GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

BOP/311
24 September 1992

Limited Distribution

Committee on Balance-of-Payments Restrictions

Original: French

1992 CONSULTATION WITH TUNISIA UNDER ARTICLE XVIII:12(b)

TUNISIA

Basic Document for the Consultation[1]

I. GENERAL

1. After performing well in the 1970s, the Tunisian economy has been under growing pressure since the early 1980s.

2. Between 1981 and 1986, per capita GDP remained practically constant, inflation speeded up and the foreign deficit reached alarming proportions.

3. The annual growth rate of GDP was 2.9 per cent, while consumption rose at a rate of 4.2 per cent. The balance-of-payments current account deteriorated, reaching an average of 8.6 per cent of GNP. The debt ratio worsened, rising from 38 per cent of GNP in 1981 to 60 per cent in 1986, while the debt-service ratio rose from 13.6 per cent to 28 per cent during the same period.

4. This situation was partially the result of exogenous factors: deterioration of the terms of trade, fiercer international competition, sharp exchange-rate fluctuations and international monetary policy swings, and so forth.

5. It was also the result of domestic circumstances and of various elements of economic policy pursued during this period.

6. In these circumstances, in 1986 Tunisia adopted a wide-ranging economic adjustment and reform programme aimed at stabilizing the domestic economy and paving the way for higher growth in the medium and long term.

7. The adjustment programme includes two sets of measures:

(a) The first consists of short-term measures, which aim at reducing the imbalances and concern:

- adjustment of the dinar parity so as to counteract the revaluation of recent years and restore economic competitiveness;

- compression of public spending so as to reduce the budget deficit and thus alleviate the balance-of-payments current account deficit.

[1]Text provided by the authorities of Tunisia.

(b) The second, and by far the most important, set of measures is aimed at the following medium-term objectives:

- export promotion in order to generate the foreign resources needed to underpin growth, offset declining oil exports and improve debt parameters;

- rationalization of investment and control of consumption so as to bring them into line with the country's actual possibilities;

- enhancement of economic competitiveness by restoring efficiency through liberalization of investment, imports and prices, reducing protection and opening up foreign markets.

Various measures have been taken in this context:

- With regard to investment, the agricultural, industrial and tourist investment codes have been thoroughly revised, with the elimination of prior government approval and appropriate targeting of the benefits granted. A new code governing service activities has been enacted, thus rounding off the investment promotion system.

- On the price front, liberalization has affected both production and distribution. Seventy per cent of producer prices have now been liberalized. Similarly, import liberalization has begun with the removal of restrictions on capital goods, most raw materials and semi-finished products, and a first category of consumer goods. Nearly 75 per cent of imports have thus been liberalized so far.

- A review of the State's rôle has led to less State intervention in competition and production activities. Thus, some activities which were hitherto exclusively entrusted to public enterprises have been transferred to the private sector.

8. The essential components of this macroeconomic programme also include adjustment programmes for the agricultural and the industrial sectors, with a view to enhancing their contribution to overall economic growth and to the balance of payments and budgetary balance, in particular through a liberalization of economic activities in agriculture and industry.

9. These two programmes have focused on a coherent price policy, trade liberalization and rationalization of public spending.

10. By adopting these programmes Tunisia has displayed its commitment to the structural modification of its economy so as to remedy distortions and adapt to changing international circumstances.

11. With the implementation of the programme, economic activity has picked up, so that the difficulties have been overcome and significant progress in structural reform has been achieved. A number of successes have been obtained, particularly as regards growth of investment and foreign trade.

Growth of the gross domestic product

12. GDP growth in 1991 reached 4.5 per cent (at constant 1980 prices) compared with 6.5 per cent in 1990; between 1981 and 1986, the rate was only 2.9 per cent.

13. This higher growth is the result of a number of factors, including:

- increased agricultural output thanks to a good cereal harvest in 1990 and 1991 and high olive oil output during the same period;

- sustained growth of manufacturing industry.

14. For the period covered by the seventh economic and social development plan (1987-1991), GDP grew at an annual rate of 4.2 per cent (at constant 1980 prices), which is in line with the initial forecasts despite the severe difficulties encountered during the period, particularly the drought and the Gulf crisis.

