36.0	17.0	86.5	20,000	7,912	**40**
Butter	ex 04 05	..	36.0	35.0	100.0	4,000	16	**0.4**
Cheese	ex 04 06	..	23.9	27.0	142.1	1,500	1,500	**100**
Beans	07 13 31	..	36.0	25.0	65.0	1,300	0	**0**
Durum wheat	ex 10 01	..	0	17.0	80.0	300,000	300,000	**100**
Common wheat	ex 10 01	..	0	17.0	100.0	600,000	600,000	**100**
Barley	ex 10 03	..	36.0	17.0	75.0	200,000	200,000	**100**
Sugar	ex 17 01	..	36.0	15.0	100.0	100,000	100,000	**100**
Almonds, shelled	08 02 12	..	18.0	43.0	60.0	1,354	1,354	**100**
Tomato concentrate	20 02 90	..	36.0	43.0	100.0	157	0	**0**

.. Not available.

a The final bound rates come from the WTO Consolidated Tariff Schedules (CTS) database (HS 2002).
b Simple average tariffs (%).

Source: WTO Secretariat, based on information provided by the authorities; and CTS database.

4.28. For the rest of the tariff quotas, i.e. bovine meat, powdered milk, butter and beans, actual imports were well below the limit over the entire period 2005-2012. This was also the case with shelled almonds and tomato concentrate, except for the year 2012 when the quotas for these two products were completely taken up.

4.29. To import products subject to quotas it is necessary to obtain a "special TQ authorization" granted by the Minister of Trade or the Ministry responsible for agriculture depending on the products concerned. The authorization gives entitlement to the "fiscal privilege" corresponding to the quota in question. For example, in December 2014, the authorities decreed reductions in customs duties and suspensions of VAT and other import levies on numerous agricultural products, mainly food industry inputs. For some products (Table 4.3), the reductions were made within the limits of autonomous tariff quotas opened unilaterally.[18]

Table 4.3 Unilateral tariff quotas, 2014

(% and tonnes)

HSN No.	Description of product	Quotas	Applied duty rate (%)		Fulfilment of quota for the period 2014 (%)
			In-quota	MFN (2015)	
		(head)			
010121	Horses, breeding animals	200	0	36	
Ex 010221	Heifers and calves, breeding animals	9,000	0	36	
Ex 010229	Calves	30,000	0	36	
010310	Swine, breeding animals	1,000	0	36	
Ex 010410	Sheep, breeding animals	3,000	0	36	
Ex 010420	Goats, breeding animals	3,000	0	36	
01041030		2,000	0	36	
Ex 010613	Camelids, breeding animals	500	0	36	
Ex 010614	Rabbits, breeding animals	1,000	0	36	

[18] Decree No. 2014-4512 of 30 December 2014.

HSN No.	Description of product	Quotas	Applied duty rate (%)		Fulfilment of quota for the period 2014 (%)
			In-quota	MFN (2015)	
		(units)			
010511	Fowls of the species *Gallus domesticus*, weighing not more than 185 g	2.5 million	15	36	
010513	Geese, weighing not more than 185 g			36	
010514	Ducks, weighing not more than 185 g	100,000	15	36	
010515	Guinea fowls, weighing not more than 185 g			36	
040711 et 040719	Eggs, fertilized, for incubation	15 million	15	36	
040721000	Eggs, for consumption	30 million	0	36	
		(tonnes)			
020712	Poultry meat, frozen	2,000	15	36	30 (1.5%)
0207141000	Chicken breasts, frozen	500	15	36	2,487 (100%)
020727	Turkey meat, frozen	1,500	5	36	350 (23%)
070110	Seed potatoes	30,000	0	36	22,930 (76%)
070190900	Potatoes, for consumption	40,000		36	24 (0.1%)
Ex 070320	Garlic, for propagation	1,000	0	36	0%
Ex 071310	Seed peas	2,000	0	36	698 (35%)
Ex 071320	Seed chickpeas	1,000	0	0	9,184 (100%)
Ex 071350	Seed beans	300	0	36	13 (4%)
100310	Seed barley	5	0	36	0%
100410	Seed oats	2	0	36	4 (100%)
Ex100860	Seed triticale	2	0	36	0%
Ex 120600	Sunflower seed, for sowing	40	0	36	6,042 (100%)
120921	Lucerne seed, for sowing	250	0	36	99 (40%)
120923	Fescue, for sowing	10	0	36	1.5 (15%)
Ex 120929	Sulla seed	50	0	36	668 (100%)
	Berseem seed	200	0	36	
Ex 120991	Artichoke seed, for sowing	10	0	36	250 (100%)
230400	Soya	200,000	0	15	138,112 (69%)
		(litres)			
	Fresh milk	10 million	0	36	0%

Source: WTO Secretariat, based on Decree No. 2014-4512 of 30 December 2014 suspending or reducing the customs duties, the VAT and the levy payable on certain agricultural and agri-food products (http://www.onagri.nat.tn/uploads/jortagri/8561.pdf); and information provided by the authorities.

4.30. Moreover, in conformity with Protocol 3 of the Association Agreement with the EU, Tunisia also maintains bilateral preferential tariff quotas on certain agri-food products originating in the EU (Table 4.4).

Table 4.4 Products subject to Protocol 3 of the Association Agreement with the EU, 2016

% and tonnes

CN Code	Description of product	EU customs duties 2016 (%)	MFN customs duties 2016 (%)	Preferential tariff quota (in tonnes)
010210	Live bovine animals, for breeding	36	36	2,000
010290	Other bovine animals	36	36	35
010511	Fowls of the species *Gallus domesticus* (one-day chicks)	36	36	40
010512	Turkeys (one-day chicks)	36	36	
020120	Bovine meat	36	36	8,000
020130		36	36	
020220		36	36	
020230		36	36	
020712	Poultry, frozen	36	36	400
040210	Milk, powdered	36	36	9,700
040221		36	36	
040299		36	36	
0405	Butter	36	36	250

CN Code	Description of product	EU customs duties 2016 (%)	MFN customs duties 2016 (%)	Preferential tariff quota (in tonnes)
040630	Cheese, processed	36	36	450
	Birds' eggs, in shell			
040700	Eggs, for hatching or incubating	36	36	1,100
	Game birds' eggs			
	Other			
060290	Other live plants	36	36	200
07011000	Seed potatoes	36	36	16,500
070190	Potatoes, other	36	36	16,500
07131010	Peas, dried, for sowing	36	36	200
08022200	Hazelnuts, shelled	0	0	200
10011000	Wheat, durum	0	0	17,000
10019000	Wheat, other than durum	0	0	230,000
100300	Barley	36	36	12,000
10059000	Maize (corn), other than for sowing	15	15	15,000
100630	Rice, semi-milled	0	0	4,000
110311	Groats and meal, of wheat	36	36	300
110313	Groats and meal, of maize (corn)	36	36	300
110710	Malt, not roasted	36	36	3,500
11081200	Maize (corn) starch	36	36	1,000
121020	Hop cones, ground	36	36	50
121410	Lucerne (alfalfa) meal and pellets	36	36	1,500
150200	Animal fats other than 1503	36	36	600
150710	Soya-bean oil, crude	15	15	
150810	Ground-nut oil, crude	36	36	
151110	Palm oil and its fractions, crude	36	36	
151211	Sunflower-seed oil, crude	36	36	100,000
151221	Cotton-seed oil, crude	36	36	
151410	Rape, colza or mustard oil, crude	15	15	
15151100	Linseed oil, crude	36	36	
151521	Maize (corn) oil, crude	36	36	
151190	Palm oil and its fractions	36	36	200
151490	Oil, other than crude	27	27	900
151610	Animal fats and oils	36	36	300
170199	Cane or beet sugar	36	36	72,000
170230	Glucose and glucose syrup with added flavouring or colouring matter	36	36	600
	- Other glucose			
170290	Other sugar with added flavouring or colouring matter	36	36	200
	Other sugar			
23040000	Oil-cake and other solid residues	15	15	6,000
23091000	Dog or cat food	36	36	35
23099000	Other animal food	36	36	2,800
24011000	Tobacco	36	36	2,800

Source: Association Agreement with the EU.

4.31. To be eligible for duty-free entry or reduced customs duties the products traded must be exported directly from one party to the other. This protocol, signed in 1995, is reviewed every five years.

4.1.7 State presence in agri-food trade

4.32. Numerous State-owned enterprises continue to compete with the private sector in agri-food production and trade; some occupy exclusive positions in marketing, including importing and exporting. The following is a non-exhaustive list:

- National Oil Board (State ownership: 100%; imports and exports)
- Grain Board (100%; imports);

- Trade Board[19] (100%, imports);
- Tunisian Sugar Company (100%);
- Ellouhoum Company (100%, imports); and
- Tunisian Wholesale Market Company (100%).

4.33. The Tunisian State continues to intervene in the agri-food sector by setting consumer prices (for example, for bread, flour, couscous, oil, sugar, milk and tea); industrial cost prices (for example, for salt, yeast, coffee and beer); or distribution margins (for rice, poultry, eggs, numerous fruits and vegetables and food preparations (Table 3.20). The aim of these measures is to ensure that the population is supplied with staple products at low prices, in order to preserve social peace. Nevertheless, several studies recommend that these price-fixing policies be abandoned in favour of income support, in order to reduce administrative costs and in view of their ineffectiveness.[20]

4.1.8 Developments in certain subsectors

4.1.8.1 Cereals and cereal products

4.34. The cereal-growing area covers 1.5 million hectares, of which about 3% is irrigated, mainly in the north of the country. Imports are substantial (Table 4.1). Domestic cereals production has not increased significantly during the last ten years, as the sector suffers from numerous measures that tend to discourage investment and trade in these products (see above): in addition to land fragmentation and the lack of water resources, the Grain Board is responsible for purchasing durum and common wheat on the domestic market at prices fixed by the State. It also acts as the intervention agency for barley. The Board sells cereals (domestic and imported) to the processing plants (mills and semolina factories) at a fixed price and recoups the difference between that fixed price and the cost price from the General Compensation Fund (CGC). In 2004, the costs associated with government subsidization of the consumer prices for cereals alone amounted to TND 170 million; by 2014 they had risen to TND 1,360 million (more than €600 million).

4.35. Until 2016, the Grain Board had a monopoly on the importation of durum and common wheat, while benefiting from the fiscal privilege system (free of all duties and taxes), except in the case of deliveries to export companies for manufacturing food products for export.[21] It may also import maize (corn), barley and soya cake, although it does not have a monopoly on the latter (Section 3.3.1). It carried out the import operations within the framework of the WTO tariff quota (Table 4.2 above). Since January 2016, the customs duty on wheat imports has been reduced to zero. According to the authorities, non-quota wheat imports by the private sector will henceforth be zero-rated.

4.36. Cereals exports are restricted by requiring authorizations (Section 3.2.3), so as to prevent subsidized products from being exported. Overall, this management of the cereals market and the resulting segmentation have proved very costly and do nothing to encourage innovation and the creation of new products, new markets, or new jobs, including for Tunisian specialty producers and exporters (for example, of the multi-grain organic semolinas much in demand on some export markets).

4.37. Downstream, freedom of activity is not encouraged either: milling, semolina manufacturing, brewing and malting are all subject to specific investment authorizations, issued according to the authorities on the basis of "technico-economic" project studies, with only 60% of existing processing capacity currently being used. It appears that all these restrictions on trade and investment are now being reviewed.

4.1.8.2 Sugar

4.38. Sugar production remains subject to price-setting at every stage, as well as to the fixing of distribution margins in conformity with the provisions of Decree No. 91-1996 of 23 December 1996

[19] Viewed at: http://www.commerce.gov.tn/Fr/office-du-commerce-de-la-Tunisieoct_11_8.
[20] See, in particular, African Development Bank (2012) and World Bank (2015).
[21] Decree No. 3158 of 17 December 2002 on government procurement.

relating to products and services excluded from the free pricing regime and their treatment (see also Table 3.20). This could affect the attraction of investment into this subsector, which, according to the authorities, is accessible to private (including foreign) investment; the majority privately owned and offshore company Tunisie Sucre is understood to have begun producing sugar in 2014, both for export and for the domestic market.[22]

4.39. On the domestic market, the Tunisian Sugar Company (STS) refines imported raw sugar (mainly brown); it is a State-owned industrial enterprise under the supervision of the Ministry responsible for industry, which has been recording losses since 2004 and whose indebtedness amounted to TND 28 million in 2010. The recovery in the world price of sugar between 2006 and 2011 caused this enterprise to lose considerable sums of money due to the policy of approval of the domestic selling price of sugar for the purposes of the consumer subsidy, aggravated by a declining domestic supply and rising domestic demand. In 2011, for example, sugar was being sold on the world market at an average price of US$834 per tonne or TND 1,168 c.i.f., whereas the domestic selling price was TND 850.

4.40. The Tunisian Trade Board (OCT), a State-owned enterprise, imports refined sugar in accordance with market requirements, with account for the quantities produced by the STS. Sugar imports are substantial: in 2014, the OCT imported 170,000 tonnes of brown sugar, to be refined by the STS, and 225,000 tonnes of white sugar for direct consumption. Tunisian annual domestic consumption is of the order of 365,000 tonnes.

4.41. In 2016, white sugar and brown sugar were exempted from customs duty (fiscal privilege). A 100,000 tonne TQ was bound in the WTO, with an in-quota rate of 0% in 2016 and a ex-quota MFN rate of 36%. The Trade Board still holds an import monopoly within this TQ and issues the sugar import permits. According to the authorities, sugar may be imported by the private sector at the MFN rate.

4.42. The privatization, or at least the financial restructuring of the STS, the renewal of its plant and the improvement of its performance could enable it to maximize its production capacity, which could reach 1,000 tonnes per day as against 650 tonnes currently. This restructuring would enable it to cover a good proportion of Tunisia's needs, provided that the whole of the sugar subsector is reformed, including the subsidy system.[23]

4.1.8.3 Olive oil and seed oil

4.43. Tunisia is one of the world's leading producers and exporters of olive oil.[24] Olive trees are grown on 1.8 million hectares, making Tunisia the second-ranking country in the world, after Spain, in terms of the area devoted to olive-growing. The olives are crushed in 1,660 oil mills equipped with a continuous crushing system; the 988 oil mills currently producing have an overall capacity estimated at 30,000 tonnes per day.

4.44. A heavy fall in olive oil production was predicted for the 2015 season, to about 150,000 tonnes as compared with 340,000 tonnes for the previous season. These sharp fluctuations are mainly attributable to the uncertainties of olive growing. Nevertheless, in 2015, oil exports reached nearly TND 1.9 billion (Table 4.5), the equivalent of €860 million and more than 10% of the total for Tunisian merchandise exports.

[22] *Investir en Tunisie*, 9 July 2015, viewed at: http://www.investir-en-Tunisie.net/index.php?option=com_content&amp%3Bid=32973:2015-07-09-11-31-57.

[23] Ministry responsible for industry, visit of the Minister of Industry to Beja, 3 December 2013; viewed at: http://www.Tunisiaindustrie.gov.tn/evennement_details.php?code=31&evennement=262; see also http://www.webmanagercenter.com/actualite/economie/2011/06/20/107073/Tunisia-le-sector-du-sucre-a-la-derive.

[24] International Olive Council (2015).

Table 4.5 Olive oil exports, 2005, 2010-2015

Year	2005	2010	2011	2012	2013	2014	2015
Production ('000 tonnes)	..	170	146	207	220	340	150
Value (TND million)	..	752	675	831	..	..	..
Quantity exported ('000 tonnes)	109	110	101	160	152	98	302
Value (TND million)	477	444	431	593	820	490	1,892

.. Not available.

Source: Tunisian authorities.

4.45. The National Oil Board (ONH) exports part of Tunisia's olive oil production, without holding a monopoly: in March 2016 there were 274 private operators approved for exporting olive oil, mainly small enterprises, as well as two non-resident (offshore) foreign companies. More than 80% of exports are in the form of extra virgin oil, the rest being virgin or lamp oil. Almost all (95%) of the exports go to Italy and Spain. The rest (5%) is spread out among the United States, France, Belgium and Switzerland. Most of the oil (90%) is exported in bulk.

4.46. The EU grants Tunisia an import quota of 56,700 tonnes at a zero rate of customs duty under the EU-Tunisia Association Agreement.[25] In September 2015, the EU opened a supplementary temporary zero-duty tariff quota of 35,000 tonnes, in addition to the existing 56,700 tonnes, from 1 January 2016 to end-2017.[26] The MFN duty applicable to imports outside this quota varies between €123 and €134 per 100 kg, that is, the equivalent of about 48-56% *ad valorem*.

4.47. A Packaged Olive Oil Promotion Fund was set up in 2007. The purpose of this fund, which already receives 0.5% of the earnings from bulk exports, is to enhance the value of Tunisian olive oil. It finances promotion schemes to make Tunisian olive oil better known on the target markets. The Packaging Technical Centre (PACKTEC), under the Ministry responsible for industry, is tasked with carrying out these schemes and with providing businesses with support in implementing promotion and marketing programmes, with a view to building their capacity to export packaged olive oil.

4.48. The ONH guarantees a minimum price for producers that, for one reason or another, have been unable to obtain a better offer for their product. However, the ONH purchases olive oil from the producers at a freely negotiated price. A price is also published by the National Export Price Observatory, to inform the operators and avoid giveaway prices that might have a negative impact on the development of Tunisian exports.

4.49. In order to protect the purchasing power of the poorest segments of society, the consumer prices for seed oils (soya-bean, maize (corn), sunflower, etc.) are subsidized through the General Compensation Fund (CGC) for Food Products; the cost of this subsidization programme is significant (Table 3.19). This is in addition to numerous other State interventions in the sector. Investment in edible oil refining is subject to prior approval. Moreover, edible oils are among the products subject to systematic technical import control (Table 3.13) and are also among the products subject to customs duties that have increased since the previous TPR; the ONH has the exclusive right to import oils free of duties and taxes. Partly for these reasons, domestic production of vegetable oils, other than olive oil, and the trade in these oils are not experiencing rapid expansion.

4.1.8.4 Beverages and tobacco

4.50. Wine, beer and tobacco are all produced in Tunisia (Table 4.6). Investment in their production is subject to the prior approval of the Government. Some wines are protected by geographical indications (Section 3.3.5).

[25] European Commission, viewed at: http://ec.europa.eu/agriculture/olive-oil/tunisian-quota/2015/2015-08-06_fr.pdf and http://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32006R1918&from=EN.

[26] Viewed at: http://www.businessnews.com.tn/lunion-europeenne-offre-a-la-Tunisia-un-acces-ameliore-pour-lhuile-dolive,520,58986,3.

Table 4.6 Beer, tobacco and wine, production and trade, 2005, 2010-2014

Product and HS code	2005	2010	2011	2012	2013	2014	Annual growth rate 2005-2014
Production (tonnes)							
Beer (HS 2203)[a]	65,816	91,842	90,730	90,730	113,412	..	7.0%[b]
Wine (HS 2004-05)	28,563	22,150	23,010	28,403	28,500	..	0.0%[b]
Leaf tobacco	3,048	1,623	1,700	2,600	1,900	..	-5.7%[b]
Exports (US$ '000)							
Beer (HS 2203)	1,998	1,618	948	1,009	658	977	-7.6%
Tobacco products (HS 2102-03)	57,686	34,567	37,500	38,206	34,051	28,164	-7.7%
Unmanufactured tobacco (HS 2401)	1,017	715	369	309	780	628	-5.2%
Wine (HS 2204-05)	628	4,996	6,850	4,041	2,943	3,731	21.9%
Imports (US$ '000)							
Beer	309	208	170	165	30	18	-27.0%
Tobacco products	41,997	101,360	96,781	90,692	83,159	98,004	9.9%
Unmanufactured tobacco	26,095	28,421	19,260	50,021	38,075	37,345	4.1%
Wine	63	1,393	1,806	1,348	1,124	1,460	41.8%

.. Not available.

a The FAO's definition differs from that of the main international classifications as it includes non-alcoholic beer. Thus, it is slightly different in scope from the definition of HS heading 2203, which covers only alcoholic beverages.

b 2005-2013.

