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U.S. Country Commercial Guides

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Tunisia

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 2016 Tunisia was the United States' 85th largest goods export market. Bilateral trade in goods reached $915.8 million, with U.S. exports to Tunisia totaling $524.2 million. Top U.S. export categories were petroleum products, agricultural products, chemicals, machinery, and transportation equipment. Major imports from Tunisia included apparel, food products (mainly olive oil), and electronics and electrical components.

Tunisia has a diverse, market-oriented economy. According to Tunisia's National Institute of Statistics (INS), real GDP growth in 2016 was 1%, about 0.1% below growth in 2015. Real GDP growth for 2017 is forecasted to slightly increase. Unemployment remains over 15%, with youth and recent college graduates disproportionally represented. The Government of Tunisia (GOT) is focused on bolstering the country's export sector, foreign investment, and tourism. About 75% of Tunisia's exports go to the European Union.

According to the INS, total exports in 2016 increased by 5.6% compared to 2015, mainly a result of the increase in exports of phosphates (+29.1%), mechanical and electrical components (+15.7%), and textile and apparels (+8.3%). In general, energy exports and minerals, mainly crude oil and phosphate, have exhibited high year-to-year variance, depending on production levels and market conditions. Olive oil exports registered a major decrease (-54%).

Tunisia's imports increased by 5.3% in 2016 compared to 2015, mainly a result of an increase in the imports of natural gas (+42%), gas turbines (+90%), and textile and apparels (+11.4%).

Tunisia demonstrated moderate growth of 2.3% in 2014 and 1.1% in 2015. With the adoption of a new constitution in January 2014, the successful presidential and legislative elections in late 2014, and the formation of a coalition government in the beginning of 2015, investors expressed optimism that macroeconomic stability would continue in 2016 and beyond. However, terrorist attacks at tourist sites in 2015 negatively impacted the economy and contributed to a slowing of GDP growth to only 1.1%. In 2016, the Tunisian economy failed to recover, growing by only 1%. In 2017, the International Monetary Fund (IMF) expects Tunisia's economy to grow by 2.5%.

The Tunisian Parliament passed a new Investment Law (#2016-71) in September 2016 that went into effect April 1, 2017. To encourage good governance of investments, the law provides for the creation of three major institutions: the High

Investment Council, the Tunisian Investment Authority, and the Tunisian Investment Fund. These institutions are scheduled to launch before the end of 2017.

According to the GOT's Foreign Investment Promotion Agency (FIPA), overall foreign investment flows for 2016 surpassed $1 billion, primarily in the form of foreign direct investment (FDI), with about 4% in portfolio investment. This investment stream is 9.4% less than 2015 levels. The energy sector received about 47% of all FDI inflows, while industries (38%) and services (14%) ranked second and third. At 1%, foreign investment in agriculture was insignificant. According to FIPA, these capital inflows (excluding the energy sector) generated 11,273 new jobs in 2016.

France ranked first in 2016 in terms of foreign investment in Tunisia at over $170 million. Germany came in second ($73 million), followed by the UK ($43 million).

About 5.7 million tourists visited the country in 2016, a timid 6.8% increase compared to 2015 (but a sharp 20% decrease compared to 2014, prior to major terrorist attacks on tourist sites). The majority of tourists came from elsewhere in the North Africa region, particularly Libya and Algeria, as well as from Russia. The Western European tourist market has yet to recover to pre-revolution levels. As a result, 2016 overall tourist/bed nights were still significantly lower than capacity. The 2016 slight increase was also reflected in a number of Tunisia's tourist zones, mainly the coastal cities of Monastir (+46%), Djerba (+15%), and Hammamet (+7.4%). Tourist receipts in foreign currency decreased by 3.8% in 2016 compared to 2015 and by 34% compared to 2010. The forecast for 2017 is positive, with many hotels in Tunisia's main tourist zones declared fully booked for the summer season, and the number of tourists who visited the country in January and February has already grown by 19.8% and 38% respectively compared to 2016 levels.

Consumer prices rose by 4.2% in 2016, slightly lower than the rise in 2015 (4.9%). Inflation is expected to be around 5% in 2017.

Tunisia registered a $534 million balance of payments deficit in 2016 compared to $400 million surplus a year earlier. As a consequence, net foreign currency assets at the end of 2016 amounted to $5.3 billion, corresponding to 103 days of imports. Tunisia's 2016 trade deficit (FOB) reached $4.8 billion, worse by 4.6% or about $214 million over 2015.

