U.S. Country Commercial Guides

Tunisia

Year 2020

U.S. Department of Commerce | International Trade Administration

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Doing Business in Tunisia

Market Overview

According to the U.S. International Trade Commission, in 2019 Tunisia was the United States' 105th-largest goods export market and 93rd-largest goods import market. Bilateral trade in goods totaled $930 million, with U.S. exports to Tunisia totaling $461.1 million. Top U.S. export categories were petroleum products, agricultural goods, chemicals, machinery, and transportation equipment. Major imports from Tunisia included apparel, food products (mainly olive oil and dates), electronics, and electrical components.

Tunisia has a diverse market economy. According to Tunisia's National Institute of Statistics (INS), real GDP growth in 2019 was 1%. Due to the COVID-19 pandemic, real GDP in the first quarter of 2020 fell by 1.7% compared to the same period in 2019. The Government of Tunisia (GOT) forecasts a contraction of 6-7% in 2020. Unemployment was at 14.9% nationally prior to the pandemic, with even higher rates among youth, women, and recent college graduates. The GOT is focused on bolstering the country's export sectors, attracting foreign investment, and increasing tourism. About 70% of Tunisian exports go to the European Union.

According to the INS, total exports in 2019 increased by 7% compared to 2018, mainly as a result of increases in exports of mining products and phosphate derivatives (+21.3%), mechanical and electrical components (+12.2%), and textile and apparel (+4%). In general, energy and mineral exports, mainly crude oil and phosphate, have exhibited high year-to-year variance, depending on production levels and market conditions.

Tunisia's imports increased by 5.4% in 2019 compared to 2018, as a result of increases in the import of milk products and derivatives (+26.8%), gasoline (+16%), wheat (+21%), and natural gas (+69.8%).

In September 2016, to encourage good governance over investment, the Tunisian Parliament passed Investment Law (#2016-71), which went into force April 1, 2017. The law provided for the creation of three major institutions: The High Investment Council; the Tunisian Investment Authority; and the Tunisian Investment Fund. These institutions were launched in February 2018. In May 2018, the government adopted decree #2018-417, which listed sectors that need prior government authorization for investment, also known as "the negative list." In May 2019, the Tunisian Parliament passed law 2019-47, which contains 38 amendments to address shortcomings in existing laws and regulations that impeded investment. The bill aimed to bring the business climate to "international standards" and help Tunisia improve its ranking in the World Bank's Doing Business Report 2020.

According to the GOT's Foreign Investment Promotion Agency (FIPA), overall foreign investment flows for 2019 totaled $903 million, primarily in the form of foreign direct investment (FDI), with about 6.4% in portfolio investment. This represented a 7.6% decrease compared to 2018. The industrial sector received approximately 50% of all FDI inflows, while energy (37%) and services (12%) ranked second and third. At 1%, foreign investment in agriculture was insignificant. According to FIPA, these capital inflows (excluding the energy sector) generated 14,353 new jobs in 2019. France was the largest foreign investor in Tunisia in 2019, at $184 million. Germany came in second at $61.5 million, followed by Italy at $59.4 million and Qatar at $51.9 million. U.S. FDI flow into Tunisia in 2019 was $6 million.

About 9.43 million tourists visited Tunisia in 2019, a record for the country and an increase of 13.6% from 2018. The largest groups of tourists came from North Africa, particularly Libya and Algeria, and from Russia. French, British, and Italian tourists increased respectively by 13.9%, 65.2%, and 20.9% compared to 2018. As a result, 2019 overall tourist bed nights increased by 10.9% compared to 2018. Tourist receipts increased by 35.7% in 2019 compared to 2018. Due to the COVID-19 pandemic, the Ministry of Tourism expects low tourist numbers in 2020, with many hotels remaining empty or with low occupancy rates during the summer. Through April 2020, tourism revenues decreased by 15% compared to same period in 2019.

Consumer prices rose by 6.7% in 2019, lower than 2018 (7.5%). Inflation was 6.3% in April 2020 and is expected to remain high, hovering around 6.5% for the remainder of the year.

Tunisia registered a $3.41 billion current-account deficit in 2019 compared to $4.47 billion the previous year. Net foreign currency assets at the end of 2019 amounted to $6.64 billion, corresponding to 111 days of imports. Tunisia's 2019 trade deficit was $4.23 billion, 29.5% smaller than in 2018.

Market Challenges

The Tunisian economy is marked by heavy government control. Government and state-owned institutions still dominate several key economic sectors, such as finance, hydrocarbons, pharmaceuticals, and utilities.

The market is also affected by substantial price regulation and subsidies. The GOT regulates prices of socially important commodities, including sugar, flour, gasoline, propane, milk, and cereals. In 2019 the GOT expended the equivalent of about 4% of GDP on transfers and subsidies. About half of all subsidy expenditures were for energy products. These subsidies are available to all households, irrespective of income.

The 2016 Investment Law is much shorter and clearer than the previous Investment Code of 1993, but some regulations remain complicated. In May 2018, the GOT adopted ministerial decree #417, which listed 100 economic activities requiring government authorization for investment. The sectors include natural resources and construction materials, transportation by land, sea, and air, banking, finance, insurance, hazardous and polluting industries, health, education, telecommunications, and services.

The Tunisian Central Bank must give prior approval for foreign-exchange transactions and may apply restrictions to foreign-exchange accounts and operations. However, certain foreign investors who are accorded tax exemptions are not subject to this requirement. Under the new investment law, repatriation of funds and assets is free for all non-resident companies (i.e., firms having more than 66% foreign ownership). For firms with foreign ownership but still considered resident companies (i.e., foreign ownership of less than 66%), a request must be filed with the Central Bank to repatriate funds and assets.

Tunisia employs two investment regimes: "offshore" and "onshore." Offshore investment, in general, supports export-only goods and services. This investment category benefits from several tax breaks and other incentives. Onshore investment is directed primarily toward commerce within the Tunisian market. For onshore investment, foreign investors are often required to partner with a local Tunisian firm, subject to some exceptions.

U.S. companies may perceive the Tunisian bureaucracy as cumbersome, slow, and burdened with a regulatory environment that lacks coherence and consistency. The GOT decision-making process can appear opaque and at odds with the government's official pro-business posture. However, favorable business results can be obtained with adequate planning and sufficient lead times.

Imports from the EU often enjoy a considerable price advantage over those from other countries. Most non-food EU products are exempt from import duties as a result of Tunisia's Association Agreement with the EU, which entered into force in 2008. U.S. products are generally in demand. However, despite their reputation for quality, they remain at a disadvantage due to additional costs associated with transportation, third-party distribution channels, and (relative to local products) the depreciation in recent years of the Tunisian dinar against the U.S. dollar.

The EU and many European countries offer excellent financing terms for trade, and Tunisian companies are familiar with these opportunities. Tunisians are generally unfamiliar with financing opportunities available to them when purchasing U.S. goods. The U.S. Embassy in Tunis works closely with the U.S. Export-Import Bank (EXIM), the U.S. International Develoment Finance Corportation (DFC), and other U.S. organizations to promote awareness of financing options.

Despite challenges navigating the bureaucracy, American firms have competed successfully for Tunisian government contracts, particularly in projects demanding cutting-edge technology.

Local law prohibits the export of foreign currency from Tunisia to pay for imports prior to the presentation of bank documents confirming that the merchandise was shipped to the country. Usually a freight forwarder or Tunisian

Customs documents fulfill this requirement. In past transactions, U.S. exporters have used confirmed irrevocable letters of credit, or letters of credit that authorize "payment against documents."

Market Opportunities

Tunisia and the United States have a number of bilateral agreements relevant for U.S. companies, including a Convention for the Avoidance of Double Taxation (1985), a Bilateral Investment Treaty (1990), and a Trade and Investment Framework Agreement (TIFA) (2002).

Excellent opportunities exist for potential investors, especially in sectors that would benefit from American technology, such as hydrocarbons, power generation, renewable energy, aeronautics, transportation, healthcare, safety and security, and information and communications technologies. To a lesser extent, noteworthy commercial prospects may be identified in more labor-intensive, offshore (export-oriented) manufacturing industries such as textiles and apparel, agribusiness, aerospace, and mechanical and electrical equipment. In recent years, multinational companies have established call centers primarily for European markets.

Due to its moderate Mediterranean climate, beautiful beaches, and outstanding antiquities, Tunisia enjoys an extensive tourism sector. The GOT provides robust incentives for investment in this area. Investment opportunities in tourism include cultural and historical tours, golf packages, desert excursions, and medical tourism. Much of Tunisia's tourism infrastructure requires refurbishment, and niche travel remains underdeveloped in areas away from Tunisia's coastal cities. As the tourism sector grows, opportunities may become more evident. Unless less expensive flights become more available, however, tourism from the United States may not experience significant growth.

Opportunities exist for U.S. agricultural producers as well. Some bulk commodities such as wheat are highly subject to Tunisia's variable domestic production levels and international market conditions. Corn, soybeans, and some intermediate products such as soybean meal, vegetable oils, and distillers grains may offer more stable and consistent long-term prospects. U.S. market share of Tunisia's overall agricultural imports currently hovers around 13%. Even though the EU and other regional producers such as Russia and Ukraine are at an advantage due to lower freight costs and a preferential trade agreement with the EU, there is still room for new players to exploit opportunities in this market. A sizable market exists in Tunisia for agricultural equipment, including tractors, harvesters, and irrigation systems. A GOT decision to outsource grain storage has spurred demand for grain silos and elevators.

U.S. high-tech medical equipment and products may be attractive in the Tunisian market. A government program to improve healthcare services, upgrade the country's hospitals, and increase the number of private clinics has created a large demand for medical equipment. Medical tourism remains small but demonstrates increasing potential to attract visitors from neighboring countries, Europe, and sub-Saharan Africa.

Liberalization of the market for franchises is viewed by the GOT as a catalyst for small and medium enterprise development and employment generation. Since 2009 Tunisia has loosened its controls over franchising. Excluding food and beverage, real estate, and advertising franchises, foreign franchises are now automatically allowed to operate and are treated like any other foreign investment in the onshore sector. Franchises in excluded sectors may operate with an additional authorization from the GOT. The Ministry of Commerce has yet to deny a food franchise application.

The GOT aims to generate 30% of its power from renewable energy by 2030. The adoption in April 2015 of a renewable energy law and the publication of its implementing decrees in February 2017 encouraged private businesses to generate and use clean energy. Since May 2018, the GOT has awarded to private companies 12 solar projects of 10 megawatts (MW) each, two solar projects of 50 MW each, two solar projects of 100 MW each, one solar project of 200 MW, and four wind projects of 30 MW each.

In September 2018, Tunisia presented to national and international investors and financial institutions a list of 33 public-private partnership (PPP) projects in four sectors: 1) transport and logistics; 2) energy, water, and environment; 3) infrastructure and urban development; and 4) science and technology. U.S. companies are encouraged to pursue PPP projects of interest (http://www.igppp.tn/fr).

Market Entry Strategy

Tunisia is an attractive market for investment in export-oriented businesses. The GOT's investment promotion authority provides a generous package of incentives for such operations. The government also offers similar incentives to those who wish to invest in onshore projects in Tunisia's underserved interior regions.

Entering the domestic market, particularly the services sector, is more difficult. In most sectors, a foreign company must have a Tunisian partner with a 51% (majority) stake in the venture. Unless the company is working on a project actively solicited by the Tunisian government, the process can be fraught with obstacles. As the GOT looks to increase foreign investment, certain requirements may become less burdensome. Under the 2016 Investment Law, projects in certain sectors will be prioritized for rapid approval.

U.S. companies are strongly advised to obtain written confirmation from Tunisian authorities of any exceptional conditions granted to a particular trade or investment operation. The U.S. Embassy encourages companies to visit Tunisia prior to entering into a business relationship with a local partner.