Investment

15. Investment strengthened and developed in 1990 and 1991, in particular owing to encouraging results in a number of activities and restored confidence in business circles following the measures taken to stimulate and promote investment and improve the business climate in general.

16. Investment reached a level of D 2,800 million in 1991 compared with D 2,400 million in 1990, or 23.8 per cent and 22.9 per cent of GDP, respectively.

17. The public sector absorbs roughly 50 per cent of total investment.

Improvement of the overall economic environment

18. The effort to overcome bottlenecks and reduce rigidity in the economy was redoubled. In this connection, the foreign trade liberalization process is well under way, and price policy has been overhauled.

19. With regard to foreign trade, the import liberalization programme is now at an advanced stage of implementation, with nearly 75 per cent of imports liberalized.

20. The aim is thereby to ensure regular supply for the production system, so as to avoid waste of resources in financing stocks and allow manufacturers and developers a freer reign in making decisions with the necessary speed; this should reduce costs and improve productivity. Liberalization is also an incentive to greater competitiveness for export success, a vital challenge on the success of which the entire current development policy depends.

21. With regard to prices, the liberalization process begun in 1986 has been pursued in conjunction with that for investments and imports. The aim is to allow market forces to play their full rôle in price setting.

22. Efforts have therefore been made to liberalize prices in industry and agriculture at the two levels of production and distribution.

23. Furthermore, 1991 saw the establishment of an overall legal framework governing competition and specifying the rights and obligations of all those concerned: consumers, producers and traders.

24. The following remarks concern the balance of payments, the main measures taken in the liberalization of the Tunisian economy, and the management and regulatory framework of foreign trade.

II. BALANCE OF PAYMENTS

25. In recent years the balance of payments has come under heavy pressure owing to two successive drought years in 1988 and 1989, floods in 1990 and the Gulf crisis in 1991, which seriously affected the export sector and tourism.

26. The balance of payments current account deficit amounted to D 314 million in 1989, D 581 million in 1990 and around D 550 million in 1991.

Table 1

(million dinars)

	1987	1988	1989	1990	1991
Current income	3,235	4,176	4,863	5,324	5,404
% change	-	29%	16%	9%	2%
Current expenditure	3,317	4,093	5,177	5,905	5,954
% change	-	23%	26%	14%	1%
Balance	-82	+83	-314	-581	-550

27. To cover this deficit, Tunisia has had to resort to foreign borrowing at a level estimated at D 1,200 million annually over the last three years.

28. Despite the continuing effects of the Gulf crisis and the pressures arising out of the faster pace of import liberalization, the balance of payments improved slightly in 1991. However, the balance of foreign payments remains very weak, and can only be improved by a sustained export effort, a return to normal tourism activity and sustained overall growth for several consecutive years.

29. Naturally this will require investment and hence to some extent borrowing, so that pressure on the balance of payments may be foreseen.

30. With regard to the trade balance, the deficit has been increasing since 1989.

Table 2

Balance of Trade in Goods and Services

(million dinars)

	1987	1988	1989	1990	1991
Export	2,799	3,639	4,254	4,592	4,769
% change	-	30%	17%	8%	4%
Import	2,878	3,608	4,634	5,385	5,394
% change	-	25%	28%	21%	0.2%
Balance	-79	+31	-380	-793	-625

31. The principal feature of foreign trade trends in recent years is the rapid growth of both exports and imports. During the period 1987-1991, the export earnings from goods and services almost doubled, rising from D 2,799 million in 1987 to D 4,769 million in 1991.

32. This export performance may be attributed to the implementation of incentives to promote exports and the ability shown by Tunisian enterprises to adapt to a more competitive environment, particularly in the textiles, leather and footwear sectors, as well as the mechanical and electrical industries. This is also true in agriculture, which has recorded enormous progress in the last two years (exceptional harvests).

33. In parallel with the rapid growth of exports, imports have also progressed steadily, almost doubling in value in the last two years, from D 2,878 million in 1987 to D 5,394 million in 1991. This is primarily due to the effects of the drought, soaring world prices, particularly for commodities and the recovery of domestic demand.

34. Import management has been characterized by the broadening of measures to simplify foreign trade and implementation of the import liberalization programme in accordance with the objectives laid down in the structural adjustment programme.