Market Challenges

The 2016 Investment Law is much shorter and clearer than the previous lengthy and complex Investment Code of 1993. The new law eliminated most approval requirements from the GOT's Higher Committee on Investment to start a business but kept the required authorizations for certain sectors. The full list of sectors requiring approval is under preparation and will be published by the end of 2017.

The Tunisian Central Bank must give prior approval and/or apply restrictions to foreign exchange accounts and operations, though 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.

Heavy government control: Government and state-owned institutions still dominate some key economic sectors, like finance, utilities, and hydrocarbons.

Price regulation and subsidies: The GOT regulates prices of socially important commodities, including sugar, flour, gasoline, propane, milk, and basic cereals. In 2016 Tunisia expended about 2.3% of GDP in transfers and subsidies. More than half of all subsidy expenditures were for basic commodities and are expected to remain at the same levels in 2017; such subsidies were non-discriminatory between rich and poor households.

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

U.S. companies may perceive the Tunisian bureaucracy as cumbersome and slow and find the regulatory environment lacking in coherence and consistency. The GOT decision-making process can be opaque and appear at odds with the government’s official pro-business stance. However, favorable business results can be obtained with adequate planning and sufficiently long lead times.

Imports from the EU often enjoy a considerable price advantage over those from other countries. Most non-food EU products are totally exempt from import duties as a result of Tunisia’s Association Agreement with the EU, which was fully implemented in 2008. U.S. products generally enjoy widespread acceptance among consumers, although their perceived edge in quality and technology can be offset by the additional costs associated with their distribution by European intermediaries and the depreciation of the Tunisian dinar against the Euro and 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 remain generally unfamiliar with financing opportunities available when purchasing U.S. goods. The U.S. Embassy in Tunis works closely with the U.S. Export-Import Bank (EXIM), the Overseas Private Investment Corporation (OPIC), and other U.S. organizations to promote awareness of U.S. financing sources.

Despite lack of familiarity with the market and challenges navigating the bureaucracy, U.S. firms do compete against better-established European companies and win significant Tunisian government contracts, especially in fields demanding cutting-edge U.S. technology. The U.S. Embassy in Tunis actively promotes these sectors as being the most attractive for U.S. companies.

Tunisian law prohibits exporting foreign currency from Tunisia to pay for imports prior to the presentation to a bank of documents confirming that the merchandise was actually shipped to the country. Usually freight forwarder or Tunisian Customs documents serve this purpose. In past transactions, U.S. exporters have used confirmed, irrevocable letters of credit and letters of credit authorizing "payment against documents." U.S. companies should verify with Tunisia's Central Bank (Banque Centrale de Tunisie) whether they are permitted to receive foreign currency payment for services to customers in Tunisia. This issue has been the source of confusion and occasional difficulty for some U.S. companies in Tunisia.

Market Opportunities

Tunisia and the U.S. are signatories to a number of bilateral agreements, including a Convention for the Avoidance of Double Taxation in 1985, a Bilateral Investment Treaty (BIT) in 1990, and a Trade and Investment Framework Agreement (TIFA) in 2002. The two governments are working to update these agreements subject to Tunisia's continued efforts to implement economic reform. Tunisia continues to make significant political progress, including formation of a constitutionally-mandated Supreme Judicial Council and new laws protecting whistleblowers and providing a framework for local elections.

Excellent opportunities exist for potential U.S. investors, especially in sectors that would benefit from U.S. technology (hydrocarbons, power generation/renewable energy, aeronautics, transportation, healthcare, safety and security, and information and communications technologies). To a lesser extent, good commercial prospects may be identified in more labor-intensive, offshore (export-oriented) industries such as textile/apparel manufacture and assembly, agribusiness, and mechanical/electrical equipment. In recent years, call centers directed primarily to European customers have been established in Tunisia. As democratic practices take root in the country, and economic policies are refocused toward development of

Tunisia's interior, opportunities may emerge in infrastructure and investment incentives tied to certain geographic locations.

Due to its moderate Mediterranean climate, beautiful beaches, and outstanding antiquities, Tunisia has an extensive tourism sector. The GOT provides a set of robust incentives for investment in this area. Investment opportunities in tourism include cultural/historical tours, golf packages, and desert tours. Much of Tunisia's tourism infrastructure requires major refurbishment, and niche travel remains underdeveloped in areas away from Tunisia's coastal cities. As the tourism sector rebounds, opportunities may become more evident. Until direct, less expensive flight packages become more widely available, tourism from the United States likely will not expand significantly.