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database; data provided by the Tunisian authorities for 2014; and FAO Stat, viewed at: http://faostat3.fao.org/download/Q/QC/F (database accessed in March 2016).

4.51. Tobacco production is a State monopoly conferred on two public bodies, the National Tobacco and Matches Board (RNTA) and the Kairouan Tunisian Tobacco Manufacturing Company (MTK). Imports are also subject to a State monopoly exercised by the RNTA. Tobacco prices are fixed at every stage of production and sale (Box 3.1).

4.52. Wine, beer and tobacco are among the products for which the customs duties generally correspond to the maximum MFN rate of 36%. Tariff preferences are in place on trade in wine with the EU. A wide range of internal duties and taxes are levied on top of these customs duties (Table 3.6). These taxes are generally intended to generate fiscal revenue, but have a definite effect on production and trade in relation to the products concerned. According to the industry, the fall in excise duty from 650% to 50% in 2016 considerably reduced the smuggling of foreign wine and beer on the Tunisian market.

4.53. The Wine Board is responsible for promoting exports of Tunisian wine, which is eligible for the export subsidy programme (Section 4.1.5).

4.1.8.5 Meat and dairy produce

4.54. Thanks to the spread of mechanization, since 2005 milk production has been increasing by 3% per year to reach 1.1 million tonnes in 2014 (Table 4.1). A guaranteed producer price for milk is set at the beginning of each agricultural season; this price was last updated in January 2015 (to TND 0.736 per litre). Milk is also one of the products for which the CGC provides consumer subsidies.

4.55. The WTO tariff quota amounts to 20,000 tonnes and in 2014 imports were notified at nearly 8,000 tonnes, with a customs duty of 17%. In December 2014, Tunisia opened a 10-million litre zero-rated supplementary TQ. Furthermore, imports from the EU are zero-rated by virtue of the preferential agreement between the two parties. The Ministry of Trade sometimes imports milk or dairy products through the Trade Board.

4.56. Since 1991 the customs duty on powdered milk has been supplemented by an import levy (Table 3.4) of from TND 0.368 to 1.5 per kg, depending on the fat content and the intended use (infants, the sick, animals, etc.).[27] This levy is suspended or reinstated depending on the level of domestic production. The reduction in the MFN rate on milk to half its level in 2005, i.e. 36%, led to strong competition from imports which, combined with domestic overproduction (at guaranteed prices), caused a sharp fall in prices in 2015-2016. In response to this, in January 2016, the authorities reinstated the levy, together with the maximum customs duty rate (36%).

4.57. Overall, Tunisia has not increased its output of meat, although quality beef production has been successfully developed. Moreover, there has been a modest increase in egg and poultry production (Table 4.1).

4.58. Meat imports are subject to a WTO tariff quota (Table 4.2) which, in general, is 100% taken up. Bilateral tariff quotas are in place for meat products imported from the EU (Table 4.4); and supplementary tariff quotas are sometimes opened unilaterally when necessary (Table 4.3).

4.59. The sharp reduction in maximum customs duties in 2009 (to 36%) does not appear to have led to a sharp increase in meat imports. This may be due to the existence of a significant import levy on sheep meat and meat of bovine animals and live bovine animals, since 1993 and 1995, on top of customs duties (Table 3.4); for bovine animals, the levy is TND 0.670 per kg for live animals, TND 1.2 per kg for bovine meat on the bone, and TND 1.7 per kg for boneless meat[28], in addition to customs duties ranging from 29% to 36% according to the product. This levy is understood to have been suspended on in-quota imports.

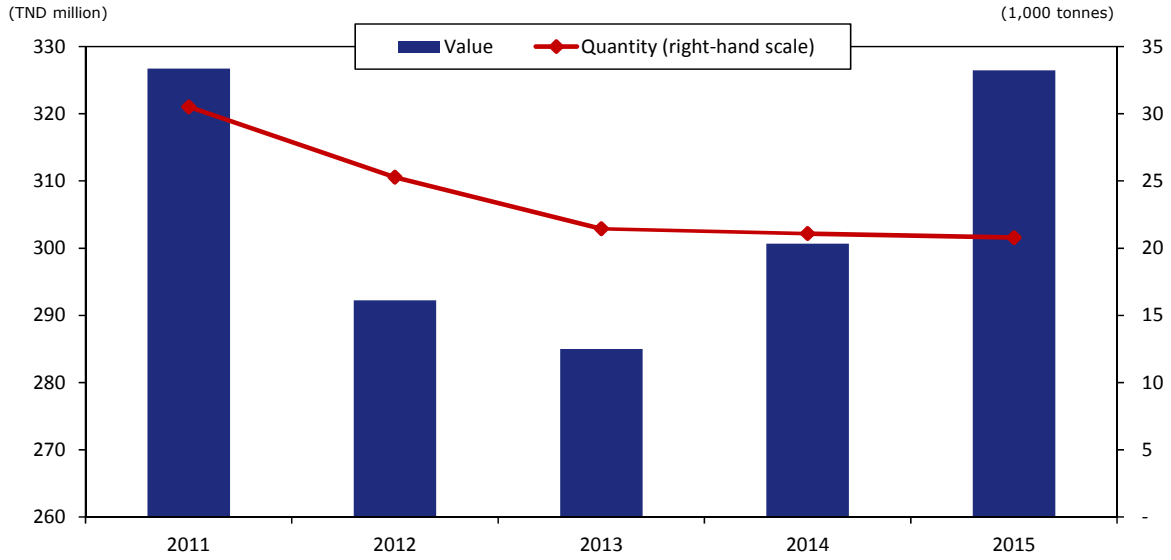
4.60. The Ministry of Trade imports meat on certain occasions (for example, sheep for Eid). In 2012, imports are said to have risen to 100,000 head, while in 2013 they amounted to 30,000 head, including 10,000 imported by the Ellouhoum Company (under State supervision), the rest having been imported by private operators.[29] These imports are understood to have been exempted from customs duties and import levies (importation under "fiscal privilege").

4.1.8.6 Fishing

4.61. During the period from 2011 to 2015, exports of fishery and aquaculture products fluctuated between 20,800 and 30,500 tonnes, and between TND 285 and 327 million (Chart 4.3). The significant fluctuation in terms of quantity is attributable to the irregular abundance of stocks of molluscs and crustaceans and to variations in the demand for exports of preserved and semi-preserved sardines and anchovies. The European market remains the principal destination for Tunisian fishery exports, accounting for, on average, 71% in terms of quantities and 69% in terms of values exported, consisting mainly of molluscs and crustaceans.

[27] Decree No. 91-1381 of 23 September 1991 on the establishment of import levies on powdered milk.
[28] Decree No. 95-851 of 8 May 1995 on the establishment of a levy on live bovine animals and their meat.
[29] Viewed at: http://www.huffpostmaghreb.com/2013/09/12/polemique-importation-moutons-aid_n_3913440.html.

Chart 4.3 Exports of fishery products, 2011-2015



Source: MARHP.

4.62. Tunisia imports an average of 39,000 tonnes of fishery products to meet the needs of its processing industries (tuna canning), to supply the domestic market (hotels and consumer markets) and for its offshore aquaculture projects (farming bluefin tuna).

4.63. To engage in fishing activities it is necessary to obtain a permit from the MARHP. Fishing enterprises must be of Tunisian nationality and Tunisians must own a majority (at least 51%) of the capital. However, if their activities are confined to fishing in Tunisia's northern zone (Bizerta to Tabarka) and on the high seas, these enterprises may be up to 66% foreign-owned.[30]

4.64. Tunisia has imposed biological recovery requirements so as to ensure the sustainable exploitation and maintenance of fish stocks; these measures are financed by a tax on fish exports (1% of the value exported). The measures taken since 1 January 2010 include the obligation for exporters to have a catch certificate to show that the fishery products for export were not illegally caught, within the context of the cooperation between Tunisia and the EU in combating illegal, unreported and unregulated fishing. Enterprises that export fishery products (fish, crustaceans and molluscs) and live bivalve molluscs must possess a sanitary approval certificate issued by the relevant authority. Moreover, the Government encourages industrial fishing units to adopt certified quality assurance systems (for example, HACCP, ISO 22000).

4.65. The MFN trade regime applicable to fishery products consists of customs duties averaging 33.2%, as compared with 40.2% in 2005. In accordance with the Agreement with the EU, fishery products are admitted to the EU totally free of duties and taxes, except in the case of tinned sardines, the duty-free export of which is restricted by a tariff quota of 100 tonnes per year (MFN rate 12.5%); however, Tunisian exports of this product exceeded the quota by 6 to 14 times during the period 2011-2015 (629 tonnes in 2015).

4.2 Mining and quarrying

4.66. Tunisia's principal mineral resources (apart from the hydrocarbons described below) are phosphate, iron, lead, zinc, barytes, fluorine, and salt. The mining sector contributes about 2-3% to real GDP (7.5% if industrial processing is included). Exports of mining and phosphate products amounted to TND 1.6 billion (about €700 million) in 2014, i.e. 3.5% of exports in value terms, while imports amounted to TND 600 million.[31] Tunisia produces around 7.5 million tonnes of phosphate ore per year (fifth largest producer in the world). Foreign companies account for not

[30] Article 25 (new) of Law No. 94-31 of 31 January 1994 on the practice of fishing, http://www.apia.com.tn/investissement-anger-investmenu-71.

[31] National Institute of Statistics (2014), Foreign Trade, viewed at: http://www.ins.nat.tn/indexfr.php.

more than 4% of mining sector turnover, while the State-owned companies account for around 90%.

4.67. Phosphate is mined almost exclusively by the Gafsa Phosphate Company (CPG), a State-owned enterprise. Since 1996, the CPG has been merged with the Tunisian Chemical Group (GCT), another State-owned enterprise, which converts the phosphate into phosphoric acid, chemical fertilizers and cattle feed additives and exports them. The group's main imports are sulphur and ammonia, used in processing the phosphate. The CPG/GCT Group has not been notified to the WTO as a State trading enterprise. Although the phosphate mining and processing sector is a de facto monopoly of the CPG/GCT, in 2014, for the first time, a private company was authorized to begin exploration operations with a view to mining phosphates at Kasserine.

4.68. After 2011, labour disputes within the CPG resulted in a sharp fall in production.[32] The CPG/GCT group is encountering serious environmental problems and its tailings do not meet the requirements of the Tunisian or international legislative framework on the protection of the environment, in particular of the marine ecosystems into which the waste is released; upgrading measures are apparently being taken to improve the situation.

4.69. Moreover, both State-owned (the Djebel Djérissa Company) and private metal mines are extracting iron ore, lead, zinc and barytes/fluorine. Private companies are producing and exporting salt.

4.70. The 2003 Mining Code governs the activities of mineral prospecting, exploration and exploitation open to State-owned and private companies, including foreign ones.[33] These activities may be undertaken by natural or legal persons, without distinction as to nationality, or by the State. The mining titles required are: a one-year prospecting permit, not mandatory for obtaining an exploration permit, which is valid for three years and renewable three times at most; and a concession, whose duration depends on the reserves that can be economically exploited and the rate of exploitation. There have been no legislative changes relating to trade or investment since 2005; however, it is planned to update the 2003 Mining Code.

4.71. The competent ministry is the Ministry of Industry, Energy and Mining.[34] The National Mining Board (a public institution) is responsible for mining research and promotion, which it carries out in partnership with the private sector.[35] To encourage investment, the Government may offer tax and customs exemptions and facilitated exchange measures for non-resident enterprises. For example, mining activities are eligible for relief from business profits tax or corporation tax, normally at 25% for the first five years.[36]

4.72. The holder of a mining title and his contractors may import their machinery and equipment, as well as the vehicles needed to service their transport operations free of customs duty and all other levies and taxes, and free of VAT; however, the exemptions from import duties and taxes are not applicable to goods and merchandise available in Tunisia at appropriate and comparable prices and qualities (Article 104 of the Mining Code). Non-residents of foreign nationality recruited to carry out prospecting, exploration and exploitation activities may also benefit from privileged tax treatment (Article 108).

4.73. At the end of 2015, two prospecting permits, 35 exploration permits and 53 exploitation concessions were active in Tunisia. The entirety of the mining titles were held by 56 companies.[37]

[32] *Jeune Afrique*, 15 October 2015, viewed at: http://www.jeuneafrique.com/mag/269393/economie/phosphates-en-tunisie-la-cpg-chancelle.

[33] Law No. 2003-30 of 28 April 2003, viewed at: http://www.onm.nat.tn/files/code_minier.pdf.

[34] Ministry of Industry, Energy and Mining, viewed at: http://www.tunisieindustrie.gov.tn.

[35] National Mining Board, viewed at: http://www.onm.nat.tn/fr/index.php.

[36] Article 96, Law No. 2003-30 of 28 April 2003 enacting the Mining Code. An overview of the legal and fiscal incentives can be found on the Ministry's website at: http://www.tunisieindustrie.gov.tn/template.php?code=167&pere=157.

[37] Ministry of Industry, Energy and Mining (2015), Monthly Report, Energy Situation.

4.3 Energy

4.74. Tunisia's energy resources consist mainly of domestic hydrocarbons production and a royalty of 5.25% of the gas transiting its territory in return for the right of way for the Algeria-Tunisia-Italy trans-Mediterranean gas pipeline.[38] In 2015, the primary energy balance revealed a deficit of more than 4 million tonnes oil equivalent (Mtoe) as compared with a deficit of 0.5 Mtoe in 2005. The energy independence ratio, i.e. the ratio of primary energy resources to primary consumption, was 58% in 2015 as compared with 93% in 2005; imports have increased substantially (Chart 4.4).

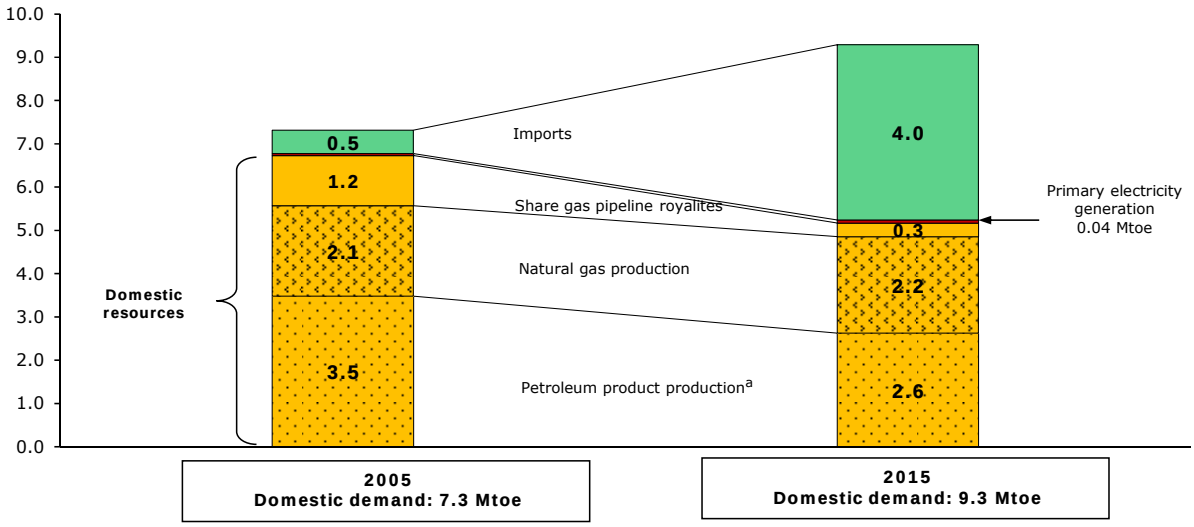
4.75. This fall in the energy independence ratio is the result of a fall in primary energy resources and increased demand. There has been a notable decrease in crude oil production in recent years on account of the natural decline in the main fields and the lack of major new finds. Moreover, the royalties from the transit of Algerian gas have fallen in line with the decline in foreign purchases. As for the demand, it has kept on increasing. The authorities have introduced various energy efficiency programmes, which have helped to reduce the rate of increase in the demand.

4.76. In total, in 2015 energy imports amounted to TND 5.5 billion (around €2.4 billion). Trade includes both crude oil and refined products. Exports of energy products and lubricants, around TND 2 billion (about €880 million), consist mainly of crude oil and condensate, fuel oil and virgin naphtha. Petroleum is currently being imported from Azerbaijan and Nigeria, while natural gas comes almost exclusively from Algeria.

4.77. Tunisia did not undertake any commitment concerning the energy market under the General Agreement on Trade in Services (GATS) in 1994.[39] Trade policy in the energy sector has not changed significantly since the previous TPR in 2005: in general, prospecting, exploration and exploitation activities are open to Tunisian and foreign private companies. On the other hand, petroleum product refining, gas and electricity production, and most transport and distribution activities remain under the control of State-owned enterprises, under the "single buyer" (monopsony) regime. However, the Government says that it is seeking to encourage private investment in the energy sector. The National Energy Management Fund, a source of extra-budgetary public support, is administered by the National Energy Management Agency (ANME) with a view to making rational use of energy and promoting renewables and alternative sources.

Chart 4.4 Tunisia's energy balance, 2005 and 2015

(Mtoe)



a Crude oil, LPG, and condensate.
Source: Ministry of Industry, Energy and Mining.

[38] German agency for international cooperation (GIZ) (2014), Analysis of the regulatory framework governing network access for producers of electricity from renewable energy sources in Tunisia, viewed at: http://www.giz.de/en/downloads/giz2014-fr-energies-renouvables-tunisie.pdf.

[39] WTO document GATS/SC/87 of 15 April 1994.

4.3.1 Petroleum products

4.78. Hydrocarbon production and marketing are controlled by State trading enterprises, in particular, the Tunisian Petroleum Activities Enterprise (ETAP) and the Tunisian Refining Industries Company (STIR). The 1999 Hydrocarbons Code[40], which applies to both domestic and foreign investors without distinction as to nationality, was updated in 2002, 2004 and 2008; according to the authorities, it is again in process of being updated. Law No. 2002-23 of 14 February 2002 specified the concessions excluded from the scope of the Hydrocarbons Code; Law No. 2004-61 of 27 July 2004 dealt with the organization of the activities of service companies in the hydrocarbons sector; and Law No. 2008-15 of 18 February 2008 concerned, in particular, ETAP's option to participate in a concession.

4.79. There are two main types of contract with the ETAP for investors in the sector: a joint-venture ("association") agreement and a production-sharing agreement, in which the co-holder of the permit or contractor finances the activity and gets paid in kind. During the exploration phase, the costs of the works are at the sole risk of the co-holder of the title or contractor. If a commercially viable find is made, then, in the case of a joint-venture agreement, ETAP reimburses the exploration costs on the basis of its percentage interest, as well as its share of the exploitation costs. In the case of a production-sharing agreement, ETAP reimburses the exploitation costs in kind, as well as those incurred during the exploration period ("cost oil").

4.80. Under the Hydrocarbons Code, ETAP may opt to participate in any hydrocarbon exploitation concession resulting from an exploration permit, up to a percentage not exceeding the level of participation laid down in the agreement governing the permit. Agreements governed by the Code are approved by a decree published in the Official Journal; the agreement itself is not published.