Leading Sectors for U.S. Exports and Investment

Web Resources

Tunisian Ministry of Industry and Trade www.commerce.gov.tn
Technical Agency for Land Transport www.attt.com.tn

Electrical Power Systems and Renewable Energy

Overview

Tunisia's power sector is well developed, and nearly the entire population enjoys access to the national electricity grid. Tunisia has a current power production capacity of 5,175 megawatts (MW) installed in 25 power plants, which produced 20,220 gigawatt hours in 2019. State power utility company STEG controls 91.5% of the country's installed power production capacity and produces 81% of the electricity. The remainder is produced by Tunisia's only independent power producer (IPP) Carthage Power Company (CPC), a 471-MW combined-cycle power plant. However, as a result of delays in power plant construction, the power sector does not possess excess generation capacity and is susceptible to brownouts. STEG is hard-pressed to meet peak summer electricity demand, let alone keep up with Tunisia's annual 5% growth in power consumption. Power generation projects at various stages of design and development will help meet an expected doubling in electricity demand over the next 15 years.

Approximately 97% of Tunisia's electricity is generated from fossil fuels, mainly natural gas. In 2019, nearly 60% of Tunisia's natural gas needs were met through imports (mainly from Algeria); local gas production comes from the concessions of the country's national exploration company, ETAP, as well as foreign companies' concessions. The highly anticipated Nawara gas field, which finally started production in early 2020, is expected to help reduce the overall energy deficit by 20% and gas imports by 30% once it reaches peak production. Only 3% of Tunisia's electricity is generated from renewables, including hydroelectric, solar, and wind energy.

While STEG continues to resist private investment in the sector, Parliament's 2015 energy law encourages IPPs in the area of renewable energy technologies. The law's implementing decrees and a Power Purchase Agreement template were published in early 2017.

The first IPPs in renewable energy were announced in the second half of 2017, and so far the GOT has awarded to private companies 12 solar projects of 10 MW each, two solar projects of 50 MW each, two solar projects of 100 MW each, one solar project of 200 MW, and four wind projects of 30 MW each.

To meet increasing demand for electricity and promote energy conservation, the GOT allows private companies and households utilizing co-generation and renewable energy technologies to produce electricity for their own consumption and sell up to 30% of excess electricity exclusively to STEG at a fixed price. The GOT may provide grants and incentives for energy conservation and energy efficiency projects.

Leading Sub-Sectors

Though hydrocarbon-based generation will continue to dominate Tunisia's overall energy picture in the near term, the potential for growth in wind and solar power generation is significant. The GOT is highly interested in diversifying into renewable energy technologies to help meet growing domestic electricity demand. The renewable energy law adopted in 2015 encourages private businesses to generate and use clean energy. In May 2019, the Paliament passed a bill to improve the business climate, which permits businesses to create separate special-purpose vehicles entirely dedicated to power generation. This policy change allows companies to produce power for their own consumption at more competitive prices.

At the end of 2019, Tunisia had an installed capacity of 240 MW of wind power, 10 MW of solar, and 62 MW of hydroelectric, representing a combined 6% of national energy production capacity. The GOT aims to raise the usage of renewable energy resources to 30% of total power capacity by 2030.

During the last five years, STEG was active in launching power projects, some of which utilize General Electric (GE) combined-cycle technology. Two tenders for gas-fired power plants issued in 2014 were awarded in 2017 and 2018, respectively, pushing their expected completion targets to after 2020. Tunisia is expected to continue launching tenders for gas-fired power plants over the next five years.

Opportunities

While projects are often subject to delays, excellent commercial opportunities exist for the sale of power generation equipment to STEG-operated and IPP electricity projects. The sector also offers opportunities for possible Build-Own-Operate (BOO) or Build-Operate-Transfer (BOT) projects. Much of Tunisia's electricity production comes from gas turbines. Major players in this sector include General Electric (USA), Mitsubishi (Japan), Ansaldo (Italy), and Siemens (Germany).

In 2019, STEG launched a tender to install a pilot smart grid power distribution system of 400,000 smart meters in Sfax, which cuaght the interest of several U.S. companies. The implementation of the project is planned for 2021.

In 2021, the GOT is also expected to launch a tender for the construction of at least one 470-550 MW combined-cycle power plant in Skhira (south Tunisia) as an IPP.

In May 2018, the Ministry of Energy and Mines published a call for private projects to build renewable power plans with a total capacity of 1,000 MW, 500 MW wind and 500 MW solar. While the wind projects are still at the prequalification phase, the GOT awarded in 2019 all 500 MW in solar projects to three private developers.

The GOT plans to launch tenders for about 3.5 gigawatts of renewable energy, worth roughly $3.5 billion, by 2030, or approximately 350 MW per year over the next 10 years. One third of the projects will be for wind farms and two thirds for solar photovoltaics.

Tunisia's national grid is connected to those of Algeria and Libya, but various other projects to expand electricity transmission and distribution networks across North Africa, as well as Tunisia’s sub-sea connection with Italy, have been delayed indefinitely.

Web Resources

Ministry of Energy, Mines, and Energy Transition	http://www.energymines.gov.tn/
Tunisian Enterprise for Petroleum Activities (ETAP)	www.etap.com.tn
Tunisia’s state-owned gas and electricity company (STEG)	www.steg.com.tn
National Agency for Energy Conservation (ANME)	www.anme.nat.tn

Agricultural Sector

Overview

In comparison with other countries in North Africa, agriculture plays a relatively modest role in Tunisia's economy, accounting for 16% of the country's workforce and 12% of the country's GDP while growing at around 2% per year. While larger agricultural enterprises are increasingly prominent, the sector remains politically sensitive and heavily regulated. Due to historic and geographic reasons, the European Union heavily influences Tunisia on agriculture policy. Tunisia also maintains significant market controls throughout the agriculture value chain, which, to some extent, limits growth and investment opportunities. Public land may be leased from the government to private farmers or managed directly by the Ministry of Agriculture. Foreigners cannot own agricultural land but may obtain long-term leases.

The Food-processing Sector

In 2019, the food-processing sector accounted for an estimated 1,200 enterprises that each employed 10 people or more. Approximately 20% of these companies produce only for export. The production value of this sector is around $12 billion annually and is continuously growing due to changes in eating habits towards consumption of processed products versus fresh ones. The food-processing sector's demand for imported high-value ingredients is steadily increasing, with more sophisticated products licensed by multinational food companies. However, this trend has temporarily slowed down as a result of the COVID-19 outbreak. Cereals and cereal products, oilseeds, vegetable oils, and sugar derivatives account on average for 90% of Tunisia's food imports.

The Food Retail Sector

Over the last decade, the modern retail sector has seen in-depth development fueled by the expansion of modern distribution outlets, supermarkets, and hypermarkets through joint ventures with foreign investors. These have mostly been with France. Due to the COVID-19 pandemic and the temporary closure of malls and hypermarkets, Tunisia's modern retail sector lost market share to boutique retail and mom-and-pop grocery stores.

The Food Service Sector

In addition to domestic customers, this sector caters to the many tourists that visit Tunisia each year. Most hotels and restaurants either source their food through annual tenders or through the same distribution channels used by households. High-end hotels import spirits, wines, and specialty cheeses either directly or via import companies.

Agriculture Trade

Tunisia is a net importer of agricultural products. In 2019, leading agricultural imports were wheat ($462 million), corn ($194 million), vegetable oils ($183 million), soybeans ($175 million), sugar ($162 million), and barley ($126 million). The leading agriculture-related exports were olive oil ($478 million), dates ($269 million), fish products ($161 million), and citrus ($10 million).

Tunisia applies an average import duty of 32% on U.S. agricultural exports, which, from 2015 to 2019, averaged $179 million per year. In 2019, U.S. agricultural exports to Tunisia totaled $108 million, with soybeans and corn accounting for over 81%.

Tunisia is a beneficiary of the Generalized System of Preferences (GSP). In 2019, Tunisia's agricultural exports to the United States totaled $130 million, 90% of which was accounted for by olive oil and dates. Tunisia supplies the United States with 30-45% of its imported dates and 5-15% of its imported olive oil.

Opportunities

The most significant market opportunities exist for goods and services supportive of the local agriculture and agro-processing industry, including soybeans and crude vegetable oil, feed grains and additives, modified starches, enzymes, genetics, grain silos, elevators, tractors, harvesters, irrigation systems, pesticides, and food processing/bottling machinery. The GOT offers tax incentives of up to 50% under the 2016 Investment Law to encourage acquisition of agricultural equipment. From 2017 to 2019, the United States and Tunisia also agreed on multiple health certificates to facilitate new market access for U.S. bovine and equine semen, day-old chicks and hatching eggs, breeding cattle, sheep and goats, beef, poultry, and egg products exports to Tunisia. Consumer-oriented products with prospects to perform best in the Tunisian market include tree nuts, dried fruit, condiments and sauces, dairy products, cookies and crackers, chocolate and cocoa, and alcoholic and non-alcoholic beverages.

U.S. Department of Agriculture (USDA) Foreign Agricultural Service (FAS) (http://www.fas.usda.gov) has an office in the U.S. Embassy in Tunis and may be reached at agtunis@fas.usda.gov. Its reports, including an Exporter Guide, can be found online at http://gain.fas.usda.gov.

Web Resources

Ministry of Agriculture	http://www.agriculture.tn/
Tunisia Olive Oil	http://www.tunisia-oliveoil.com/
U.S. Grain Council	http://www.grains.org/
National Statistics Institute (INS)	http://www.ins.nat.tn/

Construction/Architecture/Engineering Services

Overview

Tunisia's 2016-2020 development plan, announced to international investors and donors at Tunisia's November 2016 investment conference, included calls for development of Tunisia's infrastructure, particularly in the country's west and south-central region. Following the conference, the GOT announced the signature of about $6.5 billion of committed funding for many large infrastructure projects and $8.5 billion in additional pledges. Moreover, in September 2018, Tunisia presented to investors a list of 33 public-private -partnership (PPP) projects, which included major construction projects in four sectors: 1) transportation and logistics; 2) energy, water, and environment; 3) infrastructure and urban development; and 4) science and technology.

U.S. vendors of heavy equipment and technology may find potential business in construction projects of hospitals, highways, port terminals, and bridges being executed by Tunisian or foreign contractors. Partnering with Tunisian enterprises is vital for extended involvement in this sector.

Opportunities

U.S. companies could become involved with major infrastructure projects through the provision of engineering services, design, heavy equipment, new technology, highly specialized building materials, and safety and security systems. Italian and Turkish companies are already closely linked with Tunisian construction firms. Likewise, major Chinese firms have expressed interest in Tunisia's PPP opportunities.

Major transportation construction projects and financing sources were announced in 2016. These include a 188-kilometer toll highway that links the capital of Tunis with the towns of Kairouan, Sidi Bouzid, Kasserine, and Gafsa. The project received $520 million worth of financing from the Arab Fund for Economic and Social Development and the European Investment Bank.

A 239-kilometer railway upgrade between Tunis and the city of Kasserine received $112 million in financing from the European Bank for Reconstruction and Development, and a 2-kilometer suspension bridge in the city of Bizerte received $260 million in funding from the European Investment Bank and the African Development Bank.

Construction of two multidiciplinary hospitals in Beja and Gabes, a cancer hospital in Tunis, a children's hospital in Manouba, and eight other regional hospitals will start in 2021 after receieving financing from the Islamic Development Bank, the Kuwaiti Fund for Arab Economic Development, and the Saudi Fund for Development. Tunisian companies will manage the project construction. There are plans to utilize some U.S.-manufactured heavy equipment, such as Caterpillar earth-movers.

One of Tunisia's largest recent development projects is the deep-water port in Enfidha (central Tunisia). The pre-revolution government opened a 3,000-hectare industrial zone in the area and hoped to transform the region into an international logistical transportation hub served by Tunisia's highway and railroad systems. Initial feasibility studies were carried out on developing the port, through a project worth $1 billion, to achieve a total capacity of 4.3 million twenty-foot equivalent units (TEU) per year. The first phase of the project is expected to be completed by 2024, with an initial capacity of 1 million TEU. The port site itself would necessitate extensive dredging, and its location on wetlands could require Ministry of Environment involvement.