Sales opportunities exist for U.S. agricultural producers. Some bulk commodities such as wheat are highly subject to Tunisia's variable domestic production levels and international competitive market conditions. Corn, soybeans, and some intermediate products such as soybean meal and planting seeds may offer more stable and consistent long-term prospects. U.S. market share of Tunisia's overall agricultural imports currently hovers around 9%. Despite a price competitiveness gap with the EU and other regional producers such as Russia and Ukraine, caused by higher freight costs and preferential access granted to the EU, room for market growth can be exploited.

A sizable market exists in Tunisia for agricultural equipment including tractors, harvesters, and irrigation systems. A GOT decision to privatize grain storage has spurred demand for grain silos and elevators. These represent good opportunities for U.S. suppliers.

U.S. medical equipment, especially in high technology products, may find a receptive Tunisian market. A government program to 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 presents huge potential, especially with the proximity to Europe and Sub-Saharan Africa.

Liberalization of the market for franchises is viewed by the GOT as a catalyst for small and medium enterprise (SME) 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 conditioned upon an additional authorization from the GOT. The Ministry of Industry and Trade has yet to deny a food franchise application.

Tunisia has set a target of obtaining 30% of its power from renewable energy by 2030. The adoption in April 2015 of a new renewable energy law encouraged private businesses to generate and use clean energy. However, investment in the sector has been slow due to delays in the adoption of the law's implementation decrees, which took place in February 2017.

Market Entry Strategy

A company planning to invest in offshore or export-oriented operations in Tunisia faces few obstacles. The GOT's investment promotion authority provides a generous package of incentives for such operations. The government also offers a series of incentives similar to those for offshore enterprises for onshore investment 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, these requirements may be lessened. Under the 2016 Investment Law, projects in certain sectors will be prioritized for rapid approval. The list of these priority sectors is expected to be published in the fall of 2017.

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 also encourages U.S. companies to visit Tunisia prior to entering into a business relationship with a local partner.

Political Environment

Political Environment

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

Selling US Products & Services

Using an Agent to Sell U.S. Products and Services

The utilization of good local agents/distributors is crucial to introducing products into Tunisia. Their knowledge of the local market and local contacts can make the difference between commercial success and failure. To assist U.S. firms in finding potential partners, the U.S. Embassy's Commercial Team, which serves as a U.S. Foreign Commercial Service Partner Post, provides U.S. Department of Commerce 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 they might welcome foreign investment in distribution or marketing ventures, they can be resistant to the idea of ceding management control of existing enterprises 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 the 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

Establishing, or more accurately, registering a foreign company office in Tunisia is relatively simple. The GOT’s Foreign Investment Promotion Agency (FIPA) offers a "one-stop shop" service to investors seeking to establish a business in the country. Generally, it takes about two weeks to complete the process, and some procedures can be accomplished 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 to the market. This can be a long process, but the active involvement of FIPA can speed it up considerably.

FIPA's simplified procedures are not applicable to all commercial activities. The following activities require prior approval from relevant government agencies: fisheries, tourism, transportation, communications, education and training, publishing and advertising, film production, health, real estate development, weapons and ammunition, energy and power production, waste treatment and recycling, and production of wine, tobacco, and food oils.

Franchising

Until recently, Tunisia did not offer an attractive business environment for franchising. Franchises were granted to businesses only on a case-by-case basis -- a potentially corrupt system that dissuaded franchisors from potential deals. As a result, relatively few foreign franchises are found in the country compared with other regional markets. Most retailers of foreign brands operate solely as product distributors. Tunisian businessmen generally have little understanding of the franchising concept. However, increasing numbers of Tunisians are showing interest in the franchise concept; many are beginning to participate in international franchise shows.

Tunisia is poised to see significant growth in the franchise sector. Legislation passed in 2009 with the assistance of the U.S. Department of Commerce's Commercial Law Development Program (CLDP) provides an improved 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 (SMEs). In serving the Tunisian market, franchises may now operate like any other foreign business.