4.81. In the case of a joint-venture agreement, the sharing of the income derived from exploiting the hydrocarbons between the Tunisian State, represented by ETAP, and the private company depends on the extent of ETAP's participation and on the royalty proportional to production and the tax, both calculated on the basis of the "R ratio" of the accrued net income to the accrued total expenditure: the more profitable the deposit the larger the Tunisian share. The "R ratio" is proportional to the income from production and inversely proportional to the costs. This system could encourage the overinvoicing of the costs, which automatically reduces the State's share of the income from exploitation. The "R ratio" is calculated annually for each co-holder and for each exploitation concession; it is not published.

4.82. At the end of 2015, there were altogether 31 permits in force (prospecting and exploration), including five governed by their agreements and appended specifications, as well as by legislation predating the enactment of the Hydrocarbons Code, and 26 governed by the Hydrocarbons Code. Likewise, at end-2015, there were in total 52 concessions, including 12 concessions governed by the Hydrocarbons Code and 40 governed by earlier legislation.

4.83. Foreign prospecting, exploration and exploitation companies generally operate in the hydrocarbons sector as non-resident enterprises under the offshore regime provided for by the Hydrocarbons Code, benefiting, among other things, from freedom of exchange.[41] Moreover, personnel of foreign nationality, non-resident before being recruited or seconded to Tunisia, may also qualify for preferential tax treatment. Other measures that provide tax incentives for investment include the application of reduced or suspended customs duties and the suspension of VAT on equipment and products used in making the investment.

4.84. The rate of the proportional royalty is determined as a function of the "R ratio" of the income of each co-contractor for each exploitation concession. If ETAP does not participate in an exploitation concession, the royalty applicable, the amount of which is fixed by law, may not be less than 10% for liquid hydrocarbons or 8% for gaseous hydrocarbons. The owner of the concession may, after paying the royalty, dispose of the hydrocarbons extracted, in particular for export purposes.

[40] Law No. 99-93 of 17 August 1999 enacting the Hydrocarbons Code, viewed at: http://www.droit-afrique.com/upload/doc/Tunisia/Tunisia-Code-2011-hydrocarbures.pdf.

[41] OECD (2012), Investment Policy Reviews: Tunisia, viewed at: http://www.oecdilibrary.org/docserver/download/2012062e.pdf?expires=1434091956&id=id&accname=ocid57015274&checksum=3E9FC0FD02DC60726CBEBB9091285D7C.

4.85. However, to cover Tunisia's domestic consumption requirements, the authority granting the concession (through ETAP) has the right to purchase, on a priority basis, up to 20% of any liquid hydrocarbons extracted under concession in Tunisia. The transfer price is the f.o.b. export selling price obtained by the owner, less 10%. The State entrusts ETAP with the task of managing the royalty and the local market.

4.86. STIR, another State-owned enterprise, holds the exclusive rights to import petroleum products, as well as natural gas[42], with the exception of bitumen and aviation fuel (jet A1), the importation of which was liberalized in 2005-2006; basic oils may also be freely imported.[43] STIR has a monopoly on the refining of petroleum; it has a capacity of around 1.7 million tonnes per year, i.e. about 25% of the requirements of the local market.

4.87. STIR has a monopoly on domestic sales of petroleum products. Private dealers distribute aviation fuel (jet A1), lubricants, and bituminous road-surfacing materials. STIR sells wholesale to distribution companies approved by the Minister responsible for energy, on the advice of the Hydrocarbons Consultative Committee. The distribution market for fuels and LPG comprises the following approved companies: the State-owned National Petroleum Distribution Company (SNDP); Shell Tunisia, Total Tunisia; Libya Oil Tunisia; Butagaz Tunisia; Staroil; Sagaz; and Motocop. Distributors' concessions are allocated upon application to the Ministry responsible for energy, in conformity with Law No. 91-45 of 1 July 1991 on petroleum products.

4.88. Fuel prices are still set by order at all stages of production and distribution, except for jet A1 and bitumen. However, there has been a sharp reduction in subsidies for energy consumption since 2014. The amount budgeted for the subsidy fell from TND 3,734 million in 2013 to TND 918 million in 2015, owing to the petroleum prices in effect on the international market at the beginning of 2016. According to the authorities, unleaded petrol and diesel, as well as electricity and natural gas, were no longer being subsidized in March 2016. An automatic pricing mechanism has been set up and, as from 2016, should make it possible to index the price of fuel (unleaded super and diesel) on international prices. Liquefied petroleum gas for domestic consumption and N2 heavy fuel oil for industry remain heavily subsidized.

4.3.2 Natural gas

4.89. A foreign company (British Gas) is the principal gas producer. The main new investors since 2005 are OMV, Eni, Medco, and Anadarko. Any enterprise producing natural gas locally must first meet the needs of the local Tunisian market by selling part of its production to the Tunisian Electricity and Gas Company (STEG), the sole buyer and importer of these products.[44] STEG is the only enterprise authorized to transport and distribute gas locally. Gas prices are set by decision (Table 4.7).

Table 4.7 Natural gas tariffs net of tax, 2016
(TND)

High pressure tariff	Contracted flow (th/h)	Charge		Price of energy (TND/th)
		standing (TND/month)	flow (TND/th-h-month)	
Peak hours tariff 1	10,000 to 30,000	300	0.500	0.0358
Peak hours tariff 2: 0 to 20,000 th/month	> 30,000	300	0.500	0.0391
20,001 th/month or more				0.0525
HP cement manufacturer (grey cement)	≥ 10,000	300	0.500	0.0542
Medium pressure tariff				
Tariff 1	1,000 to 4,000	20	0.200	0.0376
Tariff 2	6,000 to 30,000	20	0.325	0.0371
MP cement manufacturer (grey cement)	1,000 to 30,000	20	0.325	0.058

Note: In 2015, one Tunisian dinar was equal to about €0.40. 1 Toe = 100,000 therms.
Source: Ministry responsible for energy and mining.

[42] Online information from STIR, viewed at: http://www.stir.com.tn.
[43] Law No. 91-45 of 1 July 1996, Orders of 6 January 2006 and 12 December 2006. Online information from STIR, viewed at: http://www.stir.com.tn.
[44] Online information from STEG, viewed at: http://www.steg.com.tn.

4.3.3 Electricity

4.90. Electricity production (see below) consumes more than 73% of the national demand for natural gas. In March 2015, nearly 92% of Tunisian electricity was generated from natural gas (90% in 2005), the rest coming from other fuels: fuel oil and diesel (5% of total production), hydraulic turbines (0.4%) or wind energy (2.5%).[45] Annual electricity production is shown in Table 4.8. The installed capacity is 5,200 MW, of which about 9% (471 MW) is owned by private producers (IPPs, see below). Demand is growing by 3.4% per year (average for 2010-2015). Renewable energy capacity is currently 295 MW (generated by STEG).

Table 4.8 Electricity production, 2000-2015

	2000	2004	2010	2013	2014	2015
Total production (GWh)	10,097	12,424	15,817	17,726	18,348	18,915
STEG	9,222	8,664	11,565	13,947	14,117	14,851
Independent generators	0	2,844	3,228	3,046	3,489	3,314
Self-generators	874	910	1,024	733	742	750[e]
Total sales (TND million)	530.9	765.4	1,611	2,114	2,650	2,800[e]
Exports (TND million)	..	2.7	..	15.1	17.8	9.6
Imports (TND million)	..	..	..	..	..	..

.. Not available.

e Estimated.

Source: Information provided by the Directorate-General of Energy.

4.91. The Tunisian power grid is connected to those of Algeria and Libya, which makes it possible to interconnect with the European grid via the Algerian and Moroccan networks. International trade is marginal. Among recent developments, all investors, without distinction as to nationality, can now generate electricity for export provided they can satisfy the technical conditions for operating in the sector, such as those laid down by Law No. 12-2015 of 11 May 2015 on electricity generation using renewable energy. Electricity is imported duty free.

4.92. The Tunisian Solar Plan (PST) is an expression of the ambition to turn Tunisia into an export hub for clean electricity. Since October 2009, it has covered all the areas of energy efficiency in transport, building and energy-intensive industries, as well as renewables (solar, wind, biomass). The plan envisages a generating capacity of 3.8 GW from renewables by 2030. In practical terms, the energy savings made during the period 2005-2010 reached 1.4 Mtoe in 2010, or 20% of the primary energy demand for 2004.[46]

4.93. Most electricity is still generated by STEG.[47] Electricity production has been open to self-generators since 2002 for co-generation and since 2009 for electricity generation from renewables. The relevant new legislation comprises Law No. 2009-7 of 9 February 2009 (PROSOL ELEC); Decree No. 2002-3232, supplemented by Decree No. 2009-3377 (co-generation); Decree No. 2009 67-73 of 28 September 2009 (maximum power); and Decree No. 2009-2773 (renewable energy).

4.94. STEG still has a State monopoly on electricity distribution, however.[48] The same applies to the connection and transport system and the marketing, purchase and supply of electricity, as well as to the purchase of electricity injected into the grid, whether from independent generators or self-generators, which are required to sell to STEG the electricity they do not consume themselves. STEG and the Tunisian Mining Products Transport Company come under the Ministry of Industry, Energy and Mining.

[45] Ministry of Industry, Energy and Mining (2015), Monthly Report, Energy Situation, viewed at: http://fliphtml5.com/mcwz/fqcq.

[46] UNDP/ANME project: Private-Sector Led Development of On-grid Wind Power in Tunisia.

[47] OECD (2012).

[48] OECD (2012), Investment Policy Reviews: Tunisia, viewed at: http://www.oecdilibrary.org/docserver/download/2012062e.pdf?expires=1434091956&id=id&accname=ocid57015274&checksum=3E9FC0FD02DC60726CBEBB9091285D7C.

4.95. The STEG grid serves about 3.6 million users, including over 17,200 customers connected to the medium-voltage network at the end of 2014. Consumer tariffs are set by decision (Table 4.9), as are the tariffs for sales to STEG.[49]

Table 4.9 Electricity tariffs, high and medium voltage, April 2016

Voltage	Tariff	Charge (TND / kW / month)[a]	Price of energy (TND acc. to the hour / kWh)[a, b]
High voltage	Normal tariff	7.5	0.111 – 0.233
	Cement manufacturer (grey cement)	6.0	0.170 – 0.300
Medium voltage	Normal tariff	8.0	0.115 – 0.238
	Cement manufacturer (grey cement)	6.5	0.129 – 0.311
	Agricultural irrigation	-	0.88 – 0.132

a Value added tax (VAT) to be applied at the rate of 18%, except for irrigation use (12%).
b Plus municipal surtax: 5 millimes/kWh.

Note: In 2015, one dinar was equal to about €0.40.

Source: Ministry responsible for energy and mining.

4.4 Manufacturing sector

4.96. Tunisia is an important exporter of manufactured products, with a total of US$12 billion exported in 2014 by various industries such as accessories (wire and cable) for the electrical machinery industry and electrical equipment (Table 4.10). Most exports are destined for the EU market, where Tunisian products may enter free of all customs duties and taxes under the Association Agreement between Tunisia and the EU.

4.97. The Agency for the Promotion of Industry and Innovation (APII), under the Ministry responsible for industry, is the entry point for investors. It is authorized to complete all the procedures necessary to set up a company and confer benefits on new promoters in industry and services, investors in regional development zones and SMEs.[50] However, the promotion of investment, including industrial investment, is also the responsibility of the Agency for the Promotion of Foreign Investment (FIPA-Tunisia), a public body under the supervision of another Ministry, the Ministry of Development, Investment and International Cooperation [51], which requires a considerable amount of interministerial cooperation.

Table 4.10 Exports of manufactures, 2005, 2010-2014

(US$ million)

	2005	2010	2012	2013	2014
1. Electrical machinery	**1,514.7**	**3,678.2**	**3,997.6**	**4,001.5**	**4,169.2**
HS 8544 Wire, cable, other electric conductors	588.0	1,292.3	1,633.7	1,678.2	1,820.9
HS 8536 Apparatus for electrical circuits	320.8	490.3	368.6	440.6	447.2
HS 8528 Television receivers	1.5	357.1	492.1	486.6	421.6
HS 8501 Electric motors and generators	0.8	144.2	154.7	169.5	185.1
HS 8531 Electric signalling apparatus	49.0	135.8	150.1	150.0	155.6
2. Clothing	**3,094.1**	**3,058.3**	**2,695.1**	**2,771.0**	**2,734.0**
HS 6211 Sportswear	663.5	690.8	625.5	634.3	639.2
HS 6203 Men's or boys' suits	834.5	618.4	614.6	676.2	610.1
HS 6109 T-shirts, singlets and other vests, knitted or crocheted	234.7	377.2	324.6	316.4	313.9
HS 6204 Women's or girls' suits	431.2	333.8	273.0	267.1	290.6
HS 6210 Made-up garments	19.9	220.8	169.1	194.4	190.9
3. Chemicals	**621.2**	**1,162.3**	**1,127.2**	**1,112.9**	**1,150.2**
HS 2809 Diphosphorus pentaoxide; phosphoric acid	218.2	362.1	312.4	237.0	258.7
HS 3926 Other articles of plastics	58.3	179.3	186.1	192.1	219.1
HS 2835 Phosphinates, phosphonates and phosphates	109.1	234.8	148.6	153.3	162.9
HS 3920 Other plates of plastics	4.1	28.8	52.4	67.7	59.1

[49] GIZ (2014).
[50] Viewed at: http://www.tunisieindustrie.nat.tn/fr/doc.asp?mcat=25&mrub=189.
[51] Viewed at: http://www.mdci.gov.tn/index.php.

	2005	2010	2012	2013	2014
HS 2826 Fluorides	37.3	41.8	53.0	39.3	41.7
4. Transport equipment	**235.8**	**446.7**	**612.3**	**775.3**	**916.1**
HS 8803 Parts of aircraft	3.6	59.5	237.1	325.6	391.6
HS 8708 Parts and accessories of motor vehicles	159.9	224.2	245.6	282.1	331.1
HS 8716 Trailers and semi-trailers	12.3	52.5	34.5	54.0	57.8
HS 8712 Bicycles and other cycles, not motorized	12.8	33.8	37.4	32.4	40.2
HS 8703 Motor cars and other motor vehicles	9.4	37.1	7.0	11.1	25.4
5. Non-electrical machinery	**225.6**	**548.1**	**579.9**	**570.1**	**655.4**
6. Textiles	**561.3**	**710.1**	**667.4**	**645.5**	**652.1**
7. Metals and minerals	**280.3**	**677.2**	**679.6**	**650.1**	**651.1**
8. Other manufactured articles n.e.s.	**194.0**	**425.7**	**492.9**	**553.7**	**612.2**
9. Leather, footwear, etc.	**440.7**	**532.3**	**508.5**	**476.9**	**475.0**
10. Wood, paper, etc.	**196.0**	**285.6**	**255.8**	**300.0**	**292.2**

a Based on the WTO definition of non-agricultural products, excluding fishery products, minerals and petroleum.

Note Ranked according to 2013 exports.

Source: UN Comtrade database.

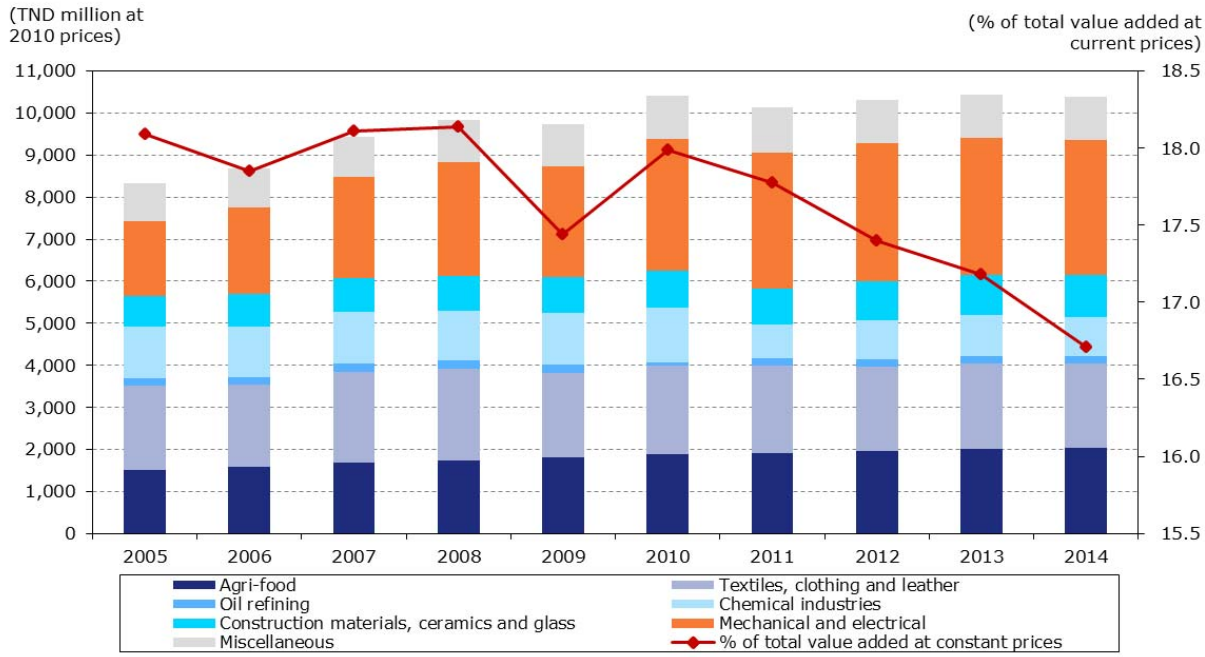
4.98. During the period 1970-2000, the growth of manufacturing formed the basis for Tunisian economic development, largely sustained by the accumulation of capital linked to foreign direct investment attracted by particularly generous incentives for "wholly exporting" enterprises. This regime consists of several superimposed sets of regulations, the two main ones being the offshore regime and the tax incentives reserved for exporting enterprises (Section 3.2.4). The offshore regime offers almost complete relief from employee's and employer's contributions, a flexible foreign exchange regime, imports of inputs free of duties and taxes, and freedom from the excessive regulation typical of the rest of the Tunisian economy. The existence of these two regimes, already described in the previous TPR, has led to sharp regional disparities in favour of the coastal areas, where the main offshore/wholly exporting enterprises are located and the well-paid industrial jobs are concentrated.

4.99. By contrast, the "interior" industrial development model is based on selective investment incentives (Section 2.5.3), prior authorization to invest in certain sectors, under the responsibility of the Higher Investment Commission (CSI, Section 2.5.2), and high internal taxation, though currently being revised downward (Section 1.1). This dichotomy in trade and investment policy between the export-oriented sectors and those oriented towards the domestic market has given rise to market distortions, has held back integration within the economy and the emergence of a dynamic private sector, and has instead led to a predominance of low value-added activities (for example, clothing, mechanical assembly and mineral products) in the sectors oriented towards the domestic market.[52]

4.100. Partly for these reasons, manufacturing's share of global value added declined sharply after 2010 (Chart 4.5), suggesting that the industrial and trade policy based on offshore-domestic dualism has reached its limits. Aware of this problem, the authorities have announced a wide-ranging reform of the investment regime and tax system.

[52] IMF (2015), Consultation Article IV.

Chart 4.5 Manufacturing industries, 2005-2014



Source: National Institute of Statistics.

4.4.1 Industrial production policy reforms

4.101. Most of the measures described in the previous TPR in 2005 are still in place and appear to explain Tunisia's current weak growth in industrial production and exports. However, the main constraints on industrial performance described below are now under review.

4.102. First of all, the high level of direct taxation has imposed a heavy burden on industrial enterprises oriented towards the domestic market, especially as their exporting counterparts have been largely exempt. In 2016, in order to reduce this dichotomy, the Government has raised the rate of corporation tax (IS) on wholly exporting companies from zero to 10%, while reducing the IS on non-exporting companies from 35% to 25%.