After years of delays, Gulf Financial House (GFH) confirmed that it still plans to build the Tunis Financial Harbor project in the northern suburbs of Tunis. In 2014, GFH and the GOT signed an agreement to allow GFH to proceed with construction. Once completed, it would be North Africa's first "offshore" financial center. The project, which was rebranded the Tunis Bay project, is slated to include business and banking services, a "takaful" (a form of insurance that complies with the principles of Islamic law) insurance center, a business school, and residential units. Construction started in 2017 in partnership with the French-Tunisian real estate and tourism company, the Alliance Group. The first phase of the project, named Tunis Bay Golf Residence, which includes a golf course and several residences, is expected to be finished by the end of 2020. The second phase will include more residential space and a 100,000-square-meter shopping center to be completed by the end of 2022.

Web Resources

Ministry of Development, Investment, and International Cooperation	www.mdci.gov.tn
Public Private Partnership Authority (IGPPP)	www.igppp.tn/fr

Aircraft/Airport Ground Support/Aeronautics

Overview

Six Tunisian airlines operate in the country, two state-owned and four privately held. Tunisair, the country's national flag airline and the major carrier serving Tunisia's international markets, remains heavily subsidized by the GOT. Under increased competition from domestic and foreign carriers, the company launched new routes in 2016 and 2017, with a focus on sub-Saharan African and Middle Eastern destinations. Tunisair currently operates 28 aircraft (22 Airbus and six Boeing) and runs a parts factory in-country. In 2019, Tunisair's cumulative turnover increased by 3.7% compared to 2018, while the number of passengers decreased from 3.8 to 3.4 million during the same period. Passenger traffic is expected to decrease drastically in 2020 because of border closures and travel restrictions resulting from the COVID-19 pandemic. Tunisair is struggling with a low punctuality rate (40% in 2019) and a high volume of debt.

Tunisair Express, Tunisia's second publicly owned airline and a subsidiary of Tunisair, operates domestic and short-distance international flights through a fleet of four ATR turboprops, of which two were delivered at the end of 2019. A fifth ATR was also acquired in 2019 and is expected to be delivered by the end of 2020.

Of Tunisia's four private airlines, Nouvelair is the largest and operates a fleet of nine Airbus A320s. Tunisavia, a private commercial fixed-wing and helicopter operator, services desert and offshore petroleum installations. Express Air Cargo is a cargo carrier serving African and European countries from Tunis and operating three Boeing 737s. Jasmin Airways is the newest private airline and obtained its Air Operator's Certificate (AOC) from the National Civil Aviation Authority in 2019. The airline is operating two Embraer 170s offering short- and medium-haul charter and special private flights to countries in North Africa and the Middle East. The airline mainly operates from the Enfidha-

Hammamet International Airport and occasionally from the Djerba-Zarzis Airport. The airline intends to fly to European destinations.

Eighty export-oriented aerospace companies, mostly French, operate in Tunisia across a wide range of sectors, including aircraft maintenance, aerospace wiring, engineering and consultancy, metal sheet cutting and assembly, software development, and electronics. The aerospace industry employs about 17,000 people as of 2019. The Tunisian Aerospace Industry Association, a leading Tunisian aerospace industry trade organization, has 51 member companies.

As a result of a 2009 Memorandum of Understanding between EADS (reorganized as Airbus Group in 2014) and the GOT, EADS launched an aeronautical industrial zone near the Port of Rades. The facility constructs aircraft sub-assemblies for Airbus.

Latécoère, a major supplier of Airbus, runs two cable factories in Tunisia, employing 900 people. Another major supplier, Zodiac Aerospace, runs four production sites for passenger seats and metal structures, employing 3,000 people. These projects create a complete and complementary avionics supply chain system. In partnership with Telnet Holding, a high-tech Tunisian engineering company, Altran established an engineering and research and development platform specialized in advanced aerospace technology. In 2019, U.S. aerospace company Paradigm Precision announced an additional $15 million investment for the extension of its manufacturing plant in the industrial zone of El Mghira, a suburb of Tunis.

Tunisia has also well positioned itself in the niche market of light airplane manufacturing. Two local companies, Avionav and Evada Aircraft, manufacture and export two- and four-seat light airplanes for several countries, such as Italy, Spain, the UK, Saudi Arabia, and Algeria.

With an initial capacity of 7 million passengers annually, the first phase of an international airport at Enfidha, built by the Turkish Holding Company Tepe Akfen Ventisres (TAV) under a 40-year concession, was finished in 2009. Originally conceived as a potential hub for flights to Sub-Saharan Africa, the airport remains underutilized, and expansion plans are suspended indefinitely. Currently, the airport operates mostly charter flights, and it has absorbed passenger traffic from the nearby Monastir Airport.

In late 2019, the Ministry of Transport announced a plan for the extension of Tunis-Carthage Airport at an estimated cost of $100 million, which will increase its annual passenger capacity from 5 million to 8 million. The international call for bids for the project is expected to be launched by the end of 2020.

Discussions are ongoing with the EU on an Open Skies agreement, and the GOT has indicated interest in the negotiation of an Open Skies agreement with the United States. Tunisia signed an Air Transport Agreement with Canada in 2009, and Tunisair started flights to Montreal in June 2016.

Opportunities

Tunisia's tourism sector had largely recovered from the 2011 revolution and terrorist attacks on tourist sites in 2015, which negatively affected Tunisia's air carriers, but the COVID-19 pandemic represents another significant setback. Private sector airlines, in particular, appear to be increasingly exploiting underserved European markets. An Open Skies agreement with the EU would expand competition and allow lower airline ticket prices for cost-sensitive tourists.

Regarding aeronautics, Tunisia is positioning itself as an industrial hub with high added-value capability in the manufacture of avionics, aircraft servicing, engine components, air-traffic-control equipment, and other areas. The GOT provides tax breaks and other incentives for foreign investment in this sector. Tunisia also offers an educated, relatively low-cost workforce, including trained engineers, and very close proximity to Europe.

Web Resources

Tunisair [Tunisia's national air carrier]	www.tunisair.com
Civil Aviation Agency (OACA)	www.oaca.nat.tn

Automotive Parts/Services/Equipment

Overview

Automotive sales and services represent one of Tunisia's major economic sectors. Vehicles are not fully manufactured locally, but Tunisia does have a small car-assembly industry. The GOT utilizes a strict quota system that caps the number of vehicles allowed into the country annually. The quota thresholds take into consideration Tunisia's trade deficit, market demand for new vehicles, and investment arrangements among foreign carmakers and domestic parts manufacturers. As of 2012, all vehicles older than five years, including heavy trucks, have been prohibited entry. Tunisian customs applies a graduated tax on all vehicle imports that rises with vehicle age up to the five-year limit.

The total number of passenger cars in circulation is around 2 million. In 2019, sales of new passenger cars and pick-up trucks totaled 49,216 vehicles, a 4% decrease compared to 2018, but the number of vehicles sold in the market is actually much higher, due to imports by private individuals. The Tunisian automobile market is dominated by European brands. Both GM and Ford are present, though market share for U.S. cars remains under 10%. Meanwhile, Toyota, Kia, Hyundai, and other Asian manufacturers have started to establish a significant foothold in Tunisia. The market for hybrid powertrain vehicles is still undeveloped; thus far only Toyota is offering hybrid car models, introducing them to the market in 2019. Electrical cars are not yet available. However, the GOT is considering importing up to 1,000 electrical vehicles in the next two years for government agencies' use, as a pilot project. In January 2020, the former British brand Morris Garages (MG), now owned by the Chinese group SAIC Motor, received Tunisian government authorization to market the first 100% electrical car in the country. Another Chinese brand, Build Your Dreams (BYD), is also considering entering the market in 2020. French multinational Total launched the first public charging station for electrical vehicles in Tunis and intends to install them at all of its filling stations in the capital and surrounding suburbs.

Automobiles with large-capacity engines carry a higher consumption tax, with rates up to 277% for gasoline engines and 360% for diesel-fueled engines. The government reduces these rates to 67% and 88%, respectively, if imported via authorized distributors. The reduced tax scale is intended to allow the price of automobiles sold through authorized dealerships to be competitive with vehicles purchased privately overseas and shipped back to Tunisia.

The pump price for diesel and gasoline reflects global oil prices and is comparable to fuel costs in the United States. Tunisian drivers pay more than their counterparts in neighboring Libya and Algeria but substantially less than European drivers. Two grades of diesel and unleaded fuel are available.

Leading Sub-Sectors

The Tunisian market presents opportunities for mid-sized U.S. vehicles, including pickups and SUVs. Tunisian dealers express interest in representing U.S. auto manufacturers. Expansion of the market for U.S.-brand vehicles will contribute to higher demand for U.S. automotive parts and components. Dealer service departments will remain a potential profit center as well, despite the widespread availability of mechanic shops.

Opportunities

Post-revolution restructuring of the automotive sector has allowed for a more open market with more foreign brands. U.S. manufacturers should be sensitive not only to the current European-dominated market structure, but also to the potential for new market entrants, especially from Asia. The motorization rate in Tunisia is very low, with only 91 vehicles per 1,000 inhabitants in 2018 (a quarter of the rate in Europe).

Attracting investment in the manufacture of automobile components for export is a priority for the GOT. Operations dedicated for export of automotive parts to European markets offer promise, and several U.S. companies have successfully invested in this sector. For domestic sales, Tunisians can be very price sensitive, and the price of spare parts often trumps quality.

Telecommunications Equipment/Services

Overview

Following international trends, Tunisia possesses a buoyant market for telecommunications products and services. Penetration rates for fixed and mobile phones reached 138.3% in 2019. With over 14.8 million mobile lines already, Tunisia enjoys one of the highest mobile phone subscriber rates in Africa. In 2019, there were about 10.3 million internet subscribers, 87% of them (9 million) subscribed through their smartphones.

Tunisia meets its WTO telecom service sector commitments and provides full market access and national treatment for foreign telecom service providers. The cellular market opened to foreign competition in the early 2000s; however, no U.S. carrier has actively sought cellular network licenses from the GOT. Significant business opportunities exist in the telecom sector, particularly with the expansion of call centers.

Mobile and Fixed Telecommunication Networks

Tunisia's mobile services market continues to expand, although at a somewhat slower pace than in previous years. The playing field for foreign companies operating in Tunisia remains fair, with no evident competitive advantage for the state-owned telecom company, Tunisie Telecom. Four major operators control the mobile services market. Tunisia's largest telecom company is Ooredoo (Orascom Telecom Tunisia). In 2019, Ooredoo had 42.7% of the market, Tunisie Telecom 30.5%, Orange Tunisie 25.1%, and Lycamobile 1.7%.

Following the country's 2011 revolution, the government froze the assets of many former regime members and nationalized their shares in companies. This included shares of Ooredoo and Orange Tunisie. In a consortium with Zitouna Telecom, Qatar Telecom bought a portion of these nationalized Ooredoo shares through its subsidiary Wataniya in 2012, bringing its total shares in Ooredoo to 90%. At that time, the Ministry of Finance announced that the government's remaining 10% would be sold on the Tunis stock exchange. This public sale, however, has yet to take place. Meanwhile, the company continues to operate profitably.

French-Tunisian consortium Orange-Divona Tunisie's majority shareholdings in Orange Tunisie, whose capital is 51% Tunisian and 49% French (via France Telecom), were similarly nationalized in 2011. The company has been managed by a public administrator since being taken over by the government. Service to its customers, however, continues uninterrupted.

Internet

Stimulated by the Digital Tunisia 2020 program, a five-year national ICT development plan from 2016 to 2020, a number of regulatory measures and infrastructure projects have been undertaken in order to improve internet connectivity all over Tunisia.