Provisions for franchise-related contracts rest with the Tunisian Ministry of Commerce. The Ministry maintains a positive sector list that includes retail and distribution operations, hotels and tourism, training and teaching, vehicle servicing and repair, and beauty and hygiene salons. Franchises on the list require no prior pre-approval to operate in Tunisia. Three key sectors, however, are not on the list: food and beverage, real estate, and advertising. To operate a franchise in these sectors, potential franchisees must still receive Ministry approval on a case-by-case basis. To Embassy knowledge, no application from a Tunisian franchisee for a U.S. franchise has ever been denied. It is, however, an extra step the franchisee must take in order to establish a franchise in Tunisia. Prior to issuing a final decision, the Ministry weighs such factors as local competition and value added to the national economy.

As of mid-2017, the GOT confirmed authorization for 20 foreign franchises not on the pre-approved list, 11 of them from the U.S. The most recognized U.S. franchises operating in Tunisia include: real estate broker Re/Max, advertising company Sign-A-Rama, and the food companies 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 arm. The Tunis Chamber of Commerce and Industry (CCIT), the business branch of the Ministry of Commerce, works in partnership with the TFA and the Mediterranean Chambers of Commerce and Industry (ASCAME) to organize an annual franchise show in Tunisia. The Tunis Med Franchise Show draws the attention of Tunisian entrepreneurs from all sectors and includes growing participation from foreign franchisors. The next edition of Tunis Med Franchise show will be held at the end of 2017.

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.

Selling to the Government

Many governments finance public works projects through borrowing from Multilateral Development Banks. Please refer to the "*Project Financing*" Section in "*Trade and Project Financing*" for more information.

The GOT conducts the majority of its international purchases through public international tenders. These tenders are published widely in the local media. Best prospects for U.S. businesses are highlighted on the Department of State's Business Information Database System and available on the U.S. Embassy business web page. 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 (PPP) 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 right at the tender deadline may be disqualified without further consideration. U.S. bidders interested in submitting proposals at variance with the tender specifications should do so only as a clearly identified alternative to their principal, fully conforming bid. They should further ensure that submission of an alternative bid does not disqualify the main offer.

The GOT has a reputation for lengthy negotiations, and U.S. firms are advised to allow for this in their initial bid. Performance bonds of between 1% and 10% 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, still has to confirm tender winners after making its own due diligence. Some major contracts may also require approval by Parliament.

U.S. firms should be aware that various factors 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 balance of trade)
- 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 usually benefit from stronger financing packages and links to the local economy. Both U.S. and European companies are disadvantaged by generous financing programs offered by countries such as China that are not bound by Organisation for Economic Co-operation and Development (OECD) regulations.

There are clear examples of a lack of transparency in the decision-making process in various types of tenders, especially in the power sector. However, there is no indication that these have been specifically aimed at disadvantaging U.S. companies.

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (European Bank for Reconstruction and Development, African Development Bank, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the European Bank for Reconstruction and Development, the African Development Bank, and the World Bank. These institutions lend billions of dollars in developing countries to projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders.

Learn more by contacting the Commercial Liaison Offices to the *European Bank for Reconstruction and Development*, the *African Development Bank*, and the *World Bank*.

Distribution & Sales Channels

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 advantages of the project to the Tunisian economy. This process allowed the opening of several hyper/supermarkets, set up under joint ventures, with France's Carrefour and Casino groups (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. They 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 roughly 252 modern food retail outlets: two hypermarkets, 150 supermarkets, and 100 'superettes' (self-service food outlets with area less than 500 square meters). Fresh fruits and vegetables as well as fish products are also sold in local out-door markets known as "souks." The creation of six more hypermarkets with a cost of $670 million and an average sales area of 1500 square meters is expected by 2019.

Merchandise distribution in Tunisia is well organized, with over 90% of Tunisia's foreign commercial trade conducted by sea. Incoming and outgoing trade operates via Rades port, the country's principal container facility, which supports 75% of the country's container traffic. The port of Sfax, Tunisia's second largest city and a large commercial center, can also handle a limited amount of container traffic. Other principal ports are Sousse, Gabes, Skhira, Bizerte, and Zarzis. The port of Skhira specializes in the transport of petroleum. The ports of Bizerte and Zarzis have associated free trade zones. The state enterprise Compagnie Tunisienne de Navigation (CTN) is the main shipping company in Tunisia. The Tunisian Port Authority (Office de la Marine Marchande et des Ports - OMMP) oversees the management of ports.

The major freight center at Tunis Carthage Airport handles 97% of the country's air freight traffic. Good road and rail networks facilitate distribution to all parts of the country.