4.103. Secondly, the complicated and changeable indirect taxation is another serious obstacle for industrial enterprises, particularly the smaller ones. This includes, for example, VAT but also excise duty and the other levies introduced or suspended in accordance with the finance laws (as is the case in the meat and milk-producing industries). The VAT regime for manufactured products could be simplified, particularly for small craft-industry SMEs. For example, the importation and sale of machinery and equipment used in the craft industry are exempt from VAT if the goods are on a list of products for which there are no locally manufactured equivalents. These "locally manufactured equivalents" are also exempt from VAT. However, the importation and sale of raw materials for the craft industry sector are subject to VAT at the rate of 6%, as is the sale of the craft industry products themselves. A new pilot VAT credit refund regime should make it possible to speed up refunds and reduce business costs.

4.104. Among the other taxes levied on industrial sector turnover (and therefore affecting profitability), the business tax for the benefit of the Industrial Competitiveness Development Fund (FODEC) is payable at the rate of 1% on the turnover net of VAT recorded by manufacturers of products subject to the tax, in accordance with a list established by decree since 1996, and on the customs value of the same products when imported.[53] According to the authorities, this fund serves to finance several programmes designed to support the upgrading and competitiveness of industrial enterprises, in particular the Industry Upgrade Programme.

[53] Decree No. 2000-634 of 13 March 2000, as amended by Decree No. 2008-4111 of 30 December 2008, and Decree No. 2012-435 of 26 May 2012.

4.105. Thirdly, the financial aid measures are as numerous as they are complicated and expensive for businesses to administer. According to a government assessment made in 2015, they result in a loss of income whilst having a limited impact on job creation.[54] They are also a source of distortion of competition. These aid measures, which cost around €150 million per year (Section 3.3.2), include:

- repayable allocations or participations in the equity;
- the granting of a State contribution (fixed by decree) to the infrastructure expenditure necessary to carry out industrial projects;
- assumption of the costs relating to the acquisition of developed or local sites necessary to carry out industrial or service projects;
- postponement of the payment of social security contributions by new promoters for two years;
- exemption from the contribution to the Employee Housing Promotion Fund;
- assumption by the State of the employer's contribution to the statutory social security scheme in respect of wages paid to Tunisian employees; and
- total or partial assumption by the State of staff training costs with a view to promoting technology and R&D.

4.106. Moreover, the system for the prior authorization of investment by the CSI (Section 2.5.2) constitutes an additional barrier to investment in industry, but appears to have been on the reform programme for 2016. The "strategic" industries subject to specific legislation "taking into consideration energy consumption, subsidies and pollution" include the following:

- mechanical carpet weaving;
- fabrication of bars, angles, shapes and sections, and concrete reinforcing bars;
- manufacture of lime and cement; and
- flat glass.

4.107. In addition, these forms of production are subject to the "specifications" system (Section 2.5.2), which still concerned 150 activities in 2016, including some industrial activities. This system is intended to ensure compliance with technical regulations (storage, after-sales service, etc.) but amounts to an additional administrative procedure affecting investment in industry.

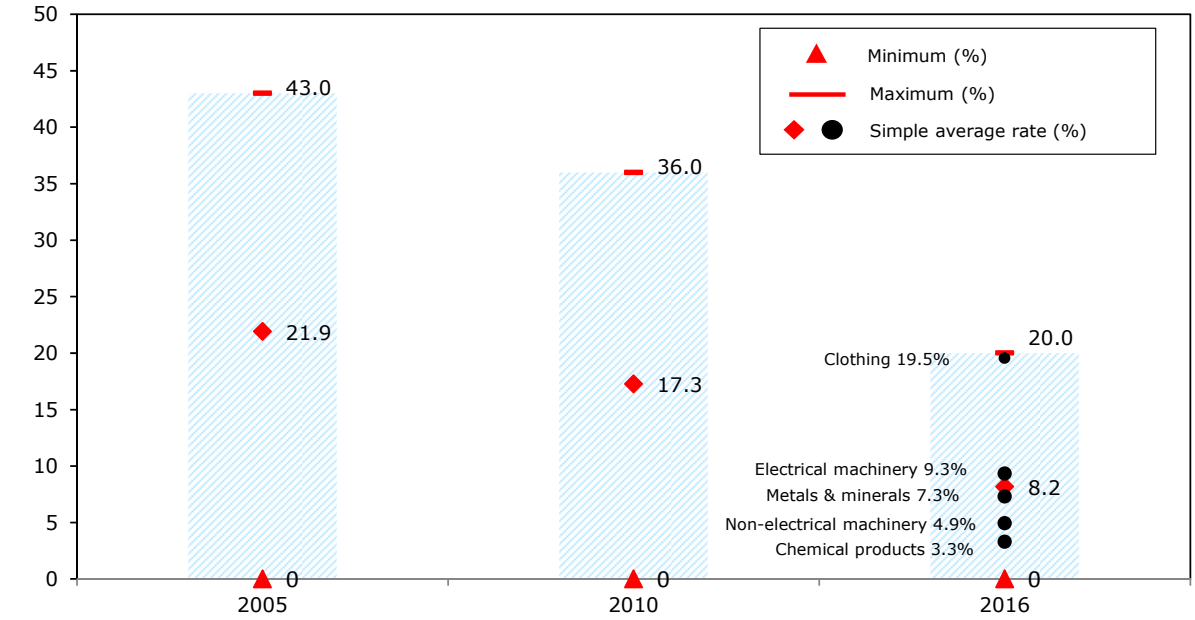
4.4.2 Developments concerning the industrial trade regime

4.108. Customs duties on manufactured products, which averaged 23% in 2005, have been much reduced, to 9.6% in 2016 (Chart 4.6). In particular, the maximum duty rate, which was 43%, is now 20%. Every industry has been affected by this reduction, especially inputs such as chemical products, machinery, metals and minerals. This should considerably reduce the cost of imported inputs and, provided that they undergo reform, improve the competitiveness of Tunisian industrial enterprises.

[54] Ministry of Development, Investment and International Cooperation, *Projet du nouveau Code d'investissement* (draft new investment code), preliminary version of 25 May 2015.

Chart 4.6 Customs duties on non-agricultural products, 2005, 2010 and 2016

(%)



Note: WTO definition, fishery products excluded.

Source: WTO Secretariat calculations based on data provided by the authorities, and WTO TAO database.

4.109. Efforts are also under way to facilitate import-export procedures for approved economic operators and thus reduce red tape that is adding to business costs. For example, the industrial warehousing procedure for goods and products imported for processing with a view to re-exportation (Table 3.16), which provides for the lodging of security for import duties and taxes or the payment of a lump sum fixed by decree, is apparently being reformed, which would make it possible to simplify the system and reduce the potential for abuse. By contrast, import operations within offshore economic activity parks are free of all duties and taxes, which represents a considerable saving of time and money, especially in relation to just-in-time industrial production processes (of clothing, for example).

4.110. The importation of industrial products, whether inputs or products that compete with domestic production, continues to be subject to numerous technical regulations that do not apply to the export/offshore sector, unless the products are subsequently sold on the domestic market. The authorities reckon that in 2015 there were more than 30 entities responsible for technical controls. For example, there is provision for the technical control of imports and exports of such products as footwear, tableware, household items, glass, steel household goods, domestic electrical appliances, toys, pens, pencils, tubes and pipes of iron or steel, computers, radios, and paper and paperboard, fabrics, clothing, luggage, wooden frames, clinker, cement and lime, tyres and wheels, electronic cards, television sets, ceramic tiles, seats, furniture and its components, etc. (Table 3.13). Any person wishing to import one of these products must apply to a special commission set up for the purpose.

4.111. In 2016, these lengthy and costly procedures became the subject of a reform project with a view to reducing the number of industrial products subject to systematic controls and centralizing the controls within a single agency. In particular, one of the objectives of current industrial policy is to transpose the EU's technical regulations (Section 3.1.6) into Tunisian law, in view of the importance of trade in these sectors and their potential for development. The aim is to promote Tunisian quality within the EU and thus help to facilitate access for Tunisian products to the European market. This would render the technical import and export control measures described above superfluous.[55] Import controls would be carried out *post facto* on the basis of technical regulations common to Tunisia and the EU.

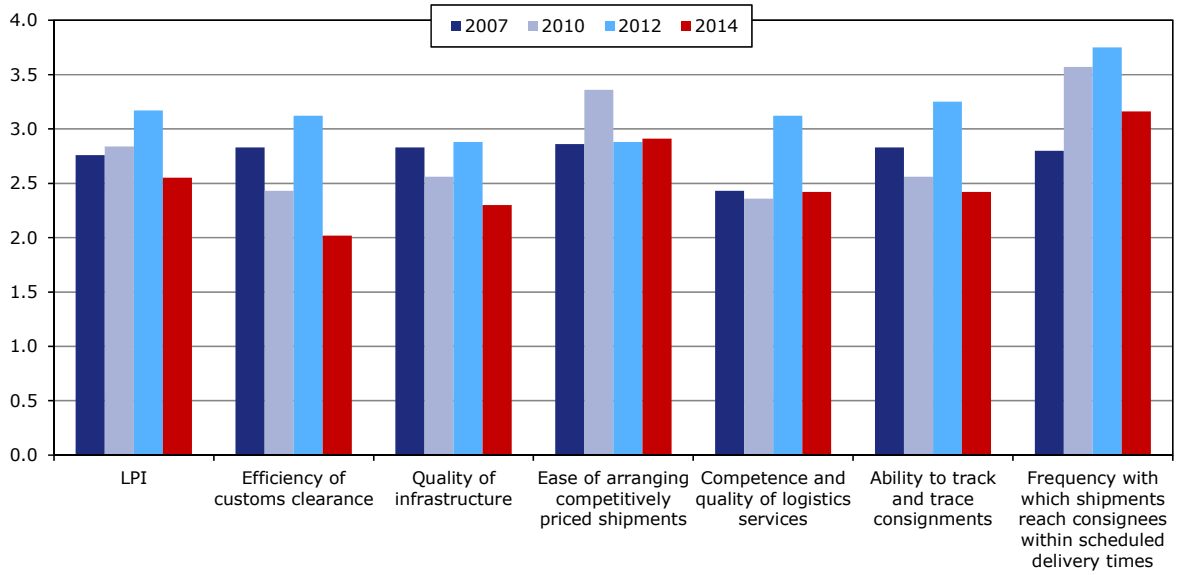
[55] Viewed at: http://www.eeas.europa.eu/tunisia/index_fr.htm.

4.5 Transport services

4.112. Tunisia did not include transport services in its Schedule of Specific Commitments under the WTO General Agreement on Trade in Services (GATS). Transport policy is the responsibility of the Ministry of Transport.[56] Tunisia's logistical performance, as measured by the World Bank's Logistics Performance Index, declined sharply between 2012 and 2014 (Chart 4.7). According to the authorities, this reflects, among other things, the weak development of logistical services and logistics zones (the only logistics zone is that at Radès); the lack of a deep-water port; and the deterioration of the services at the port of Radès because a number of major investments could not be implemented.

Chart 4.7 Logistics performance index (LPI), 2007, 2010, 2012 and 2014

Score: 1 (low) to 5 (high)



Source: World Bank, viewed at: http://lpi.worldbank.org.

4.113. According to the authorities, the lack of a body responsible for logistical tracking and good governance and a regulatory framework for logistics-related occupations are the main obstacles to the development of logistics platforms. There are not yet any dry ports with container terminals under customs control. Recognizing the need to improve the logistics platforms (ports, airports) and to encourage providers of logistical services, in 2014 the Government finalized a logistics strategy, which is also intended to boost growth and create jobs.

4.114. The participation of the private sector, in the logistics sector in particular, is primarily being sought through the concessions system. The logistics platforms envisaged will consist of public logistics zones alongside private zones, in the framework of public-private partnerships (Section 3.3.1). This could eventually facilitate the participation of foreign capital in transport service providers, which up to now has been limited by restrictions on investment.

4.5.1 Road transport services

4.115. The main laws and regulations relating to trade in land transport services are as follows:

- Law No. 98-108 of 28 December 1998 on the Technical Agency for Land Transport[57];
- Law No. 98-21 on international multimodal goods transport[58]; and
- Law No. 2004-33 of 19 April 2004 on the organization of land transport, as amended by Law No. 2006-55 of 28 July 2006[59].

[56] Viewed at: http://www.snt.com.tn.
[57] Viewed at: http://www.cnudst.rnrt.tn/jortsrc/1998/1998f/jo10498.pdf.
[58] Viewed at: http://www.legislation.tn/sites/default/files/fraction-journal-officiel/1998/1998F/021/TF1998211.pdf.

4.116. At present, most goods transport services in Tunisia are provided by the Tunisian private sector, whereas scheduled passenger transport is almost exclusively in the hands of State-owned enterprises[60]; however, five private companies are providing about 2% of passenger transport services in value terms, mainly in the Tunis region.

4.117. Land freight transport services are open to competition from private companies provided they are majority Tunisian-owned, under regulations that have not changed since 2005 (Law No. 2004-33). Specifically, the transport of goods by road, whether from point to point within Tunisia or from or to Tunisia, remains subject to authorization and reserved for enterprises established under Tunisian law. The same nationality requirement applies to all land transport activities, including the provision of commercial vehicle rental services, maintenance and servicing services and all auxiliary road transport services, which are also subject to the "specifications" system (Section 2.5.2).

4.118. Foreigners wishing to provide these services must set up a company under Tunisian law; a majority of the capital must be in Tunisian hands; and there must be a Tunisian manager. The company must be registered with the regional transport directorate of the region in which it has its principal place of business and satisfy all the conditions set out in the "specifications" for the activity concerned (Section 2.5.2).

4.119. However, the Tunisian nationality requirement may be relaxed in the case of the provision of international road transport services (TIR) on behalf of a third party. Tunisia has no regulatory framework specifically relating to TIR; however, Law No. 98-21 provides for temporary authorization for foreigners wishing to engage in multimodal transport activities, which are also governed by international conventions and by 32 bilateral agreements signed by Tunisia and currently in force. Under these agreements, Tunisia has set up, with each of the countries concerned, an annual system of bilateral authorizations allowing carriers from one of the parties to obtain access, under certain conditions, to the territory of the other party.[61] Authorizations for the transport of goods are issued within the framework of a specified number of authorizations fixed annually by the competent authorities of the parties. They are non-transferable, can be used for only one vehicle at a time and provide for a limited stay. Cabotage and triangular transport are not permitted, unless authorized by the other party. Foreign companies wishing to engage in this activity must first obtain the agreement of the Higher Investment Commission (CSI). The drivers and other employees must be Tunisians.

4.120. In practice, TIR carriers hauling foreign semi-trailers on Tunisian territory are mostly Tunisian. Overall, however, Tunisian carriers account for only a small part of the TIR between Tunisia and its partners. This low participation rate is due, in particular, to the difficulties experienced by Tunisian hauliers in obtaining a visa, the difficulties faced by Tunisian enterprises in establishing themselves in Europe, and Tunisia's lack of rolling stock compliant with EU standards.

4.121. In order to reduce transport costs while providing financial support for road transport enterprises, the Tunisian Government grants various forms of relief from VAT, such as exemption from the VAT on all international transport operations and the provision of related services (repairs, servicing, maintenance, conversion, chartering and renting); and exemption from VAT on the purchase of (domestic or imported) coaches, trucks and capital equipment necessary to engage in TIR activities.

4.5.2 Rail transport services

4.122. The authorities have stated that it is their objective to increase the economic importance of rail transport and to develop road/rail traffic. Since 2010, the Tunisian Government has been acquiring rolling stock to modernize its rail transport equipment. Contracts between the Tunisian National Railway Company (SNCFT) and foreign companies have made it possible to provide

[59] Viewed at: http://www.legislation.tn/sites/default/files/journal-officiel/2006/2006F/Jo0612006.pdf.

[60] The main enterprises are the Tunis Transport Company (STT) and the National Intercity Transport Company (SNTRI).

[61] Algeria, Austria, Belgium-Luxembourg, Egypt, Finland, France, Germany, Hungary, Iran, Iraq, Italy, Jordan, Lebanon, Morocco, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, and the United Kingdom.

coaches and trains, some operating in the Sahel region, since 2010, and others in the suburbs of Tunis, since 2012.[62] The equipment is being modernized within the context of the development of an urban rapid transport rail network.

4.123. Rail transport in Tunisia is regulated by Law No. 98-90 of 2 November 1998 on the Tunisian National Railway Company. The following State-owned enterprises operate in the rail transport sector:

- Tunisian National Railway Company (SNCFT), the only public operator providing rail transport;
- Rapid Rail Network Company;
- Railway Works Company (SOTRAFER);
- Tunis Transport Company (STT), specializing in urban passenger rail transport in the capital;
- GANZ Tunisia Railway Equipment (MFGT): the Government appears to have obtained financing from the European AID MEDA Programme for its privatization.

4.124. The State continues to hold a monopoly on the construction, operation and management of railway lines for passengers and goods. The SNCFT operates in the phosphates, freight and passenger transport markets.

4.5.3 Port services and maritime transport

4.125. About 98% of Tunisia's trade, in terms of value, is carried by sea. The following table presents the statistics for the main commercial ports. The port of Radès specializes in container and wheeled (mainly trailer) traffic and thus plays an important part in the national transport chain. This port currently has 148 shipping agents.

Table 4.11 Indicators for the main ports, 2015

	Rades	Bizerta	Skhira	Sfax	Gabes
Total traffic (million tonnes)	6.7	5.6	5.5	4.3	2.2
Number of ship arrivals	904	347	..	869	..
Quayside areas (ha)	47	22	..	..	..
Containers unloaded (TEU)	..	..	..	..	..
Passengers disembarked	..	..	..	..	..
Warehouses	3 ha covered by 5 sheds	5 customs warehouses (2,066 m^2) 10 non-customs warehouses (6,628 m^2)		6 sheds and 1 warehouse (20,700 m^2)	
Port owner	Tunisian State				
Port manager	Merchant Marine and Ports Authority (OMMP)		CTPLS[1]	OMMP	
Container terminal operator	Tunisian Lighterage and Handling Company (STAM)	STAM + STUMAR	STAM	STAM + Sfax Handling Group (GMS)	
Container handling	STAM	STAM + STUMAR		STAM + GMS	
Bulk handling	STAM	STAM + STUMAR		STAM + GMS	
ISO 9001 certification	..	..	..	..	..

.. Not available.

Source: WTO Secretariat, based on information provided by the authorities.

4.126. The following legislation deals with market access in relation to port services and maritime transport:

[62] Viewed at: http://directinfo.webmanagercenter.com/2014/05/16/tunisie-sfax-arrivee-de-quatre-rames-de-train-pour-renforcer-le-parc-de-transport-des-voyageurs.

- Law No. 98-109 of 28 December 1998 on the Merchant Marine and Ports Authority[63];
- Law No. 2008-44 of 21 July 2008 on the organization of the maritime professions[64];
- The Seaports Code enacted by Law No. 2009-48 of 8 July 2009; and
- Law No. 2008-43 of 21 July 2008 amending and supplementing Law No. 95-32 of 14 April 1995 on forwarding agents.

4.127. Apart from the ports, the institutions of the maritime transport and port sector under the supervision of the Ministry of Transport include the following:

- the Merchant Marine and Ports Authority (OMMP), responsible for managing the commercial seaports, except for the port of Skhira, which is managed by the Sahara Pipeline Transport Company (Ministry of Industry, Energy and Mining);
- the Tunisian Shipping Company (CTN); and
- the Tunisian Lighterage and Handling Company (STAM).