Tunisie Telecom is Tunisia's leading provider of international internet connectivity. The company manages three sub-sea cables; one of them, a 112-mile fiber-optic cable, is owned and operated by Tunisie Telecom and connects the city of Kelibia in Tunisia with the Italian city of Mazara. In 2014, private telecom operators Ooredoo and Orange Tunisie started operating their own sub-sea cable. These two cables are considered among the most important telecommunications connections in the Mediterranean and ensure the country's digital independence. Not only did the cables augment Tunisia's international internet bandwidth capacity to 780 gigabytes per second in 2019, but they also enhanced Tunisia's IT connection and broadband capacity sufficiently to enable the delivery of high-speed internet service elsewhere in Africa. This makes Tunisia a strong potential regional IT hub.

In 2009, Tunisia awarded the first third-generation (3G) mobile license to Orange Tunisie, followed by Tunisie Telecom in 2010 and Ooredoo in 2012. In March 2016, the Ministry of Communication Technologies and Digital Economy awarded a 4G license to all three operators for a total amount of 471 million dinars ($235 million).

In December 2017, the GOT awarded the first license for an IT infrastructure operator to the consortium Level 4, which was formed by the state-run Tunisian Internet Agency, EO Datacenter (Tunisian data center company), and

Iskaya (Turkish telecommunication service provider). The Level 4 license provides telecom operators and internet service providers (ISPs) high-speed broadband infrastructure.

In 2019, Tunisia's Ministry of Communication Technologies and Digital Transformation announced that Tunisia will launch fifth-generation (5G) services no later than 2021. Because the introduction of 5G would require additional infrastructure investment, the National Telecommunication Authority (INTT) awarded a contract to an international consultancy to conduct a feasibility study on the social and economic impact of 5G technology. The study is expected to be completed by the end of 2020.

Leading Sub-Sectors

All sub-sectors of the telecommunication industry are expanding, and there are opportunities for U.S. companies. In recent years, U.S. firms have been successful in fields such as fiber optics and wireless local loop systems.

Opportunities

Offshoring

In November 2015, the GOT launched its "Smart Tunisia" program to promote offshoring, nearshoring, and collocation of foreign investments in the ICT sector, with the ambitious goal of creating 50,000 jobs by 2020.

Call centers represent a new and rapidly expanding service industry in Tunisia. The country's communications infrastructure, coupled with skilled, bilingual and multilingual human resources, provides strong support for this industry. As of 2017, more than 350 call centers were in operation, employing 22,000 people. They serve primarily French-speaking clients, although some serve the Italian market. At least one operates in English, serving the UK health sector. A few U.S. companies operate call centers in Tunisia, primarily to serve European customers.

Cloud

The GOT has begun developing a nationwide private cloud to progressively establish an e-government network with the purpose of improving information sharing among ministries. Moreover, Tunisia is working on establishing a digital identity platform for individuals and businesses to ensure reliable interactions with government agencies. In a joint venture, Microsoft and Cisco provided a cloud platform for the GOT in March 2019.

Business opportunities exist as Tunisia implements its ambitious digital plan, which aims to increase household fixed internet access from 44.5% currently to 60% by 2020. The plan also seeks to improve Tunisia's Network Readiness Index (NRI) ranking from 4th in Africa and 8th in the Arab World to 1st and 4th, respectively, by 2020.

Through its four telecom licenses for fixed lines and the availability of 3G and 4G mobile phone technology, Tunisia has made a progress toward high-speed mobile internet and high-capacity data transmission, creating opportunities for U.S. technology sales. Chinese companies such as Huawei bid aggressively on telecommunications tenders. Siemens, Alcatel, and Ericsson are the major European competitors in the sector.

Web Resources

Ministry of Communication Technologies and Digital Transformation	www.mincom.tn
National Telecom Authority	www.intt.tn
National Internet Agency (ATI)	www.ati.tn
Tunisian Postal Service	www.poste.tn
Foreign Investment Promotion Agency (FIPA)	www.investintunisia.tn

Safety and Security

Overview

The GOT is enhancing its safety measures and upgrading the capabilities of its security forces, a fact reflected in the expanded budgets of the Ministries of National Defense and Interior. For 2019, the Ministry of Defense and the Ministry of Interior respectively allocated budgets of 450.8 million dinars ($154 million) and 491.2 million dinars ($168 million) to the development of their capabilities and the acquisition of new military and security equipment. International donors are also active in Tunisia's security sector, including through programs for border security, port security, and police and prison reform.

The U.S. Congress approved a 2019 budget allocating $191.4 million of aid to Tunisia, of which $106.4 million will support programs aimed at security-related training and equipment. U.S. military assistance is building Tunisian forces' capacity to deter regional threats, strengthen defensive capabilities, and counter terrorism.

In 2017, the U.S. share of Tunisia's imports under the Harmonized System (HS) code 93 "Arms and Ammunition" was about 63%, dwarfing Italy's (17%), Spain's (10%), and France's (3%). Other than government security departments, the main end-users of security equipment are banks, hotels, shopping centers, and hospitals.

U.S. exporters of safety and security equipment are advised to use a local agent/distributor in order to get better access to information about upcoming government procurements. Well-established agents are efficient in arranging meetings with key officials, introducing new equipment and systems, providing market intelligence, and finalizing transactions.

Opportunities

Opportunities exist for U.S. exporters of safety and security equipment. Equipment in demand includes access control systems, firefighting equipment, vehicles, closed-circuit television (CCTV), electronic surveillance equipment, uniforms, protective apparel, accessories, communication equipment, armored vehicles, metal detectors, x-ray machines, and scanning equipment.

Web Resources

National Statistics Institute (INS)	www.ins.nat.tn
Tunisian Ministry of Finance	www.finances.gov.tn

Insurance

Overview

Many Tunisians do not maintain private insurance coverage. This is especially true for life insurance. Low domestic savings rates and cultural factors, such as the reliance on the extended family network in case of death or disability or property damage, contribute to a lack of coverage in most insurance segments.

Despite the general lack of public interest in purchasing insurance policies, however, a full range of products is available, and some are mandated by law. Twenty-two insurance companies operate in the Tunisian market, 15 of which handle a full range of insurance products. The rest offer a partial menu of insurance products; for example, life, export, and credit insurance, and reinsurance. Two are subscriber-based mutual insurance companies, three are Islamic "takaful" (i.e., co-operative system of reimbursement in case of loss) insurance companies, and one is an agriculture mutual fund that offers crop insurance. Private corporations dominate, with a market share of 60% in 2017; state-owned enterprises and mutual companies controlled about 30% and 10% of the market, respectively.

Compulsory auto liability insurance is rigorously enforced, and virtually all motorists carry these policies, resulting in market saturation for vehicle liability coverage. In addition, lenders require relevant property, fire, casualty, and life insurance policies at least equal to the amount of the collateralized lien. Tunisians often purchase insurance policies only to obtain bank loans. To expand the insurance market beyond products mandated by law is a challenge for all market entrants.

According to the Tunisian Federation of Insurance Companies, gross insurance premiums, including for vehicle policies, were about $863 million or 2.2% of Tunisia's GDP in 2017; this is a level considered low by the insurance industry and inadequate for proper insurance coverage of the population. Total premiums increased by 12.5% in 2017, however. The GOT's reform efforts to enhance the insurance market have focused on improvement of the financial health of insurance companies, updating of the country's legal and regulatory framework, development of market segments such as life insurance and crop insurance, upgrading of insurance companies, and opening the sector to greater competition.

The insurance sector's most important regulatory institution is the General Insurance Committee within the Ministry of Finance. The Committee is charged with protection of policy-holder rights and oversight of insurance and reinsurance companies. Other pertinent institutions include the Central Office of Rates (Bureau Central des Tarifications, BCT), which fixes rates for liability insurance premiums on vehicles; the Tunisian Federation of Insurance Companies, which is the trade association for the entire insurance and reinsurance sector; and the Unified Office for Tunisian Automobile (Bureau Unifié Automobile Tunisien), which is the trade association specifically for vehicular liability insurance providers.

There are no foreign-equity share restrictions in the Tunisian insurance sector, and foreign companies may operate freely. Entrants into the market can establish a commercial presence by establishing a subsidiary (either wholly or partially owned), forming a new company, or acquiring an already established insurance supplier. To be registered in the country, foreign insurers must receive approval from the General Insurance Committee within the Ministry of Finance. Once approved, foreign insurance suppliers can compete for insurance lines and will be treated no less favorably than domestic services suppliers with respect to capital, solvency, reserve, tax, and other financial requirements.

Opportunities

Tunisia's commitments under the WTO and EU Association agreements have led to a liberalization of the country's insurance sector. For U.S. companies intending to invest in Tunisia, this sector may present opportunities, especially in non-life insurance market segments.

As an alternative to conventional insurance, Zitouna Takaful, El Amana Takaful, and Al Takafulia – which rely on the Islamic "takaful" insurance system of co-operative reimbursement in case of loss – were created to service the Islamic market. Foreign companies considering insurance operations in the region should examine this new product.

Among the general population there remains limited awareness of life insurance and its benefits. The financial services sector does not yet offer personal financial planning to assist customers in the design of an appropriate insurance plan. Both these areas should be considered for their long-term potential.

Web Resources

Tunisian Federation of Insurance Companies (FTUSA) www.ftusanet.org

National Statistics Institute (INS) www.ins.nat.tn

Pollution Control Equipment

Overview

Water and Wastewater

Due to its arid and semi-arid climate, mismanaged water resources, and growing population, Tunisia faces increasingly severe water shortages, particularly in the summer. The quality of water supplied by the national water utility Société Nationale d'Exploitation et de Distribution des Eaux (SONEDE) varies throughout the country and does not meet potability standards in some regions. SONEDE operates 16 water treatment plants and 14 desalination plants throughout the country, serving 98.4% of the population. In agricultural regions, agricultural development cooperatives utilize both shallow and deep wells and tap into SONEDE pumping stations and distribution networks. Due to rainfall scarcity, aquifer levels are declining at an alarming rate.

Tunisia's water code governs the allocation of water resources, with priority to the supply of potable water for urban consumers. Less attention is given to the requirements of the country's industrial, tourism, and agricultural sectors. The GOT is currently working on updating the water code and enacting new implementing decrees.

Tunisia's major urban areas, including Tunis, Sfax, Gabes, and Djerba, are confronting water supply constraints. To promote water conservation and sustainability, the GOT recognizes the need to exploit non-conventional water resources, such as the reuse of reclaimed urban and industrial wastewater, desalination, artificial recharge, and rainwater harvesting.

Wastewater treatment is the responsibility of the Tunisia National Sanitation Utility (ONAS). Tunisia has 122 wastewater treatment plants, collecting and treating approximately 275 million cubic meters of wastewater a year and serving 86.2% of the population. Treated wastewater is distributed to farmland, golf courses, and green spaces, and is also used for groundwater recharge. Sludge is treated, thickened, and de-watered before disposal in landfills.

Solid Waste Management

Tunisia has comprehensive environmental laws to encourage the sustainable management and recycling of municipal and industrial waste, but solid waste management is an increasing challenge for government authorities. Increased investment is needed to ensure proper collection, treatment, and recycling of solid waste. Lack of citizen awareness and dysfunction of municipal and rural councils create additional challenges for maintaining existing waste management practices.

According to the GOT, Tunisia's total solid waste amounts to 2.3 million tons per year, of which 85% is dumped in controlled landfills and the remainder is either recycled, composted, or dumped in non-controlled landfills. These estimates may mask other problems, however, as many municipal landfills do not meet sanitary standards, and waste is often dumped into non-sanitary areas. The volume of domestic solid waste produced in the country is rising annually at 2.5%. A resident in an urban area produces 0.82 kilograms of solid municipal waste per day; rural inhabitants produce only 0.15 kilograms. The country has twelve operational landfills for municipal solid waste, of which eight are controlled by the government. Tunisia also has one non-operational landfill for industrial waste. Tax incentives are offered to companies to encourage waste reduction or outsourced recycling.