Express Delivery

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

Customs checks all parcels. The de minimis value for Tunisia below which no duty or tax is collected is 50 Tunisian dinars (approximately $23.50).

Selling Factors & Techniques

Although Tunisia's official language is Arabic, French is widely spoken, especially in business. Many Tunisians also speak some English, Italian, and German. Business documentation should be in French. Fax remains the favored means of business communication, although Tunisian companies increasingly utilize email for business dealings.

eCommerce

Overview

Tunisian credit cards are not convertible to hard currency and thus cannot be used for purchases made on foreign commercial internet sites. Debit and credit cards can be used for domestic internet payment for a few services, such as public utilities, telecommunication, and university registration.

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.

Current Market Trends

Most Tunisian banks allow account holders to use bank-affiliated credit and debit cards to make domestic on-line purchases denominated in dinars. The Tunisian dinar is a non-convertible currency, however, 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, Technology, and Digital Economy launched a Digital Technology Charge Card in May 2015 for Tunisians with college degrees, which allows these card holders to make on-line purchases of software, mobile applications, web services, and publications in support of entrepreneurial activities. Individual users are limited to 1,000 dinars (about $467) in annual purchases. The program has been expanded to include Tunisian IT companies, which are allotted up to 10,000 dinars (about $4,670) annually to purchase on-line services, including server hosting and freelance programming services. As of May 2017, the Ministry of Communication, Technology, and Digital Economy recorded approximately 8,500 active users of this program, with 70% of users identified as individual college graduates and 30% identified as IT enterprises.

Domestic eCommerce (B2C)

Due to the general lack of credit cards and on-line payment systems, Tunisia's domestic eCommerce markets are underdeveloped. Most Tunisian banks offer account holders bank-affiliated credit and debit cards which 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 on-line checkout systems tailored to Tunisian credit and debit cards. According to media, the Central Bank generally opposes allowing other on-line payment systems, which it views as a threatening capital flight route from the country. The lack of government support for cross-border flows in eCommerce also retards further development of the domestic eCommerce market.

Cross-Border eCommerce

Given the Tunisian dinar's status as a non-convertible currency, cross-border eCommerce purchases are not possible apart from specific allowances granted from the Tunisian Central Bank, which has historically opposed such transactions. Consequently, cross-border eCommerce purchases are negligible.

B2B eCommerce

Due to the general lack of credit cards and on-line payment systems, Tunisia's domestic B2B eCommerce markets are significantly underdeveloped.

eCommerce Services

Due to the general lack of credit cards and on-line payment systems, Tunisia's eCommerce markets -- including those supporting eCommerce service providers -- are significantly underdeveloped.

eCommerce Intellectual Property Rights

Tunisia's National Institute for Standardization and Industrial Property (INNORPI) recognizes and enforces foreign patents registered in Tunisia, including those directed 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 (ATI) 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.

Popular eCommerce Sites

Due to the general lack of credit cards and on-line payment systems, Tunisian consumers do not typically use B2B, B2C, and B2G eCommerce platforms.

Online Payment

Tunisian law mandates that only certified financial institutions with banking licenses are allowed to manage financial transactions. Consequently, electronic payment platforms require participation from at least one Tunisian bank, and the current regulatory framework allows payments only between existing Tunisian bank accounts. For example, BIAT, a leading Tunisian bank, has launched a mobile payment system called Via Mobile which allows electronic payments, but only between account holders at the bank. In view of this limitation, no significant eCommerce platform has emerged in Tunisia, and online payments remain a rarity.

Mobile eCommerce

The mobile eCommerce ecosystem is virtually nonexistent in Tunisia due to the general lack of on-line payment systems. Several mobile phone network providers, *e.g.*, Ooredoo 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. While these systems allow a form of on-line payment between users, the fact that funds can only be used to purchase data and phone services limits their utility.

Digital Marketing

Tunisia's Digital Technology Charge Card program, launched by the Ministry of Communication, Technology, 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 per individual or 10,000 dinars per IT company. Permission to exceed this amount requires a formal request to the Ministry of Communication, Technology, 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. Given the paucity of eCommerce, however, there is no discernible coincident rise in on-line purchases during this period.

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 on-line presence through the free platform to promote their goods and services and connect with customers rather than hosting their own websites. Twitter is popular amongst the intelligentsia and closely followed by political and media operatives. 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.