4.128. In 2009, Tunisia adopted a new Seaports Code, which provides for private sector participation under a regime for the concession of State land and port equipment, with or without a public service obligation, for a period of 30 to 50 years. The concession regime allows for the building and operation of port infrastructure by the private sector, Tunisian or foreign, without restriction in terms of equity participation. The implementing regulations for the Seaports Code are currently in the process of being drawn up and published.

4.129. The reforms introduced since 2005 have made it possible to privatize the activities of lighterage, pilotage, handling, forwarding and delivery of goods within the port, as well as the allocation of the exploitation of the quayside areas to exclusively Tunisian private handling companies. Under Laws Nos. 2008-43 and 2008-44, the practice of the maritime professions and those of forwarding agent and customs broker is subject to the condition of Tunisian nationality. Port operations such as towing carried out within Tunisian ports or territorial waters, or between Tunisian ports, are also reserved for Tunisian companies, except by special derogation. A single State-owned enterprise participates in this market as a handling operator, namely, the Tunisian Lighterage and Handling Company (STAM), in competition with the private operators.

4.130. Recourse to the services of a shipping agent is mandatory for any merchant ship putting into a Tunisian port. The shipping agency must be incorporated in Tunisia and not more than 50% foreign-owned.

4.131. Cabotage remains exclusively reserved for vessels flying the national flag. If the national merchant marine lacks suitable ships, the Minister of Transport may grant a flag waiver to a foreign-registered vessel enabling it to carry out domestic cabotage operations. Since 2006, a total of 103 flag waivers have been granted for domestic cabotage operations between Tunisian trading ports.

4.132. The provision of international maritime transport services from or to Tunisian ports, direct and indirect, is open to competition, including foreign competition. Foreign-registered cargo ships (whether directly owned or chartered) may operate port-of-call and transhipment services from or to Tunisian ports. The prices for these services are set freely by the ship owners. Foreign ship owners account for around 89-91% of the commercial maritime traffic market.

4.133. The number of scheduled Ro-Ro, container and passenger services has increased since 2005 and in 2016 some 38 scheduled routes were being operated. Domestic ship owners account for about 9-11% of international trade; they include the CTN, the national State-owned shipping company, with a market share of 7%, and four other private Tunisian shipping companies (Africa Marine Company AMC, Gabes Marine Tankers GMT, METALSHIP and MTL Feeder), which are mainly active in the areas of passenger traffic, Ro-Ro and general cargo and rely partly on the use of chartered vessels. The CTN also operates three passenger lines.

[63] Viewed at: http://www.cnudst.rnrt.tn/jortsrc/1998/1998f/jo10498.pdf.
[64] Viewed at: http://www.legislation.tn/sites/default/files/journal-officiel/2008/2008F/Jo0592008.pdf.

4.134. The conditions that must be met in order to fly the Tunisian flag are as follows: the ship must use Tunisian ports and have a home port in Tunisia; be at least 51% Tunisian-owned and have a majority of Tunisians on its board of directors; and the members of the crew must be Tunisians. Tunisian maritime carriers may use chartering to respond to market opportunities, while retaining the advantages of Tunisian registration. However, according to the authorities, there are no financial or tax incentives or specific commercial advantages attached to flying the national flag. In 2015, eight merchant ships were registered in the Tunisian ship register.

4.5.4 Airport and air transport services

4.135. In 2014, total traffic amounted to around 7.2 million passengers, as compared with 10.4 million in 2005. Tunisia has nine international airports. In 2016, three domestic airline companies were offering scheduled connections with 70 countries and a hundred or so foreign airports. The national airline Tunisair, founded in 1948, operates 28 aircraft and transported nearly 3.4 million passengers in 2014. Centred on Tunis, its scheduled network consists of some 50 destinations spread over four geographical regions: Europe, the Middle East, the Maghreb, and Sub-Saharan Africa. Tunisair Express, a domestic airline set up in 1991, is a subsidiary of Tunisair which operates three aircraft and carried about 363,000 passengers in 2014. Nouvelair, a private Tunisian airline, established in 1989, operates ten aircraft and transported about 1.3 million passengers in 2014. Syphax Airlines, a private company, ceased operating in July 2015. More than two thirds of passenger traffic to and from Tunisia consists of charter traffic, and Tunisair serves about a hundred charter destinations which vary from one season to another. Practically all the destinations are situated in the European Union, in particular in France, Germany, Italy, Spain and England.

4.136. The trade in airport and air transport services is mainly governed by[65]:

- Law No. 70-30 of 3 July 1970 on the establishment of the Tunisian Airports Authority (OPAT);
- Law No. 110-1998 of 28 December 1998 on the Civil Aviation and Airports Authority (OACA);[66]
- The Civil Aviation Code enacted by Law No. 99-58 of 29 June 1999 and all its amending and supplementing texts, in particular Law No. 2009-25 of 11 May 2009[67];
- Decree No. 95-1142 of 28 June 1995[68] (tariff regulation);
- Decree No. 2010-2059 of 23 August 2010 establishing the list of airport fees subject to the administrative approval regime;
- Decree No. 93-1154 of 17 May 1993 on exemption from airport and air traffic control fees at the international airports of Tabarka, Tozeur-Nefta and Gafsa Ksar; and
- Law No. 98-110 of 28 December 1998 on the Civil Aviation and Airports Authority, as amended and supplemented by Law No. 2004-41 of 3 May 2004.

4.137. The operators with State participation under the supervision of the Ministry of Transport and active in providing airport and air transport services include the following:

- the Civil Aviation and Airports Authority (OACA)[69];
- the TUNISAIR group;
- Tunisair Handling;
- the training centres; and
- the aircraft maintenance centres.

[65] The International Civil Aviation Organization website includes a list of all the international regulations and international understandings and conventions in force in Tunisia; viewed at: http://www.oaca.nat.tn/fileadmin/docs/DCCRSIA.Doc/AIP/Generalites/GEN_1_6.pdf.

[66] Viewed at: https://www.oaca.nat.tn.

[67] Viewed at: http://www.droit-afrique.com/images/textes/Tunisie/Tunisie%20-%20Code%20aeronautique%20civil%202008.pdf.

[68] Viewed at: http://www.cnudst.rnrt.tn/jortsrc/1995/1995f/jo05495.pdf.

[69] Viewed at: https://www.oaca.nat.tn.

4.138. Tunisia's airports all belong to the State. Two airports (Enfidha and Monastir) are operated by the private company TAV on concession. The OACA manages and operates the other seven airports, as well as passenger assistance, aircraft handling, and the handling of baggage and freight, currently put out on concession to Tunisair. No airport service has been opened up to competition.

4.139. The OACA is responsible for all the operations and services needed by travelers, the public, aircraft, freight, and air mail; the control of flights, aircrews and aircraft; and the issuing of all the documents required for aircrews, aircraft and airlines, in accordance with the legislation in force (see above), which has not changed since 2004.

4.140. Airport fees and the charges for aviation services are fixed by decree; the prior agreement of the Directorate-General of Civil Aviation (DGAC) at the Ministry of Transport is needed before any tariff can be changed.[70]

4.141. Passenger and air freight cabotage is open only to Tunisian operators. International chartering, which accounts for nearly two thirds of total international traffic, is accessible to foreign companies. However, this activity is closely linked with the purchase of holiday plans, and ticket sales are often linked with sales of overnight stays in hotels. The operation of international scheduled passenger and freight transport services is negotiated in accordance with the 78 bilateral agreements in force, which generally provide for multi-designation. These agreements preserve the interests of the national flag, guaranteeing it 52% of the traffic in each market in 2014.[71] Tunisia is also a signatory to the Yamoussoukro Decision on the liberalization of access to air transport markets in Africa, which entered into force in August 2002.

4.142. Tunisia is currently negotiating a progressive liberalization of air transport with the EU.[72] The international airports of Tabarka-Ain Draham and Tozeur-Nafta had already been declared "open sky" for the benefit of all foreign companies, as from 27 June 2005, and for all types of flight: scheduled or charter, for both passengers and freight. This measure is allowing foreign companies to operate flights to all the foreign destinations from these two Tunisian airports. In June 2015, faced with a decline in the number of tourists arriving in Tunisia, the Government authorized the British low-cost company Easyjet (listed in the bilateral agreement between the two countries) to organize a twice-weekly flight between Stansted and Monastir.

4.143. Aircraft may be imported free of duties and taxes.

4.6 Tourism

4.144. The tourism sector is one of the Tunisian economy's main sources of foreign currency earnings, but it was damaged by the attacks on tourists in 2015, as evidenced by the decline in its performance (Table 4.12).

Table 4.12 Tourism: number of arrivals and earnings, 2006, 2010-2015

	2006	2010	2011	2012	2013	2014	2015
Number of arrivals, including Tunisians resident abroad ('000)	-	7,828	5,745	6,999	7,355	7,163	5,359
Of which:							
Tunisians resident abroad	-	925	960	1,049	1,086	1,094	1,157
Libya	1,472	1,826	1,643	1,888	2,236	1,759	1,216
Algeria	945	1,060	694	902	955	1,284	1,481
France	1,235	1,385	809	985	767	720	465
Germany	547	459	271	412	424	426	218
United Kingdom	351	353	227	330	409	425	208
Russian Federation	112	188	152	251	297	263	52
Italy	464	354	121	217	232	253	83
Belgium	164	163	138	169	156	143	56

[70] Decree No. 93-1154 of 17 May 1993.

[71] Ministry of Transport, viewed at: http://www.transport.tn/index.php?option=com_content&view=article&id=122&Itemid=127&lang=fr.

[72] Liberalization of air transport. Viewed at: http://www.transport.tn/index.php?option=com_content&view=article&id=275:liberalisation-du-transport-aerien&catid=38:aviation-civile&Itemid=157&lang=fr.

	2006	2010	2011	2012	2013	2014	2015
Czech Republic	154	77	67	85	97	88	39
Poland	135	151	97	110	88	108	25
Earnings from tourism (€ billion)	1.7	1.9	1.2	1.6	1.5	1.6	1.1
as share of exports of goods and services (%)	18.9	16.1	10.7	13.1	12.8	14.1	9.7
% of GDP	8.7	6.0	4.2	4.9	4.7	5.0	3.1

Source: World Bank, *World Development Indicators*, viewed at: http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators#; World Tourism Organization, *Yearbook of Tourism Statistics*, 2012, 2014 and 2015 editions; and information provided by the authorities.

4.145. The mission of the Tunisian National Tourism Office (ONTT), under the supervision of the Ministry of Tourism, is to implement State tourism policy.[73] This policy includes numerous investment incentives. In the past, the Government strongly encouraged the development of tourism, in particular by means of low-interest loans granted by certain State banks (Section 4.8).

4.146. Within the context of the GATS, where the supply of hotel and restaurant services is concerned, Tunisia has bound without limitation the measures affecting modes 2 (consumption abroad) and 3 (commercial presence). The commitments concerning travel agencies bind only measures that affect the consumption of those services abroad.[74]

4.147. Any natural or legal person, Tunisian or foreign, whether resident or not, may hold a majority interest in the following forms of tourism enterprise: accommodation, entertainment, tourist land transport (travel agency), spa tourism, conference tourism, and accommodation and entertainment unit management companies. However, foreign majority participation in tour operator activities is subject to the approval of the CSI.

4.148. Foreigners may purchase land in areas decreed to be of touristic interest, but subject to the authorization of the Governor of the region concerned.

4.149. Investment in tourism qualifies for the following general incentives offered by the CII (Section 3.3.2): a reduction in the fee for registering the documents establishing the enterprise and those recording an increase in capital; the possibility of deducting income or profits reinvested in the tourism sector from the net taxable income or profit, up to a maximum of 35% of the latter; use of the declining balance method of depreciation for production machinery and equipment whose useful life exceeds seven years; exemption from customs duties and taxes with equivalent effect, with payment of VAT at the rate of 12% (exceptionally reduced to 6% for 2015-2016) on imports of equipment with no locally manufactured equivalents; and the suspension of VAT on locally manufactured equipment.

4.150. Moreover, tourism projects in regional development promotion areas qualify for the following benefits: 100% exemption from personal income tax (IRPP) or corporation tax (IS) for the first ten years of activity and 50% during the next ten years, and exemption from the contribution to the Employee Housing Promotion Fund during the first five years of activity; exemption from the vocational training tax; a subsidy of 8% of the cost of the project (excluding the cost of the land); and a subsidy of 25% of the cost of the project (excluding the cost of the land) if the investment is made in a mining redevelopment area or in a hotel with tourist appeal, bed and breakfast accommodation or self-catering holiday cottages.

4.151. The State also assumes the employer's contribution to the statutory social security scheme in respect of wages paid to Tunisian employees during the first ten years of effective activity for investments made in Saharan areas and for five years for those made in other regional development promotion areas.

4.152. The State grants exemption from customs duties and consumption tax, with payment of VAT at 12% (6% in 2015-2016), on imports of four-wheel drive vehicles purchased by travel agencies, provided that these vehicles are not manufactured locally. It grants hotels with more than 200 beds and travel agencies exemption from customs duties and a reduction in VAT to 12% on imports of buses and minibuses; and allows Saharan hotels with a capacity of more than 200 beds to import two four-wheel drive vehicles tax free.

[73] Viewed at: http://www.beintunisia.com.
[74] WTO document GATS/SC/87 of 15 April 1994.

4.153. The ONTT is responsible for the supervision and classification of hotels. A "quality label" scheme is being prepared within the framework of the tourism establishment upgrading programme. Tangible and intangible investments made under this programme qualify for a project study subsidy with a ceiling of TND 20,000 (or 70% of the study costs) and an investment subsidy with a ceiling of TND 150,000 (or 10% of the tangible investment + 50% of the intangible investment).

4.154. Tourism activities are subject to a hotel tax and a vocational training tax, each amounting to 2% of the turnover, and to VAT at 12%.

4.7 Insurance services

4.155. Tunisia's commitments on insurance under the GATS are very limited and do not reflect the current conditions of access to the Tunisian insurance market; generally speaking, Tunisia has not undertaken to open up the insurance of risks situated in Tunisia to international competition.

4.7.1 Overview

4.156. The principal developments in the insurance sector since 2005 mostly concern the reform of motor vehicle insurance under Law No. 2005-86 of 15 August 2005, which revises the system of indemnification of traffic accident victims with a view to improving the service and restoring the financial equilibrium of the motor vehicle branch; the strengthening of the role of the regulatory authority as a result of the establishment of the General Insurance Committee (CGA), endowed with legal personality and financial autonomy; the lifting of the restriction preventing foreign investors from holding a majority interest in insurance and reinsurance companies; the tightening of the rules on governance, by means of Law No. 2008-8 of 13 February 2008; and the establishment of a legal framework for the practice of "Takaful" insurance in July 2014.

4.157. Market access has been improved through mode 3 (commercial presence) by eliminating the maximum 49% share of the capital that non-Tunisians could hold in "resident" insurance companies ("offshore" companies are not subject to this requirement) and abolishing the trading permit requirement. Since 2008, six new companies have been set up, of which three specialize in life insurance, under the "offshore" regime, and three are traditional "Takaful" insurance companies (see below). The Government recently brought in several reforms in order better to regulate the insurance sector, reduce its losses and make it more competitive at the international level, while improving the quality and lowering the cost of the insurance instruments available (Box 4.1).

Box 4.1 Projects for the reform of the insurance sector, 2016

1. Improvement of the services provided:

- Establishment of the role of insurance mediator;
- Strengthening of the role of the CGA in controlling the quality of insurance services and the business practices of insurance companies;
- Upgrading of the various insurance-related occupations such as those of insurance intermediary, insurance expert and actuary, by reinforcing and developing the legal framework governing these various professions, strengthening the regulation of the occupations concerned, and organizing and supervising the actuarial profession in accordance with international standards.

2. Strengthening of the governance of insurance companies and their financial soundness:

- Establishment of a legal framework for the governance of insurance and reinsurance companies with a view to strengthening the role, membership and responsibilities of their management structures; preventing the combining of senior executive responsibilities within the same or several insurance companies; strengthening the *post facto* control of appointments to the boards of directors and management bodies of these institutions; and setting up structures responsible for overseeing compliance, risk management and internal auditing; and
- Increasing the minimum capital requirement for insurance and reinsurance companies.

3. Improved contribution by insurance to the mobilization of savings and the financing of the national economy:

- Establishment of a legal framework specifically for life insurance;
- Reinforcement of the role of the banks in marketing life insurance products;
- Introduction of the compulsory separation of life insurance and non-life insurance activities at insurance company level; and
- Improvement of the fiscal and social benefits relating to the life insurance branch.

4. Achieving the financial equilibrium of the branch of insurance dealing with civil liability (CL) resulting from the use of motorized land vehicles by:

- Establishing a database for motor vehicle insurance within the CGA, dedicated to the application of the Bonus-Malus system, then extended to other areas such as combating fraud and car theft, facilitation of claim files management and inter-company recourse, the provision of certain services for the insured, and data collection for the purpose of calculating tariffs on a purely technical basis;
- Strengthening of the role of insurance companies with respect to road safety and the intervention of the traffic accident prevention fund;
- Tighter control of the motor vehicle civil liability insurance obligation, in particular for two-wheeled vehicles; and
- Bringing compulsory motor vehicle insurance into technical balance by progressively increasing the tariffs for mandatory coverage while reducing the tariffs for optional coverage.

5. Improving the penetration rate for insurance services:

- Strengthening the monitoring of compliance with the insurance requirement for certain categories of insurance such as the ten-year civil liability for the construction industry and fire insurance for industrial, commercial and tourism units;
- Development of agricultural insurance by reactivating the agricultural disaster fund and establishing an index-based insurance system;
- Review of the regulatory framework for credit insurance with a view to diversifying the product range in this field; and
- Establishment of a mechanism for covering the risks of natural disasters.

Source: Tunisian authorities.

4.158. Although total premiums have increased (Box 4.2), the insurance sector's share of GDP has declined over the decade. An international comparison shows that the total volume of premiums has increased much less rapidly during the decade (the equivalent of US$916 million in premiums in 2014 as compared with US$550 million in 2005) than in other comparable countries, such as Morocco (from US$1,111 million to US$3,400 million) or Algeria (US$542 to

US$1,597 million).[75] Insurance premiums rose from US$55 to US$83 per capita between 2005 and 2014, which is still very low. What is more, according to the 2013 annual report of the General Insurance Committee, the previous deficits carried over are still high, around TND 85 million, including in particular those of Lloyd Tunisian and the Group of Insurance Companies of Tunisia (GAT).

Box 4.2 Statistical overview of insurance services

Number of insurance companies: 2005: 18 resident (including 2 life and 1 reinsurance) and 5 non-resident (offshore) companies 2015: 22 resident (including 5 life and 1 reinsurance) and 6 non-resident companies
Insurance services' share of GDP: 2005: 2% 2010: 1.9% 2014: 1.9%
Premiums: 2005: US$551 million (TND 644 million) 2010: US$784 million (TND 1,120 million) 2014: US$916 million (TND 1,557 million)
Imports of insurance services[a]: 2005: TND 167 million (6.1% of services imports) 2010: TND 304 million (6.6% of services imports) 2013: TND 334 million (6.2% of services imports) 2014: TND 385 million
Exports of insurance services[a]: 2005: TND 53 million (1.1% of services exports) 2010: TND 94 million (1.2% of services exports) 2013: TND 110 million (1.4% of services exports) 2014: TND 110 million
Foreign participation in sector capital: 2015: 18.3% Share of State-owned enterprises in sector turnover: 2005: 31% 2015: 0%. There are currently no State-owned enterprises Branches of foreign insurance companies: 2005: 2 2014: 4

a Including retirement insurance services.