35. Thus, the percentage of imports effected under the free régime rose from 23.6 per cent in 1986 to 70 per cent in 1991, whence the foreseeable major impact of import liberalization on the balance of payments.

Table 3

Goods Trade

	1987	1988	1989	1990	1991
Exports of goods	1,771	2,055	2,782	3,088	3,395
Imports of goods	2,509	3,167	4,150	4,852	4,844
Balance (deficit)	738	1,112	1,368	1,764	1,449
Rate of coverage of imports by exports	71%	65%	67%	63%	70%

Source: Budget Eco.

36. While it reflects the increased dynamism of the economy through exports, as a result of the new economic orientation based on liberalization, the balance of foreign trade shows a chronic deficit, primarily resulting from a faster-than-expected increase in imports (21 per cent for the period 1987/91 compared with a forecast of 8.7 per cent).

37. As a result, the trade deficit rose from D 738 million in 1987 to D 1,449 million in 1991, in absolute terms.

38. The rate of coverage of imports by exports fluctuated around 67 per cent during the period 1987/91, depending on the domestic and international circumstances.

Table 4

Imports of Goods

	1987	1988	1989	1990	1991
Capital goods	430	529	793	1,085	1,240
Raw materials and semi-finished products	991	1,153	1,382	1,516	1,510
Energy	263	209	360	427	337
Food products	259	475	549	444	360
Consumer goods	644	800	1,066	1,379	1,397
Total	2,509	3,167	4,150	4,852	4,844

39. Both the value and the volume of imports increased rapidly during the period 1987-1991. The average growth rate of imports at current prices was 18.6 per cent, well above the 8.7 per cent forecast.

40. A number of factors contributed to this steep rise in Tunisian imports, the chief ones being:

- the rise in domestic demand for intermediate consumer goods and capital goods as a result of the upturn in the Tunisian economy;
- the drought which affected agricultural output in 1987 and 1988, leading to higher imports of food products;
- the rise in world prices of food and raw materials, in particular sugar, wheat, vegetable oils, milk, non-ferrous metals, rubber, wood and cotton.

(a) Capital goods

41. The decline in imports of capital goods recorded in the early 1980s did not continue. At present the trend has reversed, in line with the upturn in economic activity. Thus, between 1987 and 1991 imports of capital goods increased very rapidly to meet growing demand on the part of local and foreign investors.

Growth Rate of Imports of Capital Goods

	Actual (1987-1991)	Forecast
At current prices	37.7%	1.8%

42. In line with the rise of investment in the textiles, mechanical and electrical industries, imports of capital goods increased significantly in the case of machinery and equipment for this sector.

(b) Raw materials and semi-finished products

43. Imports of raw materials and semi-finished products grew at a rate close to that forecast, in particular as regards the quantities imported.

Growth Rate of Imports of Raw Materials and Semi-Finished Products

	Actual (1987-1991)	Forecast
At current prices	10.4%	11.3%

44. It should be noted that world prices of the main raw materials rose significantly.

Changes in Import Prices of the Main Semi-Finished Products and Raw Materials (1989-1990)

-	Wood	+49.8%
-	Cotton	+95.2%
-	Textile thread and yarn	+73.0%
-	Plastic raw materials	+64.2%
-	Paper and cardboard	+71.0%
-	Copper	+63.8%
-	Steel sheet and strip	+12.0%
-	Iron sections and bars	+17.0%
-	Iron tubes and pipes	+65.3%

45. On the other hand, the price of sulphur, which accounts for nearly 10 per cent of raw material imports, fell by 1.5 per cent, while raw tobacco fell by -18.5 per cent.

(c) Energy products

46. Imports of fuels and gas increased considerably during the period 1987-1991 owing to higher consumption.

(d) Food products

47. The shortfall in agricultural output, the rise in world prices and the devaluation of the dinar were all factors that pushed up imports of food products. These imports peaked at D 549,000,000 in 1989.

Average Growth Rate of Imports of Foods Products

	Actual (1987-1991)	Forecast
At current prices	8%	4.5%

48. The large difference in trends at current prices stemmed from the rise in import prices for the main food products as follows:

Price Changes 1986-1991

-	Durum wheat	+80%
-	Common wheat	+87%
-	Vegetable oils	+36%
-	Sugar	+87%
-	Milk	+44%
-	Bovine meat	+20%

(e) Consumer goods

49. Imports of consumer goods grew at a faster rate than expected owing to the buoyant demand in export sectors, especially textiles, as well as to the rise in available funds as a result of increased foreign assets.