Recycling

Approximately 400 private companies are authorized by the Ministry of Local Affairs and Environment to collect, transport, and recycle plastics. The Ministry also authorized five private collectors and recyclers of used tires. Paper and cardboard recycling is still in its infancy, but there is a small informal sector for recycling food packaging.

Opportunities

The market for environmental protection and pollution control equipment and technology has significant potential, especially in the aftermath of the June 2017 establishment of the "green police," whose mandate is to enforce environmental regulations. Anticipated tenders for landfill construction and management projects, coastal pollution cleanup projects, and wastewater treatment all offer good opportunities for U.S. companies. U.S. exporters of these products and services face competition from European companies, which often provide attractive, government-backed financing.

Web Resources

National Agency of Environment Protection (ANPE) www.anpe.nat.tn/fr/links.asp

National Water Distribution Agency (SONEDE) www.sonede.com.tn

National Sanitation Agency (ONAS)	www.onas.nat.tn
Agency for Protection and Development of the Coastline (APAL)	www.apal.nat.tn
International Centre for Environmental Technologies of Tunis (CITET)	www.citet.nat.tn
National Waste Management Agency (ANGED)	www.anged.nat.tn
National Institute of Marine Sciences and Technologies (INSTM)	www.instm.agrinet.tn
Ministry of Local Affairs and the Environment	http://www.environnement.gov.tn

Customs, Regulations and Standards

Trade Barriers

Tunisia is a founding member of the World Trade Organization (WTO) and submitted a "Category A" notification in September 2014 and a "Category C" notification in September 2019 for the Trade Facilitation Agreement. While maintaining restrictions on designated strategic sectors by requiring prior authorization, the Tunisian government has pursued a program of liberalizing imports. Approximately 97% of imports do not require prior authorization.

Tunisia has non-tariff barriers such as requirements of import licenses or quotas on certain products. These particularly apply to consumer goods that compete against locally produced equivalents manufactured by developing industries, or to goods for which domestic production is deemed sufficient. Two noteworthy categories affected by import quotas are pharmaceuticals and passenger cars. Automotive import quotas are based to some extent on the number of Tunisian-produced automobile components utilized in the foreign manufacturer's automobile designs. Importers have to request an allotment from the GOT in order to receive an import license. Although this quota system is only for cars with small engines, Tunisian consumers cannot freely import foreign vehicles privately due to strict foreign-exchange controls.

Working within the letter of WTO requirements, Tunisia vigorously protects its domestic pharmaceutical industry. All pharmaceutical imports are controlled by the Central Pharmacy, a government entity under the Ministry of Health.

Inconsistent procedures within Tunisian Customs can also be a major obstacle for importers. Importers have experienced extended delays in customs clearance due to required, but not uniformly enforced, technical and quality-control investigations on various items. Government use of non-tariff barriers has sometimes led to the delay or rejection of goods shipments to Tunisia. However, this is not common practice and is not aimed specifically at goods imported from the United States.

Agricultural products are generally subject to high import duties and in some cases face other import barriers, such as quotas. Tunisia often gives preferential tariff rates to agricultural products originating from Arab and North African nations.

For more information and help with trade barriers, please contact:

> International Trade Administration Enforcement and Compliance
> (202)482-0063
> ECCommunications@trade.gov
> http://trade.gov/enforcement/

Import Tariffs

Imported goods in Tunisia can be subject to tariff rates as high as 200%, depending on the product. The 2018 Finance Law increased tariffs on certain products. Tariff rates were increased to 36% on products such as salmon, natural honey, avocados, and pineapples, and to 30% on products such as washing machines and video monitors. Also, some products originally exempt are now subject to a 15% tariff, such as lubricating oils, tanning extracts, soap, adhesive preparations, pesticides, vinyl, pipes and hoses, hides and skins, kraft paper, sewing thread, natural pearls, screws, bolts, drilling tools, and dishwashers. Goods are subject to an additional customs formality fee, currently amounting to 3% of the total duties paid on the import. Certain imports are also subject to a value added tax (VAT). Tunisia's basic VAT rates are 19%, 13%, and 7%, with the majority of goods covered by the 19% rate. Tunisia calculates VAT on the base price of the goods plus any import duties, surcharges, and consumption taxes. A consumption tax is applicable to certain imported and similar locally produced items. Rates on most products vary from 10% to as high as 150%. The highest rates are applicable to luxury items. Automobiles with large engine capacity also carry a high consumption tax, with rates up to 277% for gasoline-fueled engines and 360% for diesel-fueled engines.

Import Requirements and Documentation

Tunisian law prohibits the export of foreign currency from Tunisia as payment for imports prior to the presentation to a bank of documents confirming shipment of the merchandise to the country. Usually freight forwarder or Tunisian Customs documents serve this purpose. Importers obtain hard currency for payment by presenting these documents to their commercial banks. To ensure payment, U.S. exporters have used confirmed, irrevocable letters of credit and letters of credit authorizing "payment against documents" in past transactions.

Other than applicable import license requirements, no specific documentation is required to import goods.

Labeling and Marking Requirements

Standard labeling and marking requirements are outlined in the 1992 Consumer Protection (Law 1992-117). However, these regulations are not always fully enforced for locally made items produced for the domestic market. The labeling of items produced for export must meet international standards.

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives. BIS's Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR.

Also, BIS has "Know Your Customer" guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one- to two-day seminars and focus on the basics of exporting as well as more advanced topics. Check a list of upcoming seminars and webinars.

BIS also provides online training.

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the BIS website or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the BIS website and on the e-CFR (Electronic Code of Federal Regulations).

The Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports, or transfers of items. The CSL consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions.

Temporary Entry

Offshore enterprises are allowed limited duty-free entry of goods into Tunisia for transformation and re-exportation only. Factories set up under this scheme are considered bonded warehouses and have their own assigned customs personnel.

Goods may also be granted temporary duty-free entry for use in trade shows, but the establishment of adequate prior documentation is vital. Otherwise, customs duties may be payable on promotional material.

Prohibited and Restricted Imports

Imports of explosives and military- and security-related equipment are tightly controlled and only allowed under license. Narcotics and pornographic items are strictly forbidden.

Customs Regulations

The Tunisian Customs website provides online tariff data. This information is also available to various categories of professionals, including freight companies, who are linked to a specialized Intranet known as Tunisia Trade Net. The customs authority's website indicates how to access this system.

Tunisia's customs authorities can be contacted as follows:

- Direction Générale des Douanes
  Rue Asdrubal Lafayette, 1002 Tunis, Tunisia
  Tel: (+216) 71-799-700
  Fax: (+216) 71-791-644
  https://www.douane.gov.tn/

Standards for Trade

Overview

Tunisian consumers are gradually becoming aware of their right to expect that the goods they purchase meet certain standards, such as for safety. Products available on the flourishing parallel market in Tunisia often do not meet acceptable safety standards.

Standards

Tunisia is currently embracing ISO 9001 standards. The National Institute for Standardization and Industrial Property (INNORPI) is responsible for establishing national standards and has instituted ISO 14000 certification procedures. Many firms in the industrial sector have already achieved ISO 9001 certification.

Testing, Inspection, and Certification

The Tunisian Accreditation Council (TUNAC) is the national accreditation agency. TUNAC evaluates and accredits conformity assessment bodies (i.e., laboratories and inspection and certification bodies) in accordance with relevant national and international standards.

TUNAC has mutual recognition agreements with the International Laboratory Accreditation Cooperation (ILAC) and the European Cooperation for Accreditation (EA) for the accreditation of laboratories for analysis, testing, and calibration.

TUNAC is also a signatory of the mutual recognition agreements with the International Accreditation Forum and the EA for the accreditation of certification bodies for quality and environmental management systems.

International testing laboratories and agencies, including those from the United States, are allowed to operate in the market.

Publication of Technical Regulations

INNORPI (http://www.innorpi.tn/en) is responsible for publishing and coordinating the creation of norms and standards and information relating to these, as well as developing general technical regulation programs.

Contact Information

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. **Notify U.S.** (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by a selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated website are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

- Tunisian Accreditation Council (Conseil National d'Accreditation – TUNAC)
  Address : 8, Rue de l'Assistance par la Rue Alain Savary,
  Cité EL Khadhra 1003 Tunis, Tunisia
  Tel: +216 71 806 431 / +216 71 806 916
  Fax: +216 71 809 407
  Email: tunac@tunac.tn
  Website: http://www.tunac.tn

- The National Institute for Standardization and Industrial Property (Institut National de la Normalisation et de la Propriété Industrielle – INNORPI)

  - Headquarters in Tunis: Rue 8451 n° 8 par la rue Alain Savary,
    BP 57 – Cité El Khadra – 1003 Tunis – Tunisia
    Tel: +216 71 806 758 / Fax: +216 71 807 071
    Email: contact@innorpi.tn
    Website: http://www.innorpi.tn

- Sfax Regional Center: 1, rue Bejaya 3000 Sfax - Tunisia
  Tel: +216 74 298 223 / Fax: +216 74 211 356

Trade Agreements

Approximately 70% of Tunisia's trade is with the European Union, and Tunisia's most significant free-trade agreement is its Association Agreement on industrial goods with the EU, formally ratified in 1996. The free-trade zone with the EU was effectively implemented in 2008 after a gradual lowering of tariffs to zero over a 12-year period. In late 2011, the EU announced it would pursue a "deep and comprehensive free-trade agreement" with Tunisia. As of June 2020, negotiations are still ongoing.

Tunisia has signed a number of agreements to facilitate trade and to guarantee investments and trade in goods. The Agadir Agreement, a framework agreement with Egypt, Jordan, and Morocco signed in 2004, allows free trade among the signatory countries. Tunisia has separate bilateral free-trade agreements with Algeria and Libya, but trade with Algeria is still low, while trade with Libya has dropped precipitously since the Arab Spring. Algeria and Libya accounted for only 4% and 1% of Tunisia's total trade, respectively, in 2018. Tunisia is also a member of the Arab Maghreb Union (AMU), which consists of Mauritania, Morocco, Algeria, Tunisia, and Libya. Although mainly a political organization, the AMU nominally allows duty-free trade among members, but some barriers to trade remain. In March 2019, Tunisia's Parliament ratified the country's official accession to the Common Market for Eastern and Southern Africa (COMESA, a joint free-trade area with twenty member states stretching from Libya to Swaziland). Moreover, Tunisia is seeking membership in the Economic Community of West African States (ECOWAS), and is a signatory of the African Continental Free Trade Area (AfCFTA).

Although Tunisia and Libya agreed in 2010 to remove all administrative and financial obstacles that hinder the movement of goods and people, both countries' subsequent revolutions and continued unrest in Libya have disrupted progress. In 2018, Tunisian exports to Libya increased by 37.6% from 2017, while imports from Libya increased by 58%. Tunisia is a net importer of oil, and prior to the 2011 revolution, it sourced about 25% of its crude oil from Libya at a preferential price.

Licensing Requirements for Professional Services

Non-Tunisian nationals must have an employment permit to work in Tunisia. Employment permits are based on formal work contracts. Per Article 8 of Law 68-7, foreigners must receive an authorization from the competent ministry in order to practice a profession or perform a remunerated service in Tunisia.

Web Resources

National Statistics Institute (INS) www.ins.nat.tn

National Institute for Standardization and Industrial Property (INNORPI) [which covers trademark and patent issues] www.innorpi..tn

Official Journal of the Republic of Tunisia (JORT) www.iort.gov.tn

Ministry of Industry and Trade www.commerce.gov.tn

Export Promotion Center (CEPEX) www.cepex.nat.tn

Selling US Products and Services

Distribution & Sales Channels

Overview

Tunisian law does not allow wholesale or retail marketing by foreign businesses. The GOT restricts domestic market distribution to Tunisian nationals. Every joint venture with a foreign investor is considered an exception subject to a license dependent on the benefits of the project to the Tunisian economy. For example, licenses were necessary for the opening of foreign-branded hyper/supermarkets established under joint ventures, such as Carrefour, Géant, and Monoprix. Legislation designed to protect smaller businesses from such competition limits the number of hypermarkets authorized in a specific area.