Source: Central Bank of Tunisia, *Financial Statistics* (No. 192), October 2015; WTO Statistics Database, viewed at: http://stat.wto.org/StatisticalProgram/WSDBStatProgramSeries.aspx?Language=E; Sigma, viewed at: http://media.swissre.com/documents/sigma2_2011_fr.pdf.

4.159. In 2014, eight market participants were partly foreign-owned, with foreign holdings ranging from 2.5 to 45%. Four companies have the State among their shareholders (STAR, COTUNACE, SALIM and Tunis Re), but in none of them does the State holding exceed 39%. A major proportion of insurance and reinsurance services are retroceded to companies abroad. The private reinsurance company Tunis Re collected TND 93 million in premiums in 2014, mainly in the aviation and fire branches; it retrocedes approximately half the amount collected.

4.7.2 Non-resident (offshore) reinsurance and insurance companies

4.160. Foreign enterprises may set up to offer reinsurance services. The importing and exporting of reinsurance services, without a commercial presence in Tunisia, is permitted. Moreover, there is no provision in the Insurance Code for any mandatory cession to a domestic company.

4.161. Non-resident ("offshore") insurance companies may be established in the form of a branch or a representative office, in accordance with the provisions of Article 67 of the Insurance Code and Article 147 of Law No. 2009-64 enacting the Code governing the provision of financial services to non-residents, following the signing of an agreement approved by decree between the Minister

[75] Swiss Re, sigma indicators, viewed at: http://www.swissre.com.

of Finance and the enterprise concerned. At "national treatment" level, these enterprises are entitled to the fiscal, customs and exchange benefits and those relating to foreign personnel provided for "wholly exporting non-resident enterprises".[76]

4.7.3 Resident insurance companies

4.162. Since 2008, resident insurance companies (under Tunisian law) may be 100% owned by non-Tunisians (Box 4.3).[77] However, commercial presence must be ensured by a capitalized subsidiary established as such. Residence is required for the managers of insurance companies who have the status of trader. Nevertheless, at the proposal of the CGA, the Minister of Finance may grant an exceptional derogation to conclude, outside Tunisian territory, insurance contracts covering the consequences of the professional civil liability of the maritime carrier or ship owner. A single derogation is currently in force, for a premium of US$793,464 in 2015-2016.

Box 4.3 Recent amendments to the legislation governing insurance in Tunisia, 2015

Regulations
Law No. 2005-86 of 15 August 2005: revising of the system of indemnification of traffic accident victims with a view to improving the service and restoring the financial equilibrium of the motor vehicle branch.

Amendment of the Code by virtue of Law No. 2008-8 of 13 February 2008: creation of a General Insurance Committee endowed with legal personality and financial autonomy; lifting of the restriction preventing foreign investors from holding a majority interest in insurance and reinsurance companies; abolition of the trading permit requirement (abolition of the Tunisian nationality requirement); and abolition of the restriction on foreign majority participation in the capital of Tunisian insurance enterprises.

Establishment of a legal framework for the practice of "Takaful" insurance by virtue of Law No. 2014-47 of 24 July 2014.

Supervisory authorities
Body responsible for defining insurance sector policy: General Insurance Committee (CGA).
Body responsible for supervision of the sector: CGA

Preferential and bilateral policies
Preferential arrangements with an impact on insurance services: none.
Mutual surveillance agreements and memoranda:
- Signature of a cooperation agreement between the CGA and LOFSA in 2013.
- Signature of three cooperation agreements between the CGA and the corresponding insurance supervisory and control authorities in Morocco, Oman and the United Arab Emirates (25 April 2016).
- Commencement of the preliminary phase of the CGA's accession to the Multilateral Memorandum of Understanding (MMoU) of the International Association of Insurance Supervisors (IAIS).

Granting of authorizations
Criteria for assessing licensing applications: The quality of the shareholders and management, assessment of the information system, study of the business plan, approval and degree of compliance with solvency regulations in the case of a subsidiary of a bank or insurance company, group report in the case of a company that forms part of a group.
Compatibility of life and non-life insurance licences: life insurance companies are authorized to cover miscellaneous risks and health risks. At present, companies may offer life and non-life insurance. However, a draft law to establish specialization in life insurance is in process of being finalized.
Differential treatment for foreigners in the licensing process: Tunisian nationality required for intermediaries.
Limitation on the number of suppliers: none.
Licensing authority: the CGA in the Ministry of Finance is the only authority competent to assess and examine licence applications; approval is granted by the Minister of Finance on the advice of the CGA.
Time-limit for processing applications: Four months from the date of delivery of a complete dossier.
Period of validity of licences: In the interests of good governance, the Minister of Finance must be informed of any appointment of members of boards of directors and supervisory or executive boards and of senior executives of insurance and reinsurance companies.
Likewise, any change in the capital structure involving the exceeding of thresholds (one tenth, fifth, third, half or two thirds of the voting rights) must be submitted to the Minister of Finance for prior approval.
Restrictions imposed on the sale or assignment of licences: non-transferable. Licences are specific to the licensed institution.
Prudential regulations
The prudential regulations are the same for all enterprises, irrespective of the share ownership.
Branches of foreign companies and subsidiaries of foreign companies: Branches are not allowed, except under the offshore regime.
Recognition of home country supervision of foreign insurance companies: The CGA recognizes the consolidated supervision exercised by foreign authorities if the countries subscribe to the Insurance Core Principles of the IAIS, of which Tunisia is a member.
Minimum capital requirements to obtain a licence: under the terms of the Insurance Code, the minimum capital requirement is TND 10 million for public limited companies engaged in several branches of insurance, TND 3 million for those engaged exclusively in a single branch of insurance, and TND 1.5 million for mutuals. These sums apply irrespective of whether or not the enterprise is partially foreign-owned.

[76] Within the meaning of the Investment Incentives Code, as enacted by Law No. 93-120 of 27 December 1993.
[77] Law No. 2008-8 of 13 February 2008.

Approval required for life and non-life insurance policies and products: Whatever the branch of insurance involved, insurance enterprises must inform the CGA of the general conditions of insurance contracts and their amendments in the various categories of insurance one month before their dissemination to customers and prior to their application. They must inform the CGA of the tariffs for the various categories of insurance before they are applied. Life insurance tariffs must be certified by an actuary. For insurance that has been made compulsory, the Minister of Finance, at the Committee's proposal, may prescribe standard clauses for insurance contracts and fix maximum and minimum tariffs, as well as maximum commission rates for insurance intermediaries.

Source: WTO Secretariat, based on information provided by the authorities.

4.163. In principle, all risks situated in Tunisia must be insured with resident Tunisian companies (Article 44 of the Insurance Code).[78] The compulsory insurances include: civil liability insurance resulting from the use of motorized land vehicles, ten-year civil liability insurance for the construction industry and fire insurance for industrial, commercial and tourism units. The transportation of imported goods by air, sea or land is also subject to compulsory insurance (except in the case of "wholly exporting" enterprises).

4.7.4 Auxiliary insurance services

4.164. The market also has 1,121 insurance intermediaries (2014), including insurance agents, brokers, and life policy advisers. There are also 1,114 insurance experts, 111 loss adjusters, and 23 actuaries. Some insurance services (insurance linked to agricultural risks, credit and bond insurance, assistance insurance, and life insurance and capitalization) may be marketed by banks.[79] The sale of all auxiliary insurance services is exclusively reserved for Tunisian nationals (Chapter II of the Insurance Code); the aim of the authorities is to upgrade this subsector (Box 4.1).

4.8 Banking and other financial services

4.8.1 Overview

4.165. The main developments in the financial sector since 2005 have been the enactment of Law No. 2009-64 on the Code governing the provision of financial services to non-residents and the strengthening of the prudential regulations through the adoption of the Basel III principles concerning liquidity and the minimum "Tier 1" capital ratio, within the context of a substantial increase in banking sector losses (Table 4.14). Law No. 2015-31 on the recapitalization of banks was adopted in August 2015 to refloat the two State-owned banks in difficulty, by enabling the State to make a repayable financial contribution of TND 740 million (0.9% of GDP in 2015).[80] A new banking law and a new law on the BCT are in the process of being approved.

4.166. The banking sector plays a particularly important role in Tunisia's economy and trade, the banks being the main source of financing; the lack of a functional secondary bond market, the low level of market capitalization (about 20% of GDP) and a stock market dominated by the banks mean that the capital markets continue to play a minor role in the allocation of credit among economic sectors.

4.167. Since March 2010, the Tunisian banking system has been enriched by the opening of Banque Zitouna, a new bank specializing in Islamic finance. In January 2014, the offshore bank Al Baraka Bank Tunisia became a resident bank.

[78] Insurance Code, 2008, viewed at: http://www.finances.gov.tn/domaines/assurance/cadre%20legal/codes%20des%20assurances.pdf.

[79] Law No. 92-24 of 9 March 1992 enacting the Insurance Code, as amended by Law No. 2002-37 of 1 April 2002.

[80] Law No. 2015-31, viewed at: http://www.legislation.tn/sites/default/files/news/tf2015311.pdf.

Table 4.13 Banking system indicators, 2014-2015

Banks	December 2015 Assets (TND million)	December 2014 Share of foreign capital (%)	Solvency ratio	Non-performing loans (% of total loans)
State-owned banks:				
Housing Bank (BH, State: 57% of capital)	8,664	7.2	..	..
Tunisian Banking Company (STB, State: 57% of capital)	10,938	8.78	..	..
National Agricultural Bank (BNA, State: 57% of capital)	10,667	5.83	..	..
Tunisian Solidarity Bank (BTS)	1,025	0	..	..
Bank for the financing of small and medium-sized enterprises (BFPME)	386	0	..	..
Total for State-owned banks	**31,680**	**5.20**	..	..
Banks in majority private ownership:	**55,494**	**53.98**	..	..
Arab Banking Corporation (ABC) (onshore branch)	483	100	..	..
Arab Tunisian Bank (ATB)	5,753	64	..	..
Banque franco-tunisienne (BFT)	721	0	..	..
Banque Attijari de Tunisie (Attijari ex-BS)	6,579	59	..	..
Banque de Tunisie (BT)	4,906	37	..	..
Amen Bank (AB)	9,019	11	..	..
Citibank (onshore)	976	100	..	..
Banque internationale arabe de Tunisie (BIAT)	11,598	8	..	..
Banque Zitouna (BZ)	2,463	21	..	..
Union bancaire pour le commerce et l'industrie (UBCI)	3,426	50		
Union internationale de banques (UIB)	4,744	52		
Al Baraka Bank Tunisia	1,574	80		
Qatar National Bank (QNB, ex-TQB)	1,270	100		
Banque tuniso-koweitienne (BTK)	1,979	80		
Binational banks				
Banque de Tunisie et des Émirats (BTE)[a]	1,032	39		
Banque tuniso-libyenne (BTL)	731	50		
STUSID BANK	969	50		
Total for resident banks	**89,906**	**43**		
Offshore banks				
Tunisian Foreign Bank (TF BANK ex-UTB)	588	0		
Tunis International Bank (TIB)	1,169	99		
International Bank (NAIB)	999	50		
Alubaf International Bank (ALUBAF)	762	100		
Citibank (offshore)	275	100		
Arab Banking Corporation (ABC) (offshore branch)	571	100		
Total for offshore banks	**4,364**	**80**		

.. Not available.

a Viewed at: http://www.cmf.org.tn/pdf/informations_ste/Prospectus/prospectus_BTE_2009.pdf.

Source: WTO Secretariat, based on information provided by the Central Bank.

4.8.2 WTO commitments

4.168. In 1994, Tunisia undertook specific commitments in financial services under the GATS.[81] These commitments were then improved upon by an offer made in the context of the Fifth Protocol to the GATS[82], an offer which became definitive on 26 January 1999 and entered into force in March 1999. This revised schedule bound, without limitation, the measures affecting the cross-border supply (mode 1) or consumption abroad (mode 2) of several financial services, including those provided by banks, leasing companies and investment companies.

4.169. However, in the "horizontal" limitations maintained by Tunisia (i.e. those applicable to all sectors), foreign exchange controls sharply restrict the opportunities for cross-border trade in financial services, apart from the financing of current operations. In fact, most financial operations, such as investments in foreign stocks and bonds, are not authorized, inasmuch as residents (whether natural or legal persons) cannot freely send foreign currency abroad or receive it from abroad, no more than they can purchase financial services abroad.

4.170. By contrast, "offshore" (non-resident) enterprises established in Tunisia are free to carry out any capital transaction with or in foreign countries. Non-residents may freely open accounts in foreign currencies and accounts in convertible dinars. This provision features in Tunisia's GATS Schedule of Commitments and in the legislation still currently in force, which both distinguish between resident institutions (banks[83], leasing companies, investment companies) and non-resident institutions (banks[84], leasing companies, investment companies).

4.171. The draft banking law provides for unification of the legal framework for resident and non-resident banking by bringing together the conditions governing the functioning, governance and supervision of all banks in the same draft text. As described below, this distinction is the source of numerous inequalities in treatment which create serious distortions in relation to competition and lower the quality of the financial services offered to businesses. Thus, resident institutions are obliged to establish fully capitalized companies under Tunisian law, whereas non-resident institutions may open uncapitalized branches or agencies. Moreover, non-resident financial institutions, unlike resident companies, may freely recruit supervisory staff of foreign nationality.

4.172. Two branches of foreign banks operate in Tunisia, Citibank Offshore and ABC Offshore. These two branches accept foreign currency deposits from non-residents. Likewise, they are authorized to accept dinar deposits from residents within the limits, for each bank, of their long-term foreign-currency loans granted to residents and the paid-up amount of their foreign-currency holdings in resident enterprises, with the exception of holdings in credit institutions.

4.173. Apart from the residence requirements (except where waived) applicable to the managers of all financial institutions, whether resident or not, the Chief Executive Officer or the Chairman of the Board of a bank established under Tunisian law, but not of a non-resident institution, must necessarily be Tunisian.[85] Stock market intermediaries must be Tunisian nationals, whatever the residence of the financial companies that employ them. The principle of non-cumulation of managerial functions has not only been maintained in the banking law reform project but also extended to insurance companies, stock market intermediaries, portfolio management companies, investment companies and any other "economic enterprise". With regard to the function of member of the management board, the non-cumulation principle applies to both banks and financial institutions.

4.174. The GATS Schedule reiterates the general restriction, which remains in force, stipulating that the acquisition by foreigners of shares in the capital of resident companies, including banks

[81] WTO document GATS/SC/87 of 15 April 1994.
[82] WTO document GATS/SC/87/Suppl.2 of 26 February 1998.
[83] Law No. 67-51 of 7 December 1967 mentioned in the Schedule has been replaced by Law No. 2001-65 of 10 July 2001 on credit institutions, viewed at: http://www.bct.gov.tn/bct/siteprod/documents/loi2001-65n.pdf.
[84] Law No. 85-108 of 6 December 1985.
[85] Law No. 2001-65 on credit institutions, Article 27.

and financial companies (apart from insurance, see above) is subject to approval, if the level of foreign participation is equal to or greater than 50% (Section 2.5.2).

4.8.3 Prudential regulations

4.175. The main legislation on the organization of the financial market (for resident banks) remains a 1994 law, last amended in 1999.[86] It covers all the institutions that rely on savings, including banks, insurance companies and undertakings for collective investment in transferable securities (UCITS). Credit institutions come under the authority of the BCT.[87]

4.176. The 1994 law also organizes the operations of the Tunis Stock Exchange.[88] The Financial Market Council (CMA) is responsible for overseeing the protection of savings invested in investment companies and other institutions covered by the law.[89] However, the insurance markets fall outside the Council's jurisdiction (Section 4.7). The Tunisian Trade Association of Banks and Financial Institutions is a body that acts an intermediary between the banks and the government in all matters relating to the practice of the banking profession.[90]

4.177. Where market access is concerned, Law No. 2001-65 regulates the authorization of credit institutions operating in Tunisia. The opening of any branch, agency or periodical bureau in Tunisia by an authorized credit institution is subject to specifications drawn up by the BCT. Credit institutions must inform it in advance of the opening or closing of any branch, agency or periodical bureau. The opening or closing of a branch or agency abroad must be authorized by the Minister of Finance and the BCT.

4.178. Any credit institution, including those having their principal place of business abroad, must show, when established, that it has a minimum capital of: TND 25 million, if authorized as a bank; TND 10 million if authorized as a financial institution, with the exception of certain institutions (Article 54 of the Law) whose capital may not be less than TND 3 million.

4.179. In 2009, a new Code governing the provision of financial services to non-residents was enacted.[91] The aim was to adapt the legal text to international norms, standards and legislation, while accomplishing an approximation of the "offshore" and resident regimes. The Code organizes and governs all the non-resident financial activities of credit institutions, investment funds, and financial management and stock market intermediation companies.

4.180. The principal prudential measures adopted since 2005 concern the strengthening of the internal audit rules for credit institutions (Circular No. 2006-19), the strengthening of the good governance rules for credit institutions (Circular of 20 May 2011), the raising of the minimum capital ratio from 8% to 10%; the requirement of a minimum "Tier 1" ratio of 6% in 2013 and 7% as from 2014; the strengthening of the rules on the spreading of risk in relation to large liabilities (Circular of 29 June 2012); the strengthening of the non-performing loan provisions (Circular of 30 December 2013); the establishment of internal audit rules for managing the risk of money laundering and financing of terrorism (Circular No. 2013-15); and the adoption of the new liquidity ratio (Circular of 10 November 2014).

4.181. The adoption of the Basel III principles led to an amendment to Circular No. 91-24.[92] According to the latter, credit institutions must always maintain a solvency ratio (ratio of net capital to weighted total assets (on and off-balance sheet)) of 10% as from the end of 2014 (8% previously). In September 2015, for the banking sector as a whole this ratio had settled at

[86] Law No. 94-117 of 14 November 1994 reorganizing the financial market, as amended by Law No. 99-92 of 17 August 1999 on the revival of the financial market.
[87] Viewed at: http://www.bct.gov.tn.
[88] Online information from the Tunis Stock Exchange, viewed at: http://www.bvmt.com.tn.
[89] Online information from the Financial Market Council, viewed at: http://www.cmf.org.tn.
[90] Online information from the Tunisian Trade Association of Banks and Financial Institutions. Available at: http://www.apbt.org.tn.
[91] Law No. 2009-64 enacting the Code governing the provision of financial services to non-residents, viewed at: http://www.finances.gov.tn/domaines/SBMF/cadre%20legal/loi_64_12aout2009.pdf. The new Code repealed Law No. 85-108 on the encouragement of financial and banking institutions working mainly with non-residents.
[92] Circular to credit institutions No. 91-24 of 17 December 1991 on the spreading and coverage of risks and monitoring of liabilities, viewed at: http://www.bct.gov.tn/bct/siteprod/documents/cir91_24.pdf.

12.1% (10.9% for the State-owned banks and 12.5% for the private banks), with one State-owned bank deemed to be insolvent. The banking sector's non-performing loans remain at a high level, namely, 15.8%. One of the causes of the sector's substantial losses has been the non-performing loans that State-owned banks have granted to the tourism sector, particularly to the hotel trade. Loans to the tourism sector represent less than 6.2% of total lending, but 25% of the banking sector's non-performing loan portfolio and 58% of the tourism sector loan portfolio.

4.182. According to the IMF, banking reform should be one of the Tunisian Government's priorities.[93] The modernization of the banking resolution and supervision system and the establishment of an effective framework of collective procedures are also essential. According to the IMF, it is also necessary to introduce an effective bankruptcy law in order to support the resolution of non-performing loans. The approval of the Law on collective procedures for the recovery of enterprises in economic difficulty and bankruptcy, which has been in Parliament for two years, would strengthen the rights of creditors. Consequently, the banks would be less hesitant about granting loans.

