

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

Committee on Balance-of-Payments Restrictions

1981 CONSULTATION WITH TUNISIA (SIMPLIFIED PROCEDURES)

Background Paper by the Secretariat

1. This paper has been prepared in accordance with paragraph 7 of the Declaration on Trade Measures Taken for Balance-of-Payments Purposes (BISD, 26S/205) to assist the Committee on Balance-of-Payments Restrictions in taking the decision referred to in paragraph 8 of this Declaration.

I. Tunisia's previous consultations

2. Tunisia acceded provisionally to GATT in November 1959. The Declaration on the Provisional Accession has been extended several times and is now valid until 31 December 1981 (BISD 26S/223). Four full consultations were held with Tunisia since its provisional accession. At the last full consultation, which took place on 5 November 1979, the Committee welcomed the trend towards a progressive relaxation of import restrictions. It noted the view of the IMF that the overall restrictiveness of the import regime did not go beyond what was necessary to prevent a decline in Tunisia's international reserves. The Committee also noted with satisfaction the Tunisian authorities' determination to continue relaxing the remaining restrictions and expressed the hope that positive developments in Tunisia's external financial position would enable the authorities to accelerate this process.

II. The main changes in Tunisia's trade policy since the last consultation

3. There have been no basic changes in Tunisia's relatively complex and wide-ranging system of charges and restrictions on imports and payments for imports. The main features of the present import regime are set out below.

a) Import charges

4. Tunisia levies import duties of up to 70 per cent. In addition to custom duties, the following import taxes are levied: (a) a production tax, which is chargeable on all imports with few exceptions, as well as on certain exports; the rates range from 11 to 21 per cent; and (b) a customs formalities tax of 0.1 dinar per 1000 kg of gross weight of shipments with a minimum of five per cent of the value of the goods.

5. A special compensatory charge earmarked for the Price Stabilization Fund, which had been imposed on 300 CCCN headings and sub-headings at rates ranging from 5 to 300 per cent, was abolished on 31 December 1980. This charge was partially incorporated into the customs tariff.

b) Quantitative import restrictions

6. Imports of most raw materials, semi-finished goods, spare parts and machinery are admitted without license. Consumer goods under about 300 tariff headings are subject to quotas allocated annually to industrialists and large-scale traders. The import of commodities under some 130 tariff headings is prohibited but for some of them import licences may be granted in exceptional cases. The Annexes to Tunisia's statement (BOP/220) submitted for the present consultations contain lists of the products subject to the different import regimes.

c) State trading

7. Some "sensitive" or major consumer products maybe imported only by government agencies. These products include cereals and derivatives, bananas, apples, pears, coffee, sugar, tea, pepper, medicaments and pharmaceutical products, unmanufactured and manufactured tobacco, milk, butter, cheese, beverages, animals of the bovine species and sheep for slaughter, meat of bovine animals and of sheep, vegetable oils and petroleum derivatives.

d) Import payments restrictions

8. The authorization of the Central Bank is required for all import payments. Special procedures are still being applied to imports from countries in the French franc area but they are scheduled to be abolished by the end of the year. Imports of a wide range of consumer goods considered non-essential are controlled by limiting the supply of foreign exchange (cf. IMF, Tunisia - Recent Economic Developments, dated 3 February 1981, p.59). A list of the products affected is not available to the secretariat.

III. Major trends in Tunisia's economy since the last consultation

9. The volume of Tunisia's production of crude petroleum, most of which is exported, virtually stagnated in 1980. Tourism, the country's second major foreign exchange earner (after petroleum), also showed little expansion. Nonetheless, GDP growth was 7¹/₂ per cent, due to a good agricultural performance, sharply increased phosphate production and sustained manufacturing growth.

10. Both exports and imports increased by nearly one-quarter in 1980, to \$2.2 and \$3.5 billion, respectively. Due to higher prices, exports of phosphates reached some \$260 million in 1980 (a 27 per cent increase) and petroleum exports rose by one-third to nearly \$1.2 billion. Exports of clothing, textiles and footwear, Tunisia's major manufactures, together recorded a 15 per cent rise, to \$400 million.

Exports of crude oil, textiles and clothing, and phosphates accounted in 1980 for 79 per cent of total export receipts. Earnings from other exports remained on the whole at the same level as in 1979. Production of several agricultural products had declined in the 1979/80 season; in particular, both the volume (and the value) of olive oil exports fell by one-half in 1980. Tunisia is a net exporter of petroleum, but imports crude oil and refined products to meet its domestic requirements. Petroleum imports increased by some 40 per cent in 1980, their share in total imports reaching nearly 19 per cent, against 16 per cent in 1979 and 10 per cent in 1978. Non-oil imports were up 20 per cent, with strong value increases for sugar and several intermediate products (textiles, chemicals, plastics, in particular), and moderate growth in other food imports (due mainly to a recovery of domestic grain output) and in imports of capital goods. Imports of raw materials, including energy and semi-manufactures, represented 49 per cent of total imports in 1980.

11. In the first five months of 1981, Tunisia's trade deficit widened somewhat: compared to the same period of 1980, exports were up 13 per cent, in dollar terms, and imports increased by 17 per cent. Among imports, purchases of investment goods and fertilizers were expanding fast in January-May 1981, while only marginal increases were recorded in food imports (due mainly to a sharp reduction in wheat imports), and in petroleum imports. Both production and exports of petroleum stagnated in the early months of 1981; earnings from petroleum exports were, however, up by some 14 per cent. Small value gains were registered in exports of phosphates and of textiles, clothing and footwear, while exports of agricultural products (in particular, fruit and olive oil) increased sharply in January-May 1981.