Growth Rate of Imports of Consumer Goods

	Actual (1987-1991)	Forecast
At current prices	23.3%	10.6%

Table 5

Exports of Goods

	1987	1988	1989	1990	1991
Energy	418.3	330.6	555.4	534.6	430.0
Agriculture and food industry	228.5	256.9	281.9	347.6	500.0
Phosphates and chemicals	329.0	457.0	544.0	454.0	460.0
Textiles and leather	551.7	662.5	875.0	1,178.8	1,360.0
Mechanical and electrical industries	140.9	192.6	232.[illegible]	302.0	335.0
Other goods	102.3	155.9	293.[illegible]	271.6	310.0
Total goods	1,770.7	2,055.5	2,782.0	3,088.6	3,395.0

50. Profound changes took place in both the structure and markets of Tunisian exports during this period.

51. At the beginning of the period in question, exports consisted predominantly of oil revenues, which accounted for nearly half of total exports (42 per cent until 1985), but now represent only 16 per cent of total export earnings. This situation is the result of the fall in the volume of crude oil exports and also of world market instability.

52. Various export incentives have been implemented to promote Tunisian exports and create dynamic export sectors, and to encourage Tunisian businessmen to explore other flourishing markets while retaining their share of the Community market.

(a) Agricultural and food products

53. Exports of agricultural and food products behaved very much as forecast in terms of both quantity and value. However, some divergences occurred for specific products.

Table 6

Average Annual Exports 1987-1991

(million dinars)

	Forecast	Actual	Difference
Oil	92	118	+28.0%
Sea products	78	84	+7.6%
Dates	40	37	-9.0%
Citrus fruits	28	13	-53.6%
Almonds	14	1	-92.6%
Potatoes	6	2	-66.6%
Wines and liqueurs	8	10	+25.0%

54. The biggest differences occurred in the case of exports of almonds, potatoes and citrus fruits. For the latter two products, poor output performance and difficulties in penetrating new markets are the main causes.

55. It should be noted that the food balance, which showed a deficit from 1987-1990, improved sharply and showed a surplus in 1991, with a coverage rate of about 150 per cent, thus contributing to a narrowing of the balance-of-payments deficit.

(b) Phosphates and phosphate products

56. Exports of phosphates and phosphate products grew slightly during the period 1987-1991, rising from D 329,000,000 to D 460,000,000.

57. This period was marked by continuing difficulties in the marketing of such products abroad.

(c) Mechanical and electrical industries

58. The mechanical and electrical industries sector, which accounted for only 7.5 per cent of total exports in 1986, currently accounts for 10 per cent, and export earnings have risen from D 140,000,000 in 1987 to D 335,000,000 in 1991.

59. This increase is as a result of good sales performance, essentially of electrical machinery and equipment, which enjoyed a remarkable boom during this period.

(d) Textiles and leather products

60. This sector has expanded very strongly, passing from the import substitution stage to that of the winning of foreign markets. In the period 1987-1991 it became the top export sector, accounting for a third of all Tunisian exports.

61. Export earnings of this sector rose from D 551,000,000 to in 1987 D 1,360,000,000 in 1991, owing in particular to the recovery of sales on traditional markets, market diversification and the results of participation by enterprises in specialized fairs.

62. All industries of the sector were involved in this growth, and essentially the "clothing and accessories" industry.

63. While textile exports are concentrated on the Community market, a tendency to diversify to non-European markets occurred during the period 1987-1991. Sales of varying importance were made in the Middle East and certain West African countries.

Geographical pattern of foreign trade

64. Analysis of the development of the geographical pattern of foreign trade during the years 1987-1991 highlights a constantly large share of the EEC countries (almost three quarters of exports and two thirds of imports) despite an effort to diversify trade with other countries.

65. Trade in goods between Tunisia and the Maghreb countries and some Asian countries has developed during the period in Tunisia's favour. Trade with East European countries and the American continent, however, is unfavourable to Tunisia. Finally, foreign trade with the Arab countries has been developed slowly and even unfavourably to Tunisia.