4.183. Access to credit could also be improved by strengthening the microfinance institutions. Considerable progress was made in 2011 with the adoption of new Decree-Law No. 2011-117 on the organization of the activities of microfinance institutions and the creation of a microfinance supervisory authority. However, the microfinance system is still too weak (microfinance lending accounts for only 0.3% of total bank loans). As a first step, the authorities have focused mainly on building the capacity of the supervisory body.

4.9 Telecommunications services

4.9.1 Overview

4.184. In the information and communications technology (ICT) sector contributed 7% to GDP. The sector has grown rapidly, by 11.6% in 2014 and nearly 11% since 2007.

4.185. The traditional operator, the National Telecommunications Company, operating under the trade name "Tunisie Telecom", continues to dominate the telephony market, with a global market share of around 90.9% of the 943,000 fixed-line subscriptions.[94] Tunisie Telecom had a monopoly of the fixed telephony market up until 2009, when Orange Tunisie (49% Orange S.A.) obtained a second fixed-telephony licence. Tunisie Telecom continues to hold the largest share of the market for fixed telephony, by wire in the absence of local loop unbundling. Its share of the mobile telephony market amounts to around 35%. In 2006, Tunisie Telecom underwent partial privatization when the consortium now known as Emirates International Telecommunications (Tunisia) (EIT) acquired a 35% stake in its capital.[95]

4.186. At end-2012, a third global operator, Ooredoo, was licensed. Ooredoo (formerly Tunisiana), established in 2002, is a subsidiary of the Qatari group Qtel. At end-2015, Ooredoo had 40.7% of the country's 14.6 million mobile subscriptions. In addition to mobile, fixed and Internet services, Ooredoo Tunisia currently markets mobile and fixed voice and data services (fixed via radio technology).

4.187. The Tunisian State owns 65% of Tunisie Telecom's capital and, since 2011, it has owned 10% of Ooredoo Tunisia's capital and 51% of that of Orange Tunisia. Tunisie Telecom has four subsidiaries:

- Topnet, an Internet services provider (ISP) and market leader in Tunisia, was acquired in June 2010;
- the Tunisian Telecommunications Enterprises Company (Sotetel) is 35%-owned by Tunisie Telecom;
- the Mauritanian-Tunisian Telecom Company (MATTEL, 51% of shares); and
- the DIVA SICAR investment company (85%-owned).

[93] IMF (2015), viewed at: http://www.imf.org/external/french/pubs/ft/scr/2015/cr15285f.pdf.
[94] Viewed at: http://www.intt.tn/fr/index.php?home.
[95] Viewed at: http://www.cmf.org.tn/pdf/informations_ste/doc_ref_cmf/doc_reference_TT_2010.pdf.

4.188. The following table summarizes the trends in the Internet and telephony market indicators from 2010 to 2015:

Table 4.14 Telecommunication indicators, 2005, 2010, 2013-2015

	2005	2010	2013	2014	2015
Fixed telephone network					
Telephone lines ('000)	1,257	1,290	1,022	949	943
Telephone lines (per 100 inhabitants)	12.5	12.1	9.3	8.5	8.4
Mobile cellular network					
Mobile telephone subscribers ('000)	5,681	11,114	12,712	14,284	14,598
Mobile telephone subscribers (per 100 inhabitants)	56.5	104.5	115.6	128.5	129.9
Fixed Internet					
Fixed Internet subscriptions ('000)	150	543	555	519	508
Fixed Internet subscriptions (per 100 inhabitants)	1.5	5.1	5.1	4.7	4.5
Fixed broadband subscribers ('000)	18	482	534	498	488
Fixed broadband subscribers (per 100 inhabitants)	0.2	4.5	4.9	4.4	4.3
DSL Internet subscriptions ('000)	16	478	503	481	471
International Internet bandwidth (bits/s) per Internet user	385	17,536	22,467	38,978	..
International Internet bandwidth (Mbit/s)	750	51,200	92,160	133,278	184,320
Wireless broadband					
Active mobile-broadband subscriptions ('000)	..	93	3,397	5,287	7,037
Active mobile-broadband subscriptions (per 100 inhabitants)	..	0.9	31	48	62
Wireless broadband subscriptions	..	..	2,541	4,121	
Wireless broadband subscriptions (per 100 inhabitants)	..	..	24	37	51
Household access to ICT and individual usage					
Percentage of households with a computer	7.2	19.1	25.2	33.2	
Percentage of households with fixed telephony	55.5	44.4	33.4	34.7	33.6
Percentage of households with Internet	2.1	11.4	21.4	29.5	
Investment					
Annual investment in telecommunications services (US$ million)	269	407	269	268	
Revenue					
Revenue from all telecommunications services (US$ million)	1,239	1,921	1,777	1,625	
Revenue from fixed telephony services (US$ million)	254	185	143	130	
Revenue from mobile networks (US$ million)	786	1,138	1,034	973	
Tariffs					
Installation fee for business telephone service (US$)	15.4	14.0	0.0	0.0	
Installation fee for residential telephone service (US$)	15.4	14.0	12.3	11.8	
Monthly subscription for business telephone service (US$)	2.1	34.9	18.5	17.7	
Monthly subscription for residential telephone service (US$)	2.1	1.9	2.5	2.4	
Trade					
Exports of ICT goods (% of total goods exports)	1.9	1.2	1.0	0.8	
Imports of ICT goods (% of total goods imports)	4.7	1.6	1.5	1.3	
Exports of ICT services (% of services exports, BOP)	1.1	6.9	8.2	7.7	
Imports of ICT services (% of services imports, BOP)	3.4	6.4	3.2	2.8	..

.. Not available.

Source: International Telecommunication Union (ITU), ICT indicator database 2014; and World Bank, *World Development Indicators*, viewed at: http://databank.banquemondiale.org/data/reports.aspx?source=Indicateurs%20du%20d%C3%A9veloppement%20dans%20le%20monde; and information provided by the authorities.

4.9.2 Market access and regulation

4.189. According to a World Bank press release issued following an ICT workshop held in Tunisia in June 2013, although substantial progress has been made in Tunisia's telecommunications sector, the economy could benefit from further sectoral reforms in order to make the country more

competitive and encourage investment.[96] According to this source, Tunisian ICT services are expensive and holding back investment in other sectors. The cost of a 4-Mbit/s ADSL Internet subscription (TND 30) is currently equivalent to 8.5% of the minimum wage (TND 350).

4.190. In particular, where international communications are concerned, the level of competition among the three operators is still limited, whereas in some comparable countries there are at least a half-dozen operators offering international connections. The first virtual mobile network operator, Lycamobile, entered the market in September 2015.

4.191. The Tunisian telecommunications market is subject to the requirement to set up a company under Tunisian law with at least 51% of the capital in Tunisian hands (see international commitments below). Activities in this sector are subject to corporation tax at the rate of 25%; however, export operations are taxed at 10%.

4.192. The National Telecommunications Authority (INT) is the telecommunications market regulator. It is responsible for ensuring healthy and fair competition among the various operators and providers of telecommunications services.[97] In particular, the INT considers disputes which concern network installation, functioning and operation and those which relate to interconnection, the joint use of infrastructure or any other telecommunications service. It manages the national numbering and addressing plans and determines the conditions and procedures for the activation of number portability.

4.193. The INT is also responsible for the economic and legal regulation of the market, on the one hand, by approving the interconnection offers made by operators, domestic roaming agreements, the contracts between MVNOs and host operators and any model contract relating to any offer of services, and, on the other, by fixing the method of determining the costs of networks and services and the method of sharing the costs between the various services provided by each network operator, as well as the methods adopted to determine the costs taken into account in calculating the tariffs for interconnection, local loop unbundling and joint use of infrastructure.

4.194. The INT conducts monthly campaigns and annual surveys to evaluate the standard of service of telecommunications networks and to monitor compliance on the part of telecommunications operators and service providers with their obligations and commitments relating to standards of service as set out, in particular, in their specifications. In November 2014, the INT published a decision in order effectively to achieve total local loop unbundling.[98]

4.195. During the first quarter of 2015, the INT imposed a fine on the three operators for failure to comply with the statutory and regulatory provisions concerning the publication of the tariffs for commercial offers intended for the general public. The approval of amendments to the Law on Communications increased the powers of the INT in the event of abuse. The fine may amount to up to 3% of the operator's turnover.

4.196. According to the authorities, the INT is an independent regulatory body and is not governed by the rules of operational and administrative supervision. For administrative purposes, the INT has a management board which has full decision-making powers and is not subject to Government approval. The Board has a sovereign committee with exclusive powers to regulate and settle disputes between operators; its decisions may be contested only before the courts.

4.197. Since 2005, substantial advances have been made with interconnection to the Internet, which remains largely controlled by Tunisie Telecom. These include:

[96] World Bank, viewed at: http://www.banquemondiale.org/fr/news/press-release/2013/06/13/telecommunications-sector-reform-in-tunisia-progress-and-challenges-ahead.

[97] Law No. 2001-1 of 15 January 2001 enacting the Telecommunications Code, as supplemented and amended by Laws Nos. 2002-46 of 7 May 2002 and 2008-01 of 8 January 2008.

[98] Viewed at: http://www.intt.tn/fr/index.php?home.

- SEA-ME-WE 4 cable, laid in 2005 and managed by a consortium of 16 domestic operators including Tunisie Telecom, interconnecting, *inter alia*, the ground stations of Bizerta and Marseille[99];
- KELTRA-2, laid in 2007 and co-managed by Tunisie Telecom, which interconnects the two ground stations of Kélibia and Trapani with a transfer capacity of twice 10 gigabits per second;
- HANNIBAL, 170 km long, between the ground stations of Kélibia and Trapani and with a capacity of 3.2 terabits per second, is the first 100% Tunisian cable, belongs to Tunisie Telecom, and was laid in 2009;
- Didon, jointly operated by Orange Tunisia and Ooredoo and linking the cities of Mazara del Vallo and Kélibia, came into operation on 18 September 2014; and
- In 2013, authorization was also given to use the broadband backbone network controlled by the public service operators, such as STEG and the SNCFT.[100]

4.198. Authorization is required to provide Internet services (internet service provider (ISP)). All suppliers must use the fixed lines of one of the fixed-telephony licence holders in Tunisia.

4.199. The use of Voice over Internet Protocol (VoIP) has been possible since 2008. Additional efforts now still need to be made to open up the telecommunications markets to competition and to promote competition in fibre optic networks. The measures that could increase competition include:

- reducing the wholesale prices for access;
- effective local loop unbundling; and
- increasing competition for international communications, which could result from the arrival of Lycamobile.

4.200. In March 2015, a public consultation was launched by the INT within the context of the implementation of the recommendations of the project "Digital Tunisia 2018", especially those relating to the introduction of very high speed broadband in Tunisia with a view to discussing the implications for competition, in particular the procedures for allocating 4G licences.[101] According to the authorities, the number of operators is determined in accordance with the size of the market and the availability of resources (frequencies). The decision with regard to new licences is taken by the Government following a desirability study.

4.9.3 Universal service

4.201. According to the INT, the aim of universal service (US) is to make telecommunications services accessible to as many people as possible at an affordable price. The extent of the universal service is determined by the Order of the Minister of Information and Communications Technologies of 30 December 2013, made after taking the advice of the INT. Universal service projects are financed from the ICT development fund in conformity with Decree No. 2013-5199 of 12 December 2013.

4.9.4 International commitments

4.202. Tunisia's telecommunications services, as defined in its sectoral commitments under the GATS, concern point-to-point local telephone distribution; packet-switched data transmission (local service); frame relay services; telex, mobile telephony, digital cellular telephony, paging and teleconferencing. Tunisia's commitments do not mention any non-local telecommunications

[99] INT Decision No. 165/2013 dated 15 November 2013 amending Decision No. 67/2012 of 4 October 2012. Link on the INT website: http://www.intt.tn/fr/index.php?home.

[100] INT Decisions Nos. 149 and 150 dated 13 June 2013. Links on the INT website: http://www.intt.tn/upload/txts/fr/d%C3%A9cision_150_sncft.pdf; and http://www.intt.tn/upload/txts/fr/d%C3%A9cision_149_steg.pdf.

[101] Viewed at: http://www.mincom.tn/fileadmin/PDF/Docs-Tunisie-Digitale-2018/20140529-Tunisie-Digitale-2018-0-Projet-de-PNS-Booklet-vF.pdf; and http://tunesien.ahk.de/fileadmin/ahk_tunesien/04_PR_Service/NL_2015/06_2015/20152705-Code_d_investissement-FR-V0.8.pdf.

services (long distance or international, satellite services). Tunisia has not annexed the reference document on basic telecommunications to its Schedule of Commitments. Nor do its commitments appear to include the provisions of the WTO Annex on telecommunications services relating, *inter alia*, to leased circuits.

4.203. Moreover, Tunisia has undertaken to eliminate all limitations on market access and national treatment ("none" for services in general), since at least 2003. On the other hand, for modes 1 and 3, market access is possible only "through the Tunisian public telecommunications network".[102] Tunisia's GATS commitments further stipulate that companies operating in the telecommunications sector must be 51%-owned by Tunisians or by companies governed by Tunisian law or offshore companies. Foreign equity in Tunisie Telecom may be limited to a maximum of 10% depending on the commitments; it is currently 35% (Section 4.9.1).

4.204. In its Schedule, Tunisia also notified the obligation on any supplier to serve certain areas with telephony, to supply rural telecommunications services, to supply distress telecommunications services and to contribute to the national training and research endeavour in the telecommunications field.

4.205. In 2015, there were negotiations with a view to a deep and comprehensive free trade agreement (DCFTA) with the EU. In January 2014, the European Commission announced support for the INT to develop its capacity to regulate the electronic communications sector (and postal services) and its regulatory framework, in accordance with EU best practice.[103]

4.9.5 Telecommunications-related services

4.206. Under the Investment Code, certain telecommunications-related activities are said to be "free", i.e. foreigners may provide them without being subject to the minimum Tunisian capital requirement of 51% of the total capital. This applies to the following activities:

- electronic and telecommunications installation;
- e-mail services;
- video-text services; and
- data banks and telematics services.

4.207. In particular, there has been a strong expansion in call centres and the branch's annual turnover increased tenfold during the period 2005-2015, to reach around €250 million per annum. A total of 125 call centres provide jobs for 18,000 people. They mainly serve French-, Italian- and English-speaking customers. Some 20 foreign enterprises account for two thirds of the jobs in Tunisia, including Teleperformance, the global leader in the sector with more than 300,000 employees worldwide, including 6,000 in Tunisia; Convergys, the American leader in the sector with over 100,000 employees, including 2,500 in Tunisia; and Almaviva, the Italian leader with over 35,000 employees, including 500 in Tunisia.

4.9.6 Telecommunications equipment

4.208. Tunisia did not participate either in the negotiations leading to the Ministerial Declaration of 1996 on Trade in Information Technology Products (Information Technology Agreement (ITA)), which envisaged the elimination of all customs duties on around 200 products[104], or in the negotiations leading to the expansion of the range of products to which that Declaration applied. The customs duties maintained by Tunisia on products covered by the ITA, which reached 30% in 2005, are currently 20% at most for finished products and zero for semi-finished products and raw materials, as well as for finished products from countries with preferential agreements such as the EU.

[102] I-TIP database, viewed at: http://i-tip.wto.org/services/default.aspx.
[103] Viewed at: http://www.formez.eu/node/1632.
[104] These negotiations, initiated in June 2012, have made it possible to include 201 additional products in the list and to eliminate customs duties on these products.

4.10 Postal services

4.209. The supply of postal services is managed mainly by the Tunisian Post Office, a non-administrative public corporation which began operating in January 1999.[105] It employs more than 9,700 people. Its network consists of 1,114 post offices, specialized agencies (parcels and courier services), mobile post units and distribution centres. The activities of the Tunisian Post Office include:

- the collection, transport and distribution of the various types of mail and other postal items; and
- the operation and supply of financial services (post office savings and current accounts, postal orders, money transfer, foreign exchange, collective investment schemes (SICAVs), etc.).

4.210. The Tunisian Post Office has a statutory monopoly on the handling of mail (under 1 kg), whereas the supply of other services is open to competition. Under the support programme for the Association Agreement and the Transition Process (P3AT) concluded between the Tunisian Government and the EU, the Ministry of Communication Technologies and the Digital Economy has initiated procedures for promoting postal development, improving the regulatory and operational functions, and establishing objective, transparent and non-discriminatory conditions relating to the exercise of the postal activity. An institutional twinning project begun in June 2015 is aimed at establishing legal, regulatory and institutional frameworks in conformity with Tunisia's international commitments (for example, the Acts of the Universal Postal Union).

4.11 Professional and business services

4.211. Professional and business services are essential to international trade and investment. Consequently, their quality has a direct impact on the competitiveness of exports of goods and services. As Tunisia is a country rich in well-qualified and bilingual human resources and internationally competitive in certain professional and business services (accountancy, auditing, engineering, and medicine, for example), these are dynamic activities with a good export potential.

4.212. The trade regime in these sectors reflects two priorities that might appear partially contradictory. Indeed, professional services and other services provided for business are mainly perceived as having to be protected from foreign competition, in order to preserve local jobs; accordingly, there is a whole series of provisions that restrict foreign competition. At the same time, Tunisia is currently negotiating market access to these sectors with the EU, within the context of the DCFTA, in order to develop their export potential. As this trade is largely based on the movement of natural persons, the providers of these services (for export) are particularly affected by regulations which restrict such movement (mode 4 in the terminology of the GATS). Greater openness to foreign professionals could have a considerable beneficial effect.

4.213. Foreign companies have set up in Tunisia to provide a good number of these services under mode 3, mainly by undertaking to derive more than half of their turnover from exporting, in particular as subcontractors of European engineering, architectural and other firms, but with local teams which must be Tunisian. As a general rule, all foreign investment in services activities, other than those which are wholly export-oriented, are subject to prior approval if participation exceeds 50% of the company's capital (Table 4.15). Moreover, many activities are subject to authorization or "specifications" under legislation which, *de facto*, also restricts access to the Tunisian market for foreign suppliers (Section 2.5.2).[106]

[105] Law No. 98-38 of 2 June 1998 on the Postal Code, viewed at: http://www.jurisitetunisie.com/tunisie/codes/poste/post1000.htm.

[106] Ministry of Development, Investment and International Cooperation, *Projet du nouveau Code d'investissement*, viewed at: http://tunesien.ahk.de/fileadmin/ahk_tunesien/04_PR_Service/NL_2015/06_2015/20152705-Code_d_investissement-FR-V0.8.pdf.