Although the traditional distribution network, based on over 210,000 neighborhood grocery shops scattered throughout the country, continues to dominate the Tunisian market, modern distribution channels are growing rapidly. Hypermarkets now represent 20% of the Tunisian retail sector, and the GOT's stated goal is to increase the level to 50% in the coming years. Currently, there are more than 750 modern food retail outlets: five hypermarkets;

560 supermarkets; and 185 'superettes' (self-service food outlets of less than 500 square meters). Fresh fruits and vegetables as well as seafood products are also sold in local outdoor markets. The creation of three more hypermarkets valued at $300 million is expected by 2022.

Merchandise distribution in Tunisia is well organized. Ninety percent of Tunisia's foreign commercial trade is conducted by sea. Most incoming and outbound trade passes through Rades Port, the country's principal container facility, which handles 76% of the country's container (twenty-foot equivalent unit (TEU)) traffic. The port of Sfax, Tunisia's second-largest city and a large commercial center, also handles a limited amount of container traffic. Other active ports are Sousse, Gabes, Skhira, Bizerte, and Zarzis. The port of Skhira specializes in petroleum transport. The ports of Bizerte and Zarzis have associated free-trade zones. The state-owned enterprise Compagnie Tunisienne de Navigation is the principal shipping company in Tunisia. The Tunisian Port Authority (Office de la Marine Marchande et des Ports) oversees the management of ports.

The major freight center at Tunis-Carthage Airport handles 97% of the country's air freight. Tunisia enjoys a fairly advanced network of roads and railways to facilitate transportation and distribution to all parts of the country.

Using an Agent to Sell US Products and Services

The utilization of well-informed and connected local agents/distributors is crucial for succesful introdution of products into Tunisia. Their knowledge of the local market and players can make the difference between commercial success and failure. To assist U.S. firms in finding potential partners, U.S. Embassy Tunis, a U.S. Foreign Commercial Service Partner Post, provides services such as International Company Profiles (ICP), International Partner Searches (IPS), and Gold Key Matching Services (GKS).

Many Tunisian businesses are family-owned or -controlled. While some might welcome foreign investment in distribution or marketing ventures, they may be resistant to ceding control to foreigners. Distribution or marketing contracts should be very specific about financial obligations and performance measurements. U.S. firms should also consider establishing contracts to cover a probationary period for any prospective partner.

Tunisian commercial legislation contains provisions designed to protect minority shareholder interests. With few exceptions, exclusive distribution contracts in Tunisia are forbidden by law.

Establishing an Office

The GOT's Investment Promotion Agency (API) offers a "one-stop shop" service to investors seeking to register a business in the country. Generally, it takes about two weeks to complete the process. Some procedures can be completed online. Investors, however, have complained of delays, lack of transparency regarding rules and fees, and other bureaucratic complications. Companies should obtain the advice of a local lawyer before starting the process. The U.S. Embassy maintains a list of English-speaking attorneys.

Establishing a company is only the initial step toward commencing operations in the Tunisian market. Firms may need to complete a wide range of regulatory, licensing, and logistical procedures before introducing their products or services on the market. This can be a long process, but the active involvement of API, the Foreign Investment Promotion Agency (FIPA), and the Tunisian Investment Authority (TIA) can accelerate procedures considerably.

FIPA's simplified procedures are not applicable to all commercial activities. Ministerial decree #417 of May 2018 gives details of activities requiring government authorization. The list includes activities in natural resources, construction materials, transportation by land, sea, and air, banking, finance, insurance, hazardous and polluting industries, health, education, and telecommunications.

Franchising

Most retailers of foreign brands operate solely as product distributors. The Tunisian private sector generally has little understanding of the franchising concept. However, increasing numbers of Tunisians are showing interest in franchising and participate in international franchise shows.

With the assistance of the U.S. Department of Commerce's Commercial Law Development Program (CLDP), legislation passed in 2009 to improve the legal framework for franchising. The GOT views the establishment of a franchise-friendly environment as a priority for spurring economic growth among Tunisia's small and medium enterprises. In serving the Tunisian market, franchises may now operate like any other foreign business. Tunisia is poised to see significant growth in this sector.

The Tunisian Ministry of Commerce has responsibility for franchise-related contracts. The Ministry maintains a "positive list" that includes retail, distribution operations, hotels, tourism, training, teaching, vehicle servicing, and beauty salons. Franchises on this list can operate in Tunisia without prior authorization. Three key sectors, however, are not on the list: food and beverage; real estate; and advertising. To operate a franchise in these sectors, one must receive Ministry approval on a case-by-case basis. To the Embassy's knowledge, no application from a Tunisian franchisee for a U.S. franchise has ever been denied. When adjudicating an application, the Ministry weighs factors such as local competition, job creation, and value added to the national economy.

As of mid-2020, the GOT had confirmed authorization for 28 foreign franchises not on the pre-approved list, of which 13 were American. These include real estate broker Re/Max, advertising company Sign-A-Rama, and the food companies Burger King, KFC, Pizza Hut, Fatburger, Chili's, Papa John's, and Johnny Rockets.

Created in 2010, the Tunisian Franchise Association (TFA) is the sector's principal lobbying entity. The Tunis Chamber of Commerce and Industry (CCIT) works with the TFA and CLDP to organize an annual franchise conference in Tunisia, which is held each year in the beginning of December.

Direct Marketing

Business in Tunisia remains largely dependent upon personal relationships. Although direct marketing is increasing, customers increasingly expect access to after-sales services and are sometimes reluctant to purchase new products, technologies, or brand names in the absence of a local representative.

Joint Ventures/Licensing

When selecting a local partner, U.S. companies should be rigorous in conducting due diligence. There are several examples of successful U.S./Tunisian joint ventures. The Embassy recommends, however, that U.S. firms retain management control of any joint venture company. Joint venture agreements should also clearly establish a binding dispute settlement procedure (such as referring cases to the International Court of Arbitration) acceptable to both parties. Licensing agreements have also worked well but may require periodic visits to ensure adherence to quality control and other standards.

Express Delivery

Reliable courier services are available in Tunisia through both international and local express delivery services. Express service points are found in several locations around the country. Average delivery time from Tunisia to most parts of the U.S. is about four days.

Customs monitors all parcels. The de minimis value for Tunisia below which no duty or tax is collected is 50 Tunisian dinars (approximately $17).

Due Diligence

Market research firms and certified public accountants affiliated with major international companies are present in Tunisia. These companies can supply limited credit information on a selective basis. However, it may be difficult to perform due diligence on Tunisian banks, agents, and customers. Banks will not provide information on business clients without explicit permission from the clients themselves, and then may only provide limited details. Credit checks and reports are neither standardized nor readily available.

U.S. companies that require due diligence investigations are encouraged to contact the U.S. Embassy in Tunis and inquire about its International Company Profile (ICP) service. The ICP service can provide extensive background information about a Tunisian company, including its capital, principals, foreign clients, and market share, but the financial details provided by the company's bank are usually vague.

eCommerce

Overview

Tunisian credit cards are not approved for transactions in currencies other than the dinar and therefore cannot be used for purchases made on foreign commercial internet sites. Debit and credit cards can be used for domestic internet payment for services, but cash on delivery remains the most common payment option.

The Tunisian postal service operates an electronic payment system called the e-dinar. Customers establish an account and replenish it by purchasing credit at a post office. Many public services in Tunisia can be paid using e-dinars. Restrictions on international payments due to Tunisia's foreign exchange regulations as well as the non-convertibility of the dinar prevent Tunisian residents from making transactions on international e-commerce sites such as eBay, Amazon, and AliExpress unless they possess a "digital technology charge card" issued by the GoT and made available through the Start-Up Act.

Assessment of Current Buyer Behavior in Market

Most Tunisian banks allow account holders to use bank-affiliated credit and debit cards to make domestic online purchases denominated in dinars. The Tunisian dinar is a non-convertible currency, so on-line purchases in foreign currency are not allowed, and few Tunisians make cross-border purchases via eCommerce. In recognition of this limitation, the Ministry of Communication Technologies and Digital Economy launched a Digital Technology Charge Card in May 2015 for Tunisians with college degrees, which allows these cardholders to make online purchases of software, mobile applications, web services, and publications in support of entrepreneurial activities. Individual users are limited to 1,000 dinars (about $344) in annual purchases. The program has been expanded to include Tunisian IT companies, which are allotted up to 10,000 dinars (about $3,440) annually to purchase on-line services, including server hosting and freelance programming services. In September 2018, Parliament passed the Start-Up Act, which permits qualified companies to purchase up to 100,000 Tunisian dinars' ($34,400) worth of foreign goods in foreign currency using the "digital technology charge card."

Local eCommerce Sales Rules & Regulations

Domestic eCommerce (B2C)

The general lack of credit cards and online payment systems has resulted in Tunisia's eCommerce markets remaining largely local, with online orders paid for with cash on delivery. Tunisians prefer to pay as goods are delivered due to concerns about quality of goods, reliability of delivery, and lack of a regulatory infrastructure to demand refunds if the goods are not as promised. Most Tunisian banks offer account holders bank-affiliated credit and debit cards that can be used on domestic websites only. General purpose eCommerce retail sites similar to Amazon do not exist in Tunisia, but rather individual retailers and service providers offer their own online checkout systems tailored to Tunisian credit and debit cards.

According to the United Nations Conference on Trade and Development's (UNCTAD) B2C eCommerce index for 2019, Tunisia ranks 70th of 151 countries, first in the Arab Maghreb Union, second in Africa, and ninth among Arab countries.

Cross-Border eCommerce

Given the Tunisian dinar's status as a non-convertible currency, cross-border eCommerce purchases are not possible except with specific authorization from the Tunisian Central Bank, which has historically opposed such transactions. Following passage of the Start-Up Act, the Central Bank outlined a procedure for qualified companies to open hard-currency accounts. However, cross-border eCommerce purchases are negligible.

B2B eCommerce

Most Tunisian businesses have a limited online presence and are more likely to have Facebook pages advertising goods and services than a website. In addition, the general lack of credit cards and on-line payment systems has left Tunisia's domestic B2B eCommerce markets underdeveloped.

eCommerce Services

Tunisia's eCommerce services are generally limited to the domestic market and often centered in Tunis and other large urban areas. The COVID-19 pandemic and related social-distancing measures created a surge in demand for online shopping businesses such as Founa, lemarché.tn, and Jumia. As they struggled to keep up with customer demand, new partnerships were formed among smaller local retailers to meet demand. Transportation start-ups such as Intigo, OTO, Bolt, and e-taxi services expanded in Tunis during the pandemic as well. These companies partnered with retailers and restaurants to offer home-delivery options.

eCommerce Intellectual Property Rights

Tunisia's National Institute for Standardization and Industrial Property recognizes and enforces foreign patents registered in Tunisia, including those dedicated to eCommerce. Tunisian law affords foreign businesses treatment equal to that afforded Tunisian nationals. Tunisia has also updated its legislation to meet the requirement of the WTO agreement on Trade-Related Aspects of Intellectual Property (TRIPS). For the ".TN" country-specific top-level domain name, the Tunisian Internet Authority responds to complaints of cybersquatting from trademark owners and will transfer domain registrations to complainants upon demonstration that the accused website is used to pass off counterfeit goods.

Local eCommerce Business Service Provider Ecosystem

Popular eCommerce Sites

The most popular local eCommerce site is jumia.com.tn, which is the only eCommerce site in the top 20 internet sites in Tunisia, according to data from Alexa. Other local websites include Founa and lemarché.tn.