The EEC countries

66. The geographical pattern of Tunisia's foreign trade continues to be dominated by the EEC countries, which are the most important market for Tunisia's exports (almost three-quarters), while 67 per cent of imports come from the twelve member countries of the Community.

The AMU countries

67. Thanks to trade agreements, the AMU countries now constitute Tunisia's second largest regional partner, accounting for 8.7 per cent of exports.

68. However, the pattern of this trade continues to be dominated by the level of trade with Libya, where the value of exports reached some D 200 million in 1991 compared with D 33 million in 1988, 70.1 per cent and 35 per cent respectively of the total exports to AMU countries.

69. In addition, these exports continue to feature agricultural and semi-processed products, which account for an average of 67 per cent of all exports to these countries.

The EFTA countries and the American continent

70. Trade with the EFTA countries and the American continent have not lived up to expectations or to the efforts made through trade fairs and promotions; their respective shares in exports in 1991 amounted to 1 per cent and 1.5 per cent, compared with 0.7 per cent and 2 per cent in 1987.

The OIEC countries

71. The OIEC countries formerly accounted for a fairly significant share of Tunisian foreign trade.

72. However, since the changes which have recently occurred in that region, Tunisian exports to that group of countries have been declining steadily.

73. This trade is dominated by the share of the countries of the former USSR, which account for an average of 45 per cent.

The Arab countries

74. Rising from D 71.4 million in 1991 compared with D 38.1 million in 1987, exports to Arab countries are now showing a relatively stable growth. But for the events of the Gulf War, this growth would have been more significant, thanks in particular to exports to Iraq whose share in the export of Tunisian products increased steadily.

The Asian countries

75. Exports to Asian countries continue to be dominated by phosphates and phosphate products, rising to D 104.4 million in 1991. They constitute 59.2 per cent of all Tunisian exports to that continent (D 176.4 million or 5.1 per cent of total exports). India, China and Iran are Tunisia's main customers.

The countries of sub-Saharan Africa

76. Finally, the share of sub-Saharan Africa in Tunisian exports was still very modest (0.6 per cent in 1991 compared with 0.7 per cent in 1987). This weak level of exports, despite trade promotion initiatives by this group of countries through various trade fairs and partnership activities, is the result of a lack of preferential and guaranteed finance and inadequate transport.

External debt

77. The improvement in the external debt situation noted since the adoption of the Structural Adjustment Programme has continued. The debt ratio was held to 50.1 per cent of GNP in 1991, and the debt-service ratio was only 19.8 per cent of current income.

78. These results are markedly better than the forecasts in the Seventh Plan, which stood at 56.4 per cent for the debt ratio and 27.6 per cent for the debt-service ratio for 1991.

79. The performance with regard to current payments made it possible to limit the outstanding debt to D 6,125 million in 1991 compared with an estimated D 6,632 million.

Table 7

	Outstanding balance		Debt ratio		Debt-service ratio	
	Plan estimate	Actual	Plan estimate	Actual	Plan estimate	Actual
1987	4,680	4,470	59.2	56.2	27.8	26.8
1988	5,313	4,975	60.6	57.4	27.5	22.7
1989	5,839	5,350	60.5	55.5	28.6	22.4
1990	6,272	5,730	58.9	51.9	29.4	21.8
1991	6,632	6,125	56.4	50.1	27.7	19.8

80. It is clear from these results that Tunisia has managed to avoid a serious debt crisis. The country's credibility has thus been significantly reinforced, a distinct advantage enabling the country to face the future with greater confidence.

81. Nevertheless, the trend noted concerning net transfers related to loans, which have become negative over the last few years, gives cause for concern. For the period of the Plan as a whole (1987-1991) these transfers total almost D 1,275 million or 12 per cent of expected investments, while the Plan had envisaged that the two flows would be more or less in equilibrium.