Table 4.15 Professional and business services

Sectors and subsectors (CPC category)	Restrictions on foreign capital	Nationality, residence, seniority clauses	Legal texts
All professional and business services other than at export	**<50%**		**Law No. 93-120 of 27 December 1993 enacting the Investment Incentives Code (CII)** http://www.tunisieindustrie.nat.tn/fr/download/cfga/CODE_FR.pdf
Legal services (861)	<50%	N (except Algeria, Morocco) R S	Decree-Law No. 2011-79 of 20 August 2011 on the organization of the legal profession, which repealed and replaced Law No. 1989-87 of 7 September 1989 on the organization of the profession of lawyer http://www.e-justice.tn/fileadmin/fichiers_site_francais/auxiliaires_justice/avocat/Decret-loi2011_79__1_.pdf Convention on mutual assistance and judicial cooperation between Tunisia and Algeria of 26 July 1963 Convention on judicial mutual assistance, exequatur and extradition concluded between the Tunisian Republic and the Kingdom of Morocco on 17 February 1966 Law No. 98-65 of 20 July 1998 on law societies Law No. 94-60 of 23 May 1994 on the organization of the profession of notary http://www.e-justice.tn/fileadmin/fichiers_site_francais/auxiliaires_justice/notaires/L_1994_60.pdf Law No. 95-29 of 13 March 1995 on the organization of the profession of bailiff http://www.e-justice.tn/fileadmin/fichiers_site_francais/auxiliaires_justice/huissier_justice/L_95_29.pdf
Accounting, auditing services (862)	<50%	N R S	Law No. 88-108 of 18 August 1988 revising the legislation on the profession of chartered accountant and Decree No. 89-541 of 25 May 1989 on the organization and functioning of the Tunisian Association of Chartered Accountants http://www.legislation.tn/sites/default/files/fraction-journal-officiel/2006/2006F/055/TF20063994.pdf Law No. 2002-16 on the organization of the profession of accountant http://www.jurisitetunisie.com/tunisie/codes/com-comptes/L02-0016.htm (as amended by Law No. 2004-0088 of 31 December 2004 http://www.jurisitetunisie.com/tunisie/codes/com-comptes/L04-0088.htm) Order of 22 May 2003 establishing the list of diplomas authorizing enrolment in the register of the Tunisian Company of Accountants http://www.legislation.tn/sites/default/files/fraction-journal-officiel/2003/2003F/043/TF20033844.pdf
Taxation services (863)	<50%	N	Law No. 60-34 of 14 December 1960 on the approval of tax advisers http://www.impots.finances.gov.tn/formulaires/formulaires/cahier_charges/charge_conseiller_fiscal1_fr.pdf (as supplemented and amended by Law No. 2001-91 of 7 August 2001 http://www.cmf.org.tn/pdf/textes_ref/reglementations/Version_FR/ste_inves/loi_2001-91_070801_fr.pdf
Architectural services (8671)	<50%	N R S	
Engineering services (8672)	<50%	N R S	Convention with Morocco
Integrated engineering services (8673)	<50%	N R S	
Urban planning and landscape architectural services (8674)	<50%	N R S	
Medical and dental services (9312)	<50%	N R S	
Veterinary services (932)	<50%	N R S	
Midwifery, nursing, physiotherapy and paramedical services (93191)	<50%	N R S	
Computer and related services	**<50%**		**CII**
844			
Other services (845+849)			

Sectors and subsectors (CPC category)	Restrictions on foreign capital	Nationality, residence, seniority clauses	Legal texts
Research and development services (851-3)			
Real estate services Real estate services involving own or leased property Real estate services on a fee or contract basis **(821, 822)**	**>50%**	**NR**	Law No. 81-55 of 23 June 1981 on the organization of the profession of real estate agent Law No. 2001-66 of 10 July 2001 on the cancellation of administrative authorizations issued by the services of the Ministry of Trade, and in particular Article 2 thereof Order of the Minister of Trade of 26 July 2001 approving the specifications for the practice of the profession of estate agent
Rental/leasing services without operators (Rental/leasing services relating to ships, aircraft, other transport equipment, other equipment) (831)	**>50%**		
Other business services	**>50%**		
Advertising services (871)			Law No. 71-22 of 25 May 1971 on the organization of the profession of advertising agent Law No. 2010-13 of 22 February 2010 amending Law No. 71-22 of 25 May 1971 on the organization of the profession of advertising agent Decree No. 2011-2913 of 7 October 2011 establishing the conditions and procedures for granting and withdrawing approval for the practice of the profession of advertising agent

Note: N: Tunisian nationality clause.
S: Tunisian nationality seniority clause (for example: to have been Tunisian for at least five years).
R: Tunisian residence requirement.

Source: WTO Secretariat, based on information provided by the authorities.

4.214. Domestic auditing firms make use of the trade names of international firms (for example Big 4, see below). This affiliation requires compliance with extremely exacting specifications with a view to obtaining accreditation from the network concerned and thus be able to make use of its trade name. In general, there is no capital linkage between the domestic firms that make up these networks. Domestic firms must also pay a royalty to the international network for their affiliation. The authorities have pointed out that an ongoing reform process is designed to upgrade accountancy services and the auditing profession with a view to opening them up to the international market. Tunisia applies accounting standards very similar to the International Financial Reporting Standards (IFRS), which could represent a comparative advantage for Tunisian professionals on other markets that apply these standards.

4.215. Among the developments noted since 2005, the profession of lawyer was the subject of a Decree-Law published in 2011, which did not materially change the market access conditions for foreigners. To be called to the bar and be able to practice in Tunisia, it is necessary to have been Tunisian for at least five years and to reside in Tunisia (Table 4.16). Foreign lawyers and law firms registered in Tunisia may provide only legal consultancy services, since the legislation governing the profession of lawyer does not preclude the provision of legal consultancy services by foreign lawyers and law firms.

4.216. The authorities have explained that the two laws governing the profession of notary, on the one hand, and that of bailiff, on the other, are in process of being reviewed by the Ministry of Justice, at the request of these professions following the Revolution. In rare cases, foreigners may practice provisionally, provided that they have the agreement of the Minister and of the competent professional association, subject to reciprocity agreements between Tunisia and the countries of which they are nationals.

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APPENDIX TABLES

Table A1. 1 Structure of imports, 2005, 2010-2014

(US$ million and %)

	2005	2010	2011	2012	2013	2014
World (US$ million)	13,174	22,215	23,952	24,471	24,266	24,732
	(percentage share)					
Total primary products	27.8	27.7	32.0	32.1	33.5	33.2
Agriculture	11.1	11.5	13.3	11.0	12.4	11.6
Food	8.5	9.4	11.3	9.1	10.6	9.7
0412 Other wheat (including spelt) and meslin, unmilled	1.1	1.1	1.4	0.8	1.2	1.2
2222 Soya beans	0.0	0.9	1.0	0.7	1.2	1.0
0449 Other	0.7	0.9	1.1	1.0	1.0	0.9
0411 Durum wheat, unmilled	0.2	1.1	0.9	0.4	0.9	0.9
Agricultural raw materials	2.6	2.1	2.0	2.0	1.8	1.9
Mining	16.7	16.2	18.7	21.0	21.1	21.6
Ores and other minerals	1.5	1.1	1.0	1.2	1.0	1.0
Non-ferrous metals	1.5	2.5	2.9	2.4	2.3	2.3
6824 Copper wire	0.8	1.4	1.9	1.5	1.4	1.3
Fuels	13.7	12.6	14.8	17.4	17.8	18.3
3449 Gaseous hydrocarbons in the gaseous state, n.e.s.	0.8	1.6	2.1	3.8	4.2	5.4
3330 Petroleum oils and oils obtained from bituminous minerals, crude	3.3	0.7	1.1	3.5	3.9	3.6
3425 Butanes, liquefied	0.0	1.2	1.3	1.3	1.2	1.2
Manufactures	72.0	72.3	67.9	66.1	66.4	66.7
Iron and steel	4.3	4.1	3.9	3.1	3.2	3.4
Chemicals	10.5	10.4	10.6	11.0	11.8	11.4
5429 Medicaments (including veterinary medicaments), n.e.s.	1.5	1.6	1.7	1.8	2.0	1.8
5711 Polyethylene	0.7	0.7	0.7	0.8	0.9	0.8
Other semi-manufactures	6.3	6.7	6.5	6.3	6.4	6.7
Machinery and transport equipment	28.8	34.9	31.2	31.9	30.6	30.8
Power-generating machinery	0.6	0.8	0.8	0.9	0.9	1.3
Other non-electrical machinery	8.1	9.6	7.8	7.4	7.6	7.5
Agricultural machinery and tractors	0.4	0.4	0.3	0.4	0.4	0.4
Office machines and telecommunications equipment	4.5	6.0	6.5	5.7	4.9	4.4
Other electrical machinery	7.1	8.5	8.5	7.3	7.8	8.0
7725 Electrical apparatus for electrical circuits, for a voltage not exceeding 1,000 V	1.9	1.7	1.9	1.6	1.7	1.7
7728 Parts suitable for use with the apparatus falling within subgroups 772.4, 772.5 and 772.6	1.5	1.6	1.6	1.3	1.5	1.5
7731 Wire, cable and other electric conductors	1.6	1.8	1.7	1.4	1.5	1.5
Automotive products	6.7	7.3	5.9	7.0	7.1	7.3
7812 Motor vehicles for the transport of persons, n.e.s.	3.0	3.5	2.6	3.3	3.4	3.3
7821 Motor vehicles for the transport of goods	1.5	1.5	1.4	1.9	1.8	2.0
7843 Other parts of the vehicles of groups 722, 781, 782 and 783	1.2	1.1	1.0	0.9	1.0	1.1
Other transport equipment	1.7	2.6	1.6	3.5	2.4	2.4
7929 Parts, n.e.s. (not including tyres, engines and electrical parts), of the goods of group 792	0.2	0.4	0.5	0.6	0.9	1.0
Textiles	12.2	8.3	8.5	6.9	7.0	7.0
6524 Other woven fabrics, containing 85% or more by weight of cotton, bleached, dyed, printed or otherwise finished, weighing more than 200 g/m2	3.8	2.4	2.1	1.5	1.5	1.6
Articles of apparel and clothing accessories	4.3	2.4	2.3	1.9	1.9	2.0
8461 Clothing accessories (other than those for babies), not knitted or crocheted	1.8	1.3	1.2	0.9	0.9	1.0
Other consumer goods	5.5	5.5	5.0	5.0	5.4	5.5
8939 Articles of plastics, n.e.s.	0.9	1.0	0.9	0.8	0.9	0.9
Other	0.2	0.1	0.0	1.9	0.1	0.1

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database (SITC Rev. 3) and data provided by the Tunisian authorities for 2014.

Table A1. 2 Structure of exports, 2005, 2010-2014

(US$ million and %)

	2005	2010	2011	2012	2013	2014
World (US$ million)	10,494	16,427	17,847	17,007	17,061	16,733
	(percentage share)					
Total primary products	25.1	24.0	26.8	28.3	26.9	23.1
Agriculture	11.0	8.2	10.6	9.8	10.2	8.4
Food	10.4	7.7	10.1	9.3	9.7	7.9
4214 Olive oil and other oil obtained from olives	3.6	2.0	1.7	2.3	3.0	1.8
0579 Fruit, fresh or dried, n.e.s.	1.1	1.4	1.3	1.4	1.6	1.6
Agricultural raw materials	0.6	0.5	0.5	0.5	0.5	0.5
Mining	14.1	15.7	16.2	18.5	16.7	14.8
Ores and other minerals	1.0	1.1	1.0	1.1	1.0	1.1
Non-ferrous metals	0.2	0.4	0.6	0.6	0.5	0.5
Fuels	12.9	14.2	14.6	16.8	15.2	13.2
3330 Petroleum oils and oils obtained from bituminous minerals, crude	10.4	12.7	12.8	11.0	10.2	8.6
Manufactures	74.9	76.0	73.2	71.3	73.1	76.9
Iron and steel	0.7	1.2	0.9	0.8	0.7	0.6
Chemicals	9.4	10.9	7.0	8.7	8.8	8.5
5629 Fertilizers, n.e.s.	2.4	3.3	1.3	1.9	2.2	1.6
5223 Inorganic acids and inorganic oxygen compounds	2.1	2.2	1.3	1.8	1.4	1.5
5622 Mineral or chemical fertilizers, phosphatic, n.e.s.	1.6	1.7	1.3	1.3	1.3	1.4
Other semi-manufactures	5.1	5.5	4.5	4.7	5.2	5.6
Machinery and transport equipment	19.2	28.5	31.2	30.5	31.3	34.3
Power-generating machinery	0.1	1.4	1.3	1.4	1.4	1.7
7163 Motors (other than motors of an output not exceeding 37.5 W) and generators, alternating current	0.0	0.9	0.9	0.9	1.0	1.1
Other non-electrical machinery	1.4	2.3	1.8	2.1	2.1	2.4
Agricultural machinery and tractors	0.0	0.0	0.0	0.0	0.1	0.1
Office machines and telecommunications equipment	1.6	6.0	6.8	6.3	5.3	5.1
7611 Television receivers, colour	0.0	2.2	3.2	2.9	2.9	2.5
Other electrical machinery	12.8	15.2	17.2	16.2	16.9	18.4
7731 Wire, cable and other electric conductors	5.6	7.9	9.8	9.6	9.8	10.9
7725 Electrical apparatus for electrical circuits, for a voltage not exceeding 1,000 V	3.1	3.0	2.3	2.2	2.6	2.7
7788 Electrical machinery and equipment, n.e.s.	0.5	1.3	1.5	1.3	1.3	1.4
Automotive products	2.7	2.0	2.0	1.9	2.2	2.8
7843 Other parts of the vehicles of groups 722, 781, 782 and 783	1.9	1.4	1.6	1.4	1.7	2.0
Other transport equipment	0.6	1.6	2.2	2.7	3.4	4.0
7929 Parts, n.e.s. (not including tyres, engines and electrical parts), of the goods of group 792	0.0	0.4	0.8	1.4	1.9	2.3
Textiles	3.1	2.7	2.6	2.5	2.4	2.5
Articles of apparel and clothing accessories	29.8	18.8	18.6	16.0	16.4	16.5
8458 Other garments, not knitted or crocheted	5.9	3.9	3.5	3.5	3.5	3.6
8414 Trousers, bib and brace overalls, breeches and shorts	7.4	3.6	4.1	3.4	3.7	3.5
8454 T-shirts, singlets and other vests, knitted or crocheted	2.2	2.3	2.3	1.9	1.9	1.9
8426 Trousers, bib and brace overalls, breeches and shorts	2.8	1.3	1.2	1.0	1.1	1.2
8452 Garments made up of fabrics of subgroup 657.1 or headings 657.2, 657.32, 657.33 or 657.34	0.2	1.3	1.2	1.0	1.1	1.1
Other consumer goods	7.7	8.4	8.3	8.1	8.2	8.8
8514 Other footwear with uppers of leather or composition leather	2.4	2.0	1.8	1.6	1.4	1.4
8939 Articles of plastics, n.e.s.	0.5	1.1	1.1	1.1	1.1	1.3
Other	0.0	0.0	0.0	0.4	0.0	0.0

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database (SITC Rev. 3) and data provided by the Tunisian authorities for 2014.

Table A1. 3 Origin of imports, 2005, 2010-2014

(US$ million and %)

	2005	2010	2011	2012	2013	2014
World (US$ million)	13,174	22,215	23,952	24,471	24,266	24,732
	(percentage share)					
America	5.2	7.0	8.2	7.3	7.3	6.3
USA	2.5	4.1	3.7	3.3	3.3	2.9
Other America	2.7	3.0	4.5	4.0	4.0	3.3
Brazil	1.2	1.2	1.9	1.6	1.3	1.1
Europe	73.1	65.1	62.6	58.2	60.6	58.0
EU(28)	69.7	61.2	57.8	53.9	56.0	53.0
France	23.5	18.9	18.3	16.4	18.3	16.3
Italy	20.9	17.6	15.8	14.2	14.5	14.7
Germany	8.2	7.6	7.4	6.9	7.2	7.0
Spain	5.1	4.6	4.7	4.6	4.6	4.1
Belgium	2.6	2.1	1.8	1.7	1.6	1.4
United Kingdom	2.2	1.7	1.3	1.3	1.4	1.3
Netherlands	1.8	2.0	1.1	1.4	1.1	1.0
Greece	0.5	0.5	0.4	0.7	0.5	0.9
EFTA	1.1	1.0	1.1	1.1	0.9	1.1
Switzerland and Liechtenstein	1.1	0.9	1.1	0.9	0.9	1.0
Other Europe	2.3	2.9	3.6	3.2	3.6	3.9
Turkey	2.3	2.8	3.5	3.2	3.4	3.7
Commonwealth of Independent States (CIS)	4.6	6.2	8.6	8.5	7.3	9.5
Russian Federation	2.8	4.7	5.7	4.4	2.7	4.2
Azerbaijan	0.0	0.0	1.1	2.5	3.2	3.4
Ukraine	1.7	1.4	1.4	1.6	1.3	1.7
Africa	6.4	5.7	4.2	7.2	8.2	8.6
Algeria	1.0	2.8	2.7	4.0	4.9	6.3
Egypt	0.5	0.8	0.7	1.0	1.0	0.9
Middle East	1.9	1.7	2.0	1.9	2.0	2.1
Saudi Arabia	0.8	0.8	0.9	0.9	1.1	1.1
Asia	8.0	12.9	12.7	15.0	12.3	13.6
China	2.9	6.1	6.1	6.9	6.3	7.2
Japan	1.6	1.4	1.2	1.4	1.2	1.1
Korea, Rep. of	0.7	1.6	1.0	2.1	0.9	1.1
India	0.8	1.3	1.5	1.6	1.3	1.2
Other Asia	2.0	2.6	2.9	3.1	2.6	3.1
Other	0.9	1.3	1.7	1.9	2.2	2.0

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database and data provided by the Tunisian authorities for 2014.

Table A1. 4 Destination of exports, 2005, 2010-2014

(US$ million and %)

	2005	2010	2011	2012	2013	2014
World (US$ million)	10,494	16,427	17,847	17,007	17,061	16,733
	(percentage share)					
America	1.7	3.3	2.4	2.8	3.4	2.0
USA	0.9	2.4	1.5	1.9	2.3	1.5
Other America	0.8	1.0	0.9	0.9	1.1	0.6
Europe	81.7	76.2	78.6	76.7	76.7	77.0
EU(28)	80.1	73.3	76.4	71.4	71.3	74.3
France	32.9	28.7	30.7	27.0	26.4	28.4
Italy	24.0	19.9	21.6	18.9	18.5	19.1
Germany	8.4	8.5	9.1	8.2	9.0	10.2
United Kingdom	2.7	5.0	2.8	3.1	3.8	4.2
Spain	5.5	3.9	4.3	4.3	4.7	3.5
Netherlands	2.2	2.2	2.3	3.4	3.6	2.7
Belgium	2.7	1.9	1.9	2.1	2.0	1.8
Poland	0.1	0.5	0.5	1.1	0.5	1.1
Romania	0.1	0.5	0.7	0.7	0.8	0.6
Czech Republic	0.1	0.1	0.3	0.5	0.3	0.5
EFTA	0.5	1.7	1.3	4.5	4.0	1.7
Switzerland and Liechtenstein	0.5	1.6	1.2	4.4	4.0	1.6
Other Europe	1.1	1.3	0.9	0.8	1.3	1.1
Turkey	1.0	1.3	0.9	0.8	1.3	1.0
Commonwealth of Independent States (CIS)	0.1	0.1	0.1	0.2	0.2	0.2
Africa	9.0	11.7	11.3	11.9	12.0	11.8
Libyan Arab Jamahiriya	4.5	4.5	4.4	4.9	5.1	4.0
Algeria	1.7	2.9	2.6	2.9	2.9	3.7
Morocco	1.0	1.4	1.3	1.3	1.1	1.1
Egypt	0.5	0.6	0.4	0.5	0.4	0.5
Middle East	1.4	1.5	1.2	1.1	1.0	1.4
United Arab Emirates	0.2	0.5	0.6	0.5	0.4	0.6
Asia	2.4	3.6	2.6	3.1	2.5	3.2
Bangladesh	0.4	0.5	0.6	0.5	0.8	1.0
India	0.9	1.9	0.8	1.1	0.5	0.9
China	0.2	0.3	0.2	0.5	0.2	0.4
Japan	0.2	0.4	0.6	0.5	0.4	0.3
Other Asia	0.7	0.6	0.4	0.5	0.5	0.6
Other	3.7	3.5	3.7	4.1	4.2	4.5

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database and data provided by the Tunisian authorities for 2014.

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