Online Payment

Until recently, Tunisian law had mandated that only certified financial institutions with banking licenses were allowed to manage financial transactions. Consequently, electronic payment platforms required participation from at least one Tunisian bank, with payments only between existing Tunisian bank accounts. Central Bank circular 2018-16, issued on December 31, 2018, allowed new e-payment providers to enter the market.

The GoT is making efforts to promote digital payments. In May 2019, the Ministry of Finance introduced a set of new digital services to facilitate the payment of bills, taxes, and other charges by citizens and businesses. These digital services, launched by the Ministry of Finance, are part of the national strategy to reduce the use of cash and increase electronic payments.

Mobile eCommerce

Mobile phone network providers Ooredoo, Orange, and Tunisie Telecom have created on-line accounts through which users can purchase data and phone services using domestic bank accounts and pre-paid mobile cards. Funds can also be moved from one user's account to another within the same network. In April 2018, The Ministry of Communication Technologies and Digital Economy announced the gradual start of mobile money-transfer services by telecom operators among bank and postal accounts.

As a result of social-distancing measures to combat the spread of COVID-19, the Ministry of Finance issued "digital wallets" linked to individuals' national identity numbers that allow every Tunisian to receive money and make digitial payments.

Digital Marketing

Tunisia's Digital Technology Charge Card program, launched by the Ministry of Communication Technologies and Digital Economy in May 2015, allows users to purchase digital marketing services on-line. Business contacts note that this program has allowed them to purchase targeted "key word" advertising services directly from companies such as Google and Facebook. The program remains limited, however, as participating marketing companies within Tunisia quickly exceed their yearly allowances of 1,000 dinars (about $344) per individual or 10,000 dinars (about $3,440) per IT company. Permission to exceed this amount requires a formal request to the Ministry of Communication Technologies and Digital Economy and final approval from the Tunisian Central Bank, which is rare.

Major Buying Holidays

There are no significant consumer "buying holidays" for eCommerce in Tunisia. During the month of Ramadan, Tunisian consumption increases by 25% across all consumer categories. Black Friday was also introduced in 2018 and is becoming a major buying day.

Social Media

Tunisia's social media climate is open, voluminous, and lively. Facebook enjoys a dominant market position, with most Tunisian businesses and individuals maintaining an active online presence through the free platform to promote products and services and communicate with customers rather than hosting their own websites. Twitter is popular amongst the intelligentsia and closely followed by political figures and media. In March 2017, Facebook and Google reached a deal with leading Tunisian Internet provider TOPNET to host content on Tunisian servers, which will allow the companies to more quickly serve the growing content demands of Tunisia's Internet users. WhatsApp and Instagram are also popular social media outlets.

Selling Factors & Techniques

Overview

Although Tunisia's official language is Arabic, French is widely spoken in commerce. Many Tunisians also speak some English, Italian, and/or German. Business documentation should be written in French. Email remains the favored means of business communication among private companies. Tunisian authorities are increasingly using email for business communication; however, it is common for government agencies and some businesses to use fax and letters for correspondence.

Trade Promotion and Advertising

Marketing/advertising opportunities include sporting event sponsorship, industry-specific trade fairs, direct mail and email, outdoor/vehicle advertising, print media, and electronic media. Company sponsorship of television programs, particularly locally produced programs, is growing rapidly. Local print media in Tunisia accept paid advertising. Local attorneys or marketing specialists can advise foreigners on the acceptability of various aspects of a promotional campaign.

For marketing purposes, urban society in Tunisia is heavily influenced by European standards. Broadcast media have begun to saturate the listener and viewer markets. The state-run Tunisian broadcasting authority, ERTT, broadcasts three Arabic-language television channels. Satellite television is very popular, and many private radio and TV stations have launched in the past 10 years, particularly following Tunisia's 2011 revolution. Radio Zaitouna, one of Tunisia's most popular radio stations, features mostly religious content and often advertises Islamic services in Umrah (the shorter version of pilgrimage to Mecca), banking, and "takaful" insurance, a co-operative system of reimbursement in case of loss.

Foreign commercial television advertising is accepted, but under stricter standards than for print media. For advertising in newspapers, on websites, on private radio stations, and on private TV channels, the cost is equal for foreign or local-origin goods.

Legally, the dominant portion of any storefront sign must appear in Arabic. However, in practice, dominant French- and English-language signs are widely used. This policy is irregularly enforced.

Pricing

Except for most subsidized goods, products in Tunisia's urban markets are priced at levels roughly equivalent to or slightly below prices in major U.S. urban centers.

U.S. durable goods (e.g., machine tools and generators) are available on the Tunisian market and tend to be significantly more expensive than European or Asian models. While the base price for many of the Asian models is lower, the price advantage for European products is mostly due to the duty-free import of EU products into Tunisia under Tunisia's Association Agreement with the EU, as well as European firms' lower transportation costs.

U.S. suppliers of manufactured goods have appeared reluctant to deal directly with Tunisian distributors for a variety or reasons, including differences of language and business culture. Local distributors have expressed strong interest in eliminating the "middleman" European offices that have responsibility for regional market and dealing directly with Amercian companies.

Sales Service/Customer Support

Tunisian consumers are becoming accustomed to after-sales services and frequently expect a high degree of customer support. Consumer protection in Tunisia is based on legislation passed in 1992 (Law 1992-117). A government-designed standard sales contract outlines requirements for retail and manufacturer product guarantees. This model contract was included as an annex to a 1999 law requiring specific clauses in all guarantees of electronic and household equipment. The law stipulates that technical instructions be provided in Arabic and French or English. The contract also serves as a warranty and includes a schedule of required reimbursements if faulty merchandise cannot be adequately repaired within 15 days of notification from the consumer. Application of this legislation is not uniform.

Local Professional Services

Although the Embassy is not authorized to recommend any particular individual or company, it maintains a list of local attorneys and translators who have experience working with U.S. companies and interests in Tunisia. The list is available at this link: https://tn.usembassy.gov/u-s-citizen-services/local-resources-of-u-s-citizens/attorneys/.

Principal Business Associations

The following business associations accept U.S. company membership and are considered major players in lobbying for foreign and local businesses with the government:

- The American Chamber of Commerce in Tunisia (AmCham Tunisia): www.amchamtunisia.org.tn
- The Tunisian Association of Industry, Trade, and Handicrafts (UTICA): www.utica.org.tn
- The Tunisian Confederation of Citizen Enterprises (CONECT): www.conect.org.tn/
- Tunisia Africa Business Council (TABC): http://tabc.org.tn/
- Tunis Chamber of Commerce and Industry (CCIT): www.ccitunis.org.tn
- Arab Institute of Business Leaders (IACE): www.iace.tn

Limitations on Selling U.S. Products and Services

All Tunisian citizens can own, buy, and sell U.S. products and services in the manufacturing or services sectors. No particular limitations apply.

Trade Financing

Methods of Payment:

Local law prohibits the export of foreign currency from Tunisia to pay for imports prior to the presentation of bank documents confirming that the merchandise was shipped to the country. Usually a freight forwarder or Tunisian Customs documents fulfill this requirement. In past transactions, U.S. exporters have used confirmed irrevocable letters of credit, or letters of credit that authorize "payment against documents."

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at **www.Export.gov/TradeFinanceGuide**.

Banking Systems:

The Tunisian banking sector is composed of 30 banks, 12 of which are publicly traded on the Tunisian stock market. The largest banks are the state-owned Société Tunisienne de Banque (STB), Banque Nationale Agricole, and Banque de l'Habitat (BH), which collectively represent 40% of banking assets and 34% of banking sector deposits. The Central Bank of Tunisia (CBT) strictly regulates the country's banks. The CBT insists bank reserves and balance sheets comply with international standards. All Tunisian banks are under pressure to improve their performance and balance sheets. Recent bank actions include continued reductions in non-performing loan (NPL) ratios, implementation of tighter credit risk controls, enhanced recovery procedures, and upgrades of under-developed IT applications.

Parliament adopted a new Central Bank Statute in May 2016, as well as laws regarding recapitalization of BH and STB in August 2015. Other recent reforms include mandates for financial stability, consumer protection, and emergency liquidity assistance to insolvent banks, as well as a macro-prudential oversight committee to ensure the banking system's overall stability.

Despite these reforms, the Tunisian banking system remains fragile. According to the CBT banking supervision report, the overall capital adequacy ratio of the Tunisian banking system, which measures the ratio of banks' capital to their risk, stood at 11.8% in 2018, over the regulatory requirement of 10%. NPLs rose to 13.4% of total loans by value in 2018.

Public banks are structurally illiquid due to low deposit growth, which increases their recourse to CBT refinancing.

Foreign Exchange Controls:

The Tunisian dinar is convertible for current-account transactions. Companies or individuals engaging in foreign trade can apply to the CBT for a convertible currency account. Foreign investors may freely repatriate profits and proceeds from the sale of equity, but other transfers may be subject to Central Bank authorization, and delays may occur in repatriation. Most trade-related transactions are conducted through letters of credit or bank transfers without difficulty.

Royalty payments must be approved by relevant government ministries in consultation with the CBT on a case-by-case basis. Royalty rates reflect the estimated value of the involved technology and the duration of the particular contract.

U.S. Banks and Local Correspondent Banks:

Citibank is the only U.S. bank operating in Tunisia. It has both onshore and offshore branches, with offices in Tunis and Sfax. The bank deals with onshore corporate clients only.

Most Tunisian banks maintain a correspondent banking relationship with one or more U.S. banks. Several of them also work with Western Union and Moneygram for the transfer of funds into and out of Tunisia.

The Export-Import Bank of the United States (EXIM) offers trade financing solutions and support to U.S. businesses exporting goods and services to Tunisia. For more details please visit https://www.exim.gov/.

Protecting Intellectual Property

Tunisia is a member of the World Intellectual Property Organization (WIPO), signatory to the Patent Cooperation Treaty, and party to the Madrid Protocol for the International Registration of Marks. The National Institute for Standardization and Industrial Property (INNORPI) is the agency responsible for patents and trademarks; the Tunisian Copyright Protection Organization is the agency responsible for copyrights; and the Tunisian Internet Authority is the agency responsible for administering the .TN country-specific top-level domain name.

Tunisia's various intellectual property laws enshrine the equal treatment of foreign registrants and Tunisian nationals. Registration and maintenance requirements for Tunisian patents, trademarks, and copyrights are straightforward and relatively inexpensive when compared to similar requirements in the United States. The creation of a specialized intellectual property court in 2014 employing judges and court clerks with specific training and expertise in handling intellectual property cases has also significantly increased the speed and quality of legal enforcement decisions for U.S. clients, with numerous high-profile wins for companies claiming trademark infringement in connection with counterfeit goods.

In 2016, Tunisia signed an agreement with the EU that allows automatic patent protection in Tunisia for European patent applications through the European Patent Organization. The agreement went into effect in December 2017.

In any foreign market, companies should consider several general principles for effective protection of their intellectual property. Please see Protecting Intellectual Property and Stopfakes.gov for more resources.

- IP Attaché Contact for the Middle East & North Africa:
  Name: Peter Mehravari
  Address: U.S. Embassy, P. O. Box 77, Safat 13001, Kuwait
  Telephone: +965 2259-1455
  E-mail: peter.mehravari@trade.gov

- For more information, contact ITA's Office of Intellectual Property Rights Director Stevan Mitchell at Stevan.Mitchell@trade.gov.

Selling to the Public Sector

Selling to the Government

The GOT conducts the majority of its international purchases through public international tenders. These tenders are published widely in the local media. Government decree #34 of May 2018 imposed on all ministries, non-administrative public institutions, and state-owned companies the use of the Tunisian e-procurement system (http://www.marchespublics.gov.tn/onmp/content/index.php?lang=en).