Table 8

	Draw-downs	Debt-service	Net transfers
1987	580.4	866.2	- 285.8
1988	644.7	849.1	- 303.4
1989	834.5	1,092.8	- 258.3
1990	952.0	1,165.0	- 213.0
1991	980.0	1,195.0	- 215.0

82. Over and above an improvement in the efficiency of the Tunisian economy and, in the first instance, the competitiveness of Tunisian products, this situation calls for a sustained effort to ensure strict control of external debt by using the new instruments available on the international financial market to reduce the cost of debt-service and above all to contain the effect of exchange rate fluctuations in the currencies of repayment.

83. This general trend should be seen in the context of the investment and development measures required under the Eighth Plan (1992-96) which require not only greater reliance on domestic savings but also direct foreign investment and exceptional growth in indebtedness, mainly due to the rather ambitious targets set for growth in GDP, investment and the development of exports of goods and services, as a significant factor in GDP growth and thus in reducing unemployment.

III. MANAGEMENT AND FRAMEWORK OF FOREIGN TRADE

84. The management of Tunisian foreign trade since 1986 has been characterized by the adoption of measures to liberalize trade and simplify procedures and formalities for imports and exports in line with the objectives set out in the Structural Adjustment Programme.

85. The measures taken mainly concern:

- liberalization of imports so as to optimize existing production capacity;
- restructuring of protection of the domestic market so as to stimulate competition, improve consumers' 'value for money" and promote exports, particularly of non-oil products;
- modification of the institutional framework for exports.

Foreign trade regulations

86. Tunisia's regulations are governed by the following texts:

- Foreign Trade and Exchange Notice No. 10, as amended;

- Notices to importers and exporters.

Foreign Trade and Exchange Notice No. 10

87. Official Gazette of the Tunisian Republic (JORT No. 9 of 7-11 February 1986) as amended by subsequent notices.[1]

88. Foreign Trade and Exchange Notice No.10 as amended by subsequent notices is both a regulatory text and a practical guide for importers and exporters.

89. It codifies the main procedures involved in importing goods from and exporting goods to foreign countries and paying for them, with the exception of countries with which Tunisia does not maintain relations.

90. It lays down the form and content of the Foreign Trade and Exchange Authorization, and specifies the documents which must be annexed to it according to the nature of the operation concerned, the manner in which it is established, the way it is used and issued and the conditions under which it is to be domiciled and duration of validity.

Imports

91. Within the framework of the procedures described below, the right to import is open to any natural or legal person, subject to the exceptions listed below.

92. The natural or legal persons concerned must exercise a trade which includes the use or sale of the product to be imported. They must have a customs code number.

(a) The import certificate

93. The import certificate is more a financial document than an import document. It does not require any prior official authorization.

94. Under this simplified procedure, which concerns the bulk of imports (70 per cent), the importer deals directly with his commercial bank without the need for official authorization.

(b) The import licence

95. This procedure allows the Administration to monitor products which are still subject to restrictions.

---

[1] Notices amending Foreign Trade and Exchange Notice No. 10 published in the Official Gazette: JORT No. 25 of 10 and 13 April 1990 and No. 32 of 15 May 1990.

(c) Annual import permit

96. This procedure is an annual import authorization. Categories of economic operators specified in Notices to Importers and Exporters issued by the Minister of the National Economy published in the Official Gazette of the Tunisian Republic (JORT) may be allowed to undertake annual import programmes under an annual authorization. This annual permit is issued by the Minister of the National Economy and approved by the Central Bank of Tunisia (BCT).

(d) The import card

97. This procedure has been introduced in order to facilitate imports of products required for the activities of certain economic sectors. Under this procedure, a document known as the import card is issued to natural or legal persons whose business activity involves one or more products, enabling them to import the products which they need solely for the purpose of their business and up to a limit of D 1,000 per importer and per year.

98. This document may be issued to farmers, craftsmen and small-scale traders approved by the competent authorities. It should be pointed out that the three latter procedures (b, c, d) still cover only about 26 per cent of imports.

Exports

(a) The export licence

99. This document requires the prior authorization of the Administration. It permits the export of products specified on a restrictive list annexed to a Notice published in the Official Gazette. This document is issued by the Ministry of the National Economy and approved by the Central Bank.

(b) The definitive invoice

100. This procedure applies to the export of goods which are the object of a firm sale for an amount exceeding D 50 which are not covered by an export prohibition or quota, and which may be effected without prior authorization on presentation to the customs, together with the detailed export declaration, of a definitive invoice in five copies, provided they satisfy the following conditions:

- the goods are exported by residents entered in the Trade Register;

- they are paid for within the period and on the terms fixed by the Central Bank of Tunisia.