Trade Promotion & Advertising

Many Tunisian companies are exploiting advertising and trade promotion techniques as the marketing sector expands rapidly. Marketing/advertising opportunities include sporting event sponsorship, industry-specific trade fairs, direct mail, outdoor/vehicle advertising, print media, and electronic media. Company sponsorship of television programs, particularly locally-produced programs, is growing rapidly. The local print media in Tunisia accepts 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 has begun to saturate the listener and viewer market. The state-run Tunisian broadcasting authority, ERTT, broadcasts two Arabic-language television channels. Satellite television is very popular, and many private radio and TV stations have been launched in the past 20 years, particularly following Tunisia's 2011 revolution. Radio Zaitouna, one of Tunisia's most popular radio stations, features mostly religious content and recently started accepting advertising focused on Islamic services such as Islamic banks and "Takaful" insurance, a co-operative system of reimbursement in case of loss.

Foreign commercial television advertising is accepted, but under standards applied even more strictly than for print media. For advertising in newspapers, websites, private radio stations, and 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; in practice, French and English language signs are widely used. This legislation is enforced sporadically.

Pricing

Except for subsidized local food products or higher-priced regional imports, products in Tunisia's urban markets are priced at levels roughly equivalent and sometimes 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. This cost differential is partly due to the duty-free import of EU products into Tunisia. An additional cost may result from charges on U.S. goods added by European distributors whose licenses cover Tunisia.

Possibly because of language or cultural differences, U.S. suppliers of manufactured goods have appeared reluctant to deal directly with Tunisian distributors. Many local distributors express strong interest in eliminating the "middleman" European office that has responsibility for the regional market.

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.

Protecting Intellectual Property

Tunisia is a member of the World Intellectual Property Organization (WIPO), signatory to the United Nations Agreement on the Protection of Patents and Trademarks (UNCTAD), 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 (OTPDA) is the agency responsible for copyrights; and the Tunisian Internet Authority (ATI) 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 U.S. The creation of a specialized intellectual property court in 2014 employing judges and court clerks with special 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 any foreign market, companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on Protecting Intellectual Property and also Corruption.

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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 and noncommittal.

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.

Principle 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)
The Tunisian Association of Industry, Trade, and Handicrafts (UTICA)
Tunis Chamber of Commerce and Industry (CCIT)
Arab Institute of Business Leaders (IACE)

Limitations on Selling US Products and Services

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

Web Resources

Tunisian Government
Central Bank of Tunisia
Foreign Investment Promotion Agency (FIPA)
Tunisian Industrial Promotion Agency
Center for Export Promotions (CEPEX)
Tunisia Bankers' Association (APBT)
National Institute for Standardization and Industrial Property [which covers trademark and patent issues] (INNORPI)
Compagnie Tunisienne de Navigation (CTN) National Shipping Line
Merchant Marine and Ports Authority (OMMP)

Leading Sectors for U.S. Exports & Investments

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 5,947 Megawatts (MW), of which the state utility company STEG produces 5,476 MW generated by 25 power plants. However, as a result of delays in power plant construction, the power sector does not possess slack 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.

97% of Tunisia's electricity is generated from fossil fuel resources. The majority is from natural gas, which supplies 73.5% of Tunisia's power plant needs. Nearly 64% of Tunisia's natural gas production comes from the concessions of the country's national exploration company, ETAP, while the remaining 36% is produced by foreign companies' concessions. Only 3% of Tunisia's electricity is generated from renewables, including hydraulic, solar, and wind energy.

While STEG continues to resist private investment in the sector, Parliament's 2015 energy law encourages independent power projects (IPPs) in the area of renewable energy technologies. The law's implementing decrees and a Power Purchase Agreement (PPA) template were published early 2017. Tunisia's legal framework allows IPPs when there is a direct industry end-user, and up to 30% of excess power generated from the IPP may be sold back to the STEG grid at a fixed price. Direct electricity sales by IPPs to STEG are permitted only on a case-by-case basis. Tunisia currently has one IPP, a 471 MW combined cycle power station, which produces about 19% of Tunisia's electricity generation.

To meet increasing demand for electricity and promote energy conservation, the Government of Tunisia (GOT) allows private companies and households utilizing co-generation and renewable energy technologies to produce electricity for their own consumption. As with other IPPs, up to 30% of excess electricity can be sold exclusively to STEG at a fixed price. To encourage energy conservation, the GOT may provide grants and incentives that are allocated to energy conservation 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, and the renewable energy law adopted in 2015 encourages private businesses to generate and use clean energy. At the end of 2016, Tunisia had a total installed wind power capacity of 245 MW and hydrualic power capacity of 62 MW, representing a combined 3% of national energy production capacity from renewable sources. The GOT goal is to raise this to 12% by 2020 and 30% by 2030.

During the last five years, STEG was active in launching power projects, some of which utilize GE combined cycle technology. Currently, two tenders issued in 2014; the first is to build a 430 to 500 MW power plant in Tunis called Rades C, and the second is for a 600 MW power plant in Manouba called Mornaguia are still in the selection process, resulting in a significant delay in the planned 2017 and 2018 expected completion targets.

Growing domestic electricity demand makes the Tunisian market ripe for renewable energy development. At the end of 2016, Tunisia had a total installed capacity of 245 MW wind power and 62 MW hydraulic power, representing 3% of production capacity. Officially, the GOT goal is to raise national energy production from renewables to 12% by 2020 and 30% by 2030. Energy from renewables still remains a stated priority of the GOT, and in 2015, STEG issued an international tender to build a 10 MW photovoltaic power plant in the southern city of Tozeur in 2015; the project was awarded at the end of 2016.

Opportunities

While projects are often subject to delay, excellent commercial opportunities exist for the sale of power generation equipment to GOT-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).

The GOT adopted in 2016 a new renewable energy program to achieve a total capacity of 1,000 MW of renewable energy by the year 2020, 350 MW from wind and 650 MW from solar farms. A second program will install an additional 1,250 MW between 2020 and 2025. Desertec, a German-funded initiative to connect the MENA and EU power grids and use renewable energy to export “green” energy from North Africa to Europe, may also facilitate renewable energy investments in Tunisia.

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 have been delayed indefinitely.

Web Resources
[Ministry of Energy, Mines, and Renewable Energies]
[Tunisian Enterprise for Petroleum Activities (ETAP)]
[Tunisia's state-owned gas and electricity company (STEG)]
[Foreign Investment Promotion Agency (FIPA)]
[National Agency for Energy Conservation (ANME)]

Agricultural Sector

Overview
Agriculture plays a leading role in Tunisia's economy, with approximately 16% of the country's workforce engaged in the agricultural sector. Agriculture contributes about 12% to the country's GDP, and the sector is growing at around 5% per year. Historically, Tunisia's agricultural system was based on small family farms that grew subsistence crops with little market integration, but larger agricultural enterprises are increasingly prominent. Public land may be leased by the government to private farmers or managed directly by the Ministry of Agriculture. Foreigners cannot own agricultural land but may obtain long-term leases.

Because of the EU's importance to Tunisia's trade, the government tends to follow EU rules on agriculture. Although the GOT does not have a legal framework on genetically engineered products, the Tunisian attitude reflects closely the predominant view within Europe. Until a law is in place, imports of genetically engineered commodities will continue to be handled in a manner similar to products of conventional agriculture. Tunisian olive oil and date exports possess organic certification from the EU. Tunisian exporters can also gain approval for sale of their products as "organic" in the U.S. market through local USDA accredited certifiers.

The Food Processing Sector
In 2015, the food processing sector accounted for over 1,000 enterprises employing 10 people or more, 20% of them producing solely for export. The production value of this sector is around $5 billion annually, and is continuously growing due to improved household purchasing power and 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. Agricultural and food imports by the food processing sector were almost $3 billion in 2015 compared to $2.2 billion in 2010. Cereals and products, oilseeds, vegetables oils, and sugar derivatives account on average for 73% 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, including the Carrefour and Casino groups (Géant and Monoprix).

The Food Service Sector

The hotel and restaurant industry is not perceived as a separate market from retail, as most hotels and restaurants either source their food needs through annual tenders or through the same distribution channels used by households. In addition to domestic customers, this sector caters to the many tourists visiting Tunisia each year. High-end hotels import spirits, wines, and specialty cheeses either directly or via import companies.

Agriculture Trade

For the last two decades, Tunisia has been a net importer of agricultural products. Leading agricultural imports in 2016 were wheat ($474 million), soybeans ($204 million), corn ($110 million), vegetable oils ($185 million), sugar ($177 million), and barley ($110 million). The leading agricultural exports were olive oil ($407 million), dates ($227million), fish ($126 million), and citrus ($11 million).

Tunisia is one of the world's top four exporters of olive oil, a fact that is largely unknown as much of its production is exported in bulk to the EU to be refined, bottled, and then marketed and re-exported from EU countries (primarily Italy and Spain). In Market Year (MY) 2016-17, Tunisian olive oil exports are estimated at 70,000 metric tons (MT), down from 130,000 MT in MY 2015-16. About 70% of Tunisia's olive oil production is destined for export, mainly in bulk, with 14% exported in bottles.

Tunisia's agricultural exports to the U.S. reached $104 million in 2016 and consisted primarily of high quality olive oil and dates. Tunisian olive oil receives preferential access to the U.S. market under the Generalized System of Preferences (GSP) framework which was reauthorized by Congress in July 2015. In MY 2015-16, the U.S. imported 26,000 MT of Tunisian olive oil, down 42% from MY 2014-15, representing 8% of total U.S. olive oil imports.

In 2016, U.S. agricultural exports to Tunisia were $209 million, up from $190 million in 2015, with soybeans, corn, and tree nuts accounting for the majority.

Opportunities

Significant market potential exists for a wide range of agriculture-related inputs. Tunisia possesses a sizable market for agricultural equipment, including grain silos, elevators, tractors, harvesters, irrigation systems, and food processing/bottling machinery. Because of wide variation in recent grain harvests and the shortage of storage capacity for grains, the GOT is especially concerned with increasing the quantity of Tunisia's grain silos. The GOT offers tax incentives of up to 50% under the 2016 Investment Law to encourage acquisition of tractors, combine harvesters, and other related equipment. This will likely further spur demand for farm equipment and may provide a good opportunity for U.S. suppliers. Although Tunisia is a major exporter of phosphates used in fertilizer, the more sophisticated production inputs, including pesticides, are imported. In 2017, the U.S. and Tunisia also agreed on a health certificate to facilitate new market access for U.S. bovine semen exports to Tunisia.

The consumer-oriented products with prospects to perform best in the Tunisian market include tree nuts, dried fruits, cookies, sauces, condiments and mixed seasoning, and breakfast cereals. Tunisia does not allow the import of U.S. meat or poultry products.

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

Web Resources
Ministry of Agriculture
Tunisia Olive Oil
U.S. Grain Council
National Statistics Institute (INS)

Construction/Architecture/Engineering Services

Overview
Tunisia's five-year 2016-2020 development plan, announced to international investors and donors at Tunisia's November 2016 investment conference, includes 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. U.S. vendors of heavy equipment and technology may find potential business in construction projects of hospitals, highways, and bridges being executed by Tunisian contractors. Partnering with Tunisian enterprises is vital for extended involvement in this sector.

On the private sector side, noteworthy construction projects have been launched by Gulf-based companies. The largest are commercial/residential housing construction projects, primarily in the suburbs of Tunis. These investments include a $5 billion Tunis Sports City (to be developed by the Emirati Bukhatir Group) and $3 billion to develop the Tunis Financial Harbor (by Bahrain's Gulf Finance House).

Opportunities

U.S. companies could become involved with major infrastructure projects through the provision of engineering services, heavy equipment, highly specialized building materials, and safety and security systems. Italian and Turkish companies are already closely linked with Tunisian construction firms.

Major transportation construction projects and financing sources were announced in 2016. These include a 188 km 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 km railway upgrade between Tunis and the city of Kasserine received $112 million financing from the European Bank for Reconstruction and Development, and a 2 km suspension bridge in the city of Bizerte received $260 million funding from the European Investment Bank and the African Development Bank.

Construction works in 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 2017 and 2018 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.

Major commercial/residential projects under construction are proceeding at a slow pace. Located on 250 hectares on the northern shore of Tunis Lake near the existing Berges du Lac development, the $5 billion Tunis Sports City project, being built by the Emirati Boukhatir Group, is still moving forward, but slowly. While original plans included nine sports academies, a golf course, and a residential zone, there is a strong likelihood more ambitious aspects of the project will be eliminated.

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. If completed, it would be North Africa's first "offshore" financial center. The project is slated to include business and banking services, a "takaful" (a form of insurance that complies with the principles of Sharia) insurance center, a business school, and residential units.

One of Tunisia's largest development projects of recent years was launched in Enfidha, south of Tunis. The previous regime 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 a deep-water, build-operate-transfer (BOT) container port close to the existing airport, but a government decision on the project appears to be delayed indefinitely. The port site itself would necessitate extensive