Best prospects for U.S. businesses are highlighted on the Department of State's Business Information Database System (http://bids.state.gov) and available on the U.S. Embassy business webpage: https://tn.usembassy.gov/business/.

Tunisian legislation permits the granting of certain contracts without recourse to public tender, and some companies have had success approaching the public sector with public-private partnership proposals.

Tunisia's Association Agreement with the EU bars non-EU companies from certain major tenders receiving EU financing. Tunisian government agencies tend to adhere to tender regulations and specifications.

U.S. bidders on Tunisian tenders should not assume that potential customers are looking to the bidders to design solutions to a given problem. Tunisian government agencies typically arrive at desired solutions through pre-tender studies and then solicit specific equipment or services. Favorable financing terms often trump other factors normally considered for tenders, such as history with the bidder or type and proven reliability of a certain technology.

Submitted bids that do not meet tender specifications, even if technically superior to the solicited proposal, usually will be disqualified. Bids that are not delivered by the tender deadline may be disqualified without further consideration. U.S. bidders interested in submitting proposals that deviate from the original required specifications should do so only as a clearly identified alternative and ensure that it does not disqualify them from the main offer.

The GOT has a reputation for lengthy negotiations, and U.S. firms are advised to take this into consideration upon submitting their initial bids. Bid bonds between 1% and 10% of the bid value are common on government contracts. The government will generally adhere as strictly to the specifications of the contract as it does to the tender specifications. It will expect similar adherence from the contractor. Since 2011, government ministries have a certain degree of autonomy in selecting top bids, although the Commission Supérieure des Marchés, a quasi-independent contracting oversight office at the Prime Ministry, will ultimately confirm who wins a tender after performing its own due diligence. Some major contracts may require approval by Parliament.

U.S. firms should be aware of the factors that influence the government's evaluation of bids, including:

- Job creation
- Contribution to the local economy via investment in or partnership with a Tunisian entity
- Transfer of skills or technology
- Long-term financial impact (cost, financing packages, impact on the trade balance)
- Geographical location – investments serving underprivileged areas of Tunisia will likely be favored

While U.S. bids have typically been competitive on price and technology, European firms historically have benefited from stronger financing packages and links to the local economy. Both U.S. and European companies may face challenges when competing with companies backed by governments, such as China, that may offer generous financing programs because they are not bound by Organization for Economic Cooperation and Development (OECD) regulations.

Recent cases have demonstrated a lack of transparency and delays in the decision-making process in various types of tenders, particularly in the power sector. However, there is no evidence that indicates American companies have specifically been targeted or intentionally placed at a disadvantage in Tunisia.

Tunisia is neither a party to the WTO Agreement on Government Procurement nor a party to a free-trade agreement (FTA) with the United States.

Advocacy

U.S. companies bidding on government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center, coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of U.S. Commercial Service representatives worldwide and interagency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or U.S. Government agencies expressing support for U.S. bidders directly to the foreign government. Consult Advocacy for Foreign Government Contracts for additional information.

Financing of Projects

Project financing is generally available for established borrowers. However, Tunisian banks are often reluctant to deal with newer firms. Bankers describe the Tunisian market as one in which the supply of short-term commercial credit exceeds demand, although a significant lending gap is evident for start-ups and small and medium-sized businesses that do not have land or other types of traditional secured collateral. Private equity and microfinance are underdeveloped in Tunisia. This limits financing options for entrepreneurs and businesses.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial

Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult Advocacy for Foreign Government Contracts for additional information

For U.S. exporters to Tunisia, financing facilities are available through the Export-Import Bank of the United States (EXIM). While EXIM lending has focused largely on transactions with state enterprises, EXIM is seeking greater private sector involvement in Tunisia. U.S. companies competing for government tenders are advised to work closely with the U.S. Embassy in Tunis and EXIM once evidence of a foreign competitor's ability to obtain concessionary financing becomes clear.

Excellent financing terms offered by European and Asian suppliers present an obstacle for U.S. companies. However, EXIM will strive to match concessionary financing from foreign competitors' governments.

The U.S. International Development Finance Corporation (DFC) is operational in Tunisia and provides financing for private development projects. The DFC consolidates and modernizes the Overseas Private Investment Corporation (OPIC) and Development Credit Authority (DCA) of the United States Agency for International Development (USAID).

The DFC is equipped with an investment cap of $60 billion and new financial tools, including equity financing, technical assistance, feasibility studies, and use of local-currency loans.

From the prior OPIC portfolio in Tunisia the DFC currently has an active $50 million credit-guarantee facility with local banks to increase access to finance for SMEs. The DFC is also working on the design of a new generation of credit-guarantee facilities for 2020 and 2021 to support Tunisian SMEs.

The U.S. Trade and Development Agency (USTDA) assists U.S. firms seeking contracts in the Tunisian market. USTDA's services include funding for conducting feasibility studies, conditional training grants, and trade development missions.

U.S. companies may also take advantage of procurement opportunities in Tunisia funded by multilateral development banks.

Multilateral Development Banks and Financing Government Sales

Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from Multilateral Development Banks (MDB). A helpful guide for working with MDBs is the **Guide to Doing Business with the Multilateral Development Banks**. The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of three different MDBs: the African Development Bank; the European Bank for Reconstruction and Development; and the World Bank.

Learn more by contacting the:

- Commercial Liaison Office to the African Development Bank
- Commercial Liaison Office to the European Bank for Reconstruction and Development
- Commercial Liaison Office to the World Bank

Business Travel

Business Customs

Tunisia is a fairly open society, and most business practices resemble those of Europe. The business environment is formal. Business suits are recommended, and company representatives should always have business cards available.

Exchange of inexpensive gifts is common practice, but U.S. business representatives should refrain from offering high-value items.

Travel Advisory

See Tunisia's Country Specific Information webpage at:

https://travel.state.gov/content/passports/en/country/tunisia.html

Visa Requirements

U.S. business travelers generally do not need a visa for stays in Tunisia of less than 90 days. A traveler who wishes to live and work in Tunisia must appear at the local police station to obtain a residency card. The Ministry of Development, Investment, and International Cooperation can help expedite the residency and/or work permit process for foreign investors. By law, these permits are valid for only one year and renewable for one additional year by application.

The U.S. Embassy in Tunis is committed to facilitating valid business travel by qualified Tunisian nationals to the United States. Generally, travel that qualifies for a business (B-1) visa includes consultations with business associates; attendance at scientific, educational, professional, or business conventions, or conferences on specific dates; contract negotiations; or participation in short-term training. Applicants are encouraged to apply well in advance of intended travel. The Embassy's website outlines the nonimmigrant visa application process and offers links to the required online forms and appointment system.

U.S. companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links:

State Department Visa Website

Embassy Non immigrant Visa Page: https://tn.usembassy.gov/visas/nonimmigrant-visas/

Visa Appointment Website: http://www.ustraveldocs.com

Currency

Tunisia's local currency is the Tunisian dinar (TND), which is divided into 1,000 millimes. All major credit and debit cards including Visa and MasterCard are widely accepted, though cash is the more common means of payment. Vendors may require additional identification, such as a passport, for use of a credit card.

ATMs are commonplace in cities and towns, on the street, in retail outlets, and at some gas stations. Visitors should be aware that bank transaction fees may apply. Traveler's cheques are not generally accepted for purchases. Visitors should inquire about the policy of the bank, hotel, or store before seeking to cash a personal check.

For currency or other numerical quantities, a point (i.e., a period) is commonly used to mark off the thousands position and a comma to denote millime amounts; for example, "1.234.567,890 TND."

Telecommunications/Electronics

Access to high-quality telecommunications services, particularly high-speed/high-capacity data transmission and the internet, is widely available. Tunisia uses GSM cellular phone technology, although 3G and 4G network services are available. Many U.S. cellular companies provide roaming service to Tunisia, though verification of availability with a particular carrier is advised prior to travel. International calling cards do not work in Tunisia.

Six private Internet Service Providers are licensed by the GOT. Broadband connections have recently been made available to private customers. In 2019, there were about 10.3 million internet subscribers, 87% of which (9 million) subscribed through smartphones.

Voice over Internet Protocol (VOIP) services are available in Tunisia and provided by the telecom operators (Tunisie Telecom, Lycamobil, Ooredoo, and Orange). The use of VOIP technologies and applications such as Skype, Messenger, and WhatsApp is permitted.

Transportation

Tunisia has relatively well-developed transportation infrastructure that includes eight international airports. Tunisia's principal airport gateway is Tunis-Carthage International Airport, situated eight kilometers from the center of Tunis, the capital city. Other international airports are Monastir-Habib Bourguiba, Djerba-Zarzis, Tozeur-Nefta, Sfax-Thyna, Tabarka, Gafsa-Ksar, and the most recent, Enfidha. These airports handle tourism-related charter flights from Europe and are mostly seasonal.

The national airline, Tunisair, started direct flights between Tunis and Montreal in June 2016. In 2014, Tunisia and China signed an agreement to allow direct flights between the two countries, but scheduled flights have yet to start officially.

The railway network is operated by the public sector company Société Nationale des Chemins de Fer Tunisiens, and Société de Transport de Tunis (TransTu) operates the light-metro railway. TransTu also runs the public urban railway and bus transport system in Tunis.

A 53-mile high-speed train network, dubbed Rapid Railway Network (RFR), is under construction in Greater Tunis, using EU funding. The first 11.5-mile portion of the network is scheduled for completion by the end of 2020.

Tunisia's road network is well developed. Major toll highways have been constructed, are under construction, or are in the planning phase. The highways link the major coastal population centers to the interior.

Although overall road and telecom infrastructure in Tunisia is developed, regional disparities exist. Rural areas in south and central Tunisia lag behind the major urban centers on the coast.

Language

The official language in Tunisia is Arabic, but French is widely spoken and serves as the language of commerce. An increasing number of Tunisians speak English, Italian, and/or German.

Health

Except when specialized care is required, most illnesses can be treated locally. Private clinics in Tunis and other major urban centers feature Western-trained physicians. However, Western-style trauma care is not available, and the number of intensive care units is limited. Food standards are fair, and potable water is available for 84.5% of the population. Bottled water is inexpensive and readily available.

Local Time, Business Hours and Holidays

Tunisia is GMT+1.

Business hours are:

<u>Government</u>

Winter	Mon-Thurs	08:30 – 12:30 and 13:30 – 17:30
	Friday	08:00 – 13:00 and 14:30 – 17:30
*Ramadan** and Summer (July/August)*		
	Mon-Thurs	08:00 – 15:00
	Friday	07:30 – 13:00

<u>Private Sector</u>* (including banks)

Winter	Mon-Fri	8:00 -12:00 and 14:00 -18:00
Summer (July/August)	Mon-Fri	7:00 13:00
*Ramadan***	Mon-Fri	8:00 15:00

* Many private companies are moving towards a shorter break in the middle of the day, with the close of business brought forward to 17:00.

Major Tunisian secular holidays are as follow:

Tunisian Revolution Day and Youth Day	January 14
Tunisian Independence Day	March 20
Martyrs' Day	April 9
Labor Day	May 1
Republic Day	July 25
Women's Day	August 13
Evacuation Day	October 15

The following religious holidays are also observed. Actual dates are based on the lunar calendar and vary from year to year (o/a = on or about).

Dates for 2020 are:

Eid Esseghir (El Fitr) (three days) o/a	May 23, 24, 25
Aid El Kebir (El-Idha) (two days) o/a	July 31, August 1
Ras El Am El Hijri (one day) o/a	August 20
Mouled (one day) o/a	October 29

Temporary Entry of Materials or Personal Belongings

Depending on the legal status of non-residents, temporary entry of materials and personal belongings is permitted. Companies and individuals should verify regulations applicable to their specific status before attempting to bring items into Tunisia.

Investment Climate Statement (ICS)

Please visit the State Department's Investment Climate Statement website.

Political Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

www.state.gov/r/pa/ei/bgn/5439.htm