Notices to exporters and importers

101. Goods which may be imported or exported are the subject of Notices published in the Official Gazette (JORT).

102. The lists of products currently in force are:

- Annex No. 1 of 1 September 1990 containing the list of products which may be freely imported as amended by Notices to importers published in JORT No. 49 of 9 July 1991 and No. 7 of 31 January 1992.

It should be pointed out that products not included in the lists annexed to the above-mentioned Notices may be imported under an import licence.

- Annex No. 4 listing products whose export is prohibited (JORT No. 38 of 14 May 1985).

It should be noted that Annexes No. 2 and 3 concerning the list of products subject to the import card and to import quotas respectively, dating from 1981, are no longer applied.

Changes in methods of import and export restrictions

103. The changes that have been made are designed to ease and to simplify foreign trade procedures so as to adapt them to the country's economic development.

104. The programme of economic liberalization established by the Government provides for the gradual liberalization of foreign trade through elimination of quantitative and tariff restrictions.

105. In this context, and in the framework of the new foreign trade and exchange regulations, the procedures used in Tunisia vary according to both the treatment of the product and the status of the operator.

106. The Tunisian regulations establish special provisions for imports of certain products even when such products are prohibited, on behalf of certain categories of operators, as follows:

- Components, spare-parts and accessories intended to be included in an assembly used as a means of production or provision of services, as appropriate, by enterprises engaged in industrial, handicraft, agricultural, tourism or service activities (including hospital activities).

Imports effected in this framework must be used solely for the maintenance, repair and normal servicing of the capital goods in question.

- Capital goods duly approved by the Agricultural Investment Promotion Agency or the Sub-Commission for Tourist Facilities.

- Capital goods not mentioned in the attached Annex No. 1 and in respect of which no like product is manufactured locally, which are listed in the Annex to the Order of the Ministry of the National Economy of 3 May 1990, and which are imported in connection with industrial or service projects that have obtained either a certificate attesting to the submission of a declaration or else a favourable decision for the granting of advantages and guarantees, issued respectively by the Industrial Promotion Agency under Law No. 87/51 of 2 August 1987 on the Industrial Investment Code and by the Ministry of the Economy and Finance under Law No. 89/100 of 17 November 1989 on arrangements to encourage investment in service activities.

- Raw materials and semi-finished products entering exclusively in connection with the activity of industrial enterprises of which exports account for at least 15 per cent of the turnover.

The enterprises benefiting from this procedure will be specified in lists periodically drawn up by the Ministry of the National Economy (Directorate-General of Foreign Trade) and communicated to the Central Bank of Tunisia and the Directorate-General of Customs.

- Raw materials and semi-finished products imported under the "EXIM" account procedure and exclusively within the framework of their activity by industrial enterprises of which exports account for at least 15 per cent of the turnover, for amounts that may not exceed the value of their exports expressed in dinars.

- Raw materials and semi-finished products used for the manufacture and market preparation of pharmaceutical products imported by enterprises approved for the manufacture of pharmaceutical products.

State trading

107. Imports of certain sensitive major consumer products, such as coffee, cereals, tobacco, sugar, seed oils, etc. are entrusted to some State agencies in order to ensure adequate and regular supplies on the best terms as regards price and quality.

108. As a result of the last consultation, two products have been freed, pepper and acid oil (February 1992).

109. Consequently, the nature of the product is a basic factor for its inclusion in the import monopoly system. Actually, the products concerned are:

- either major consumer products, the object of the monopoly being to ensure better price control at the distribution level;

- or products which have implications for the State budget and therefore require special supervision by the Administration e.g. tobacco, medicaments.

110. Furthermore, because of the substantial impact on Tunisia's foreign exchange resources, the decision to purchase a monopoly product must be made by the relevant national board. These product boards supervise import and export operations and decide on the advisability of each operation.

111. Apart from considerations of the best value for money, there is no discrimination in the choice of suppliers or purchasers.

112. In any case, the monopoly is not used to restrict imports.

113. The measures are mainly intended to permit better control of the trade balance given the significant value of the imports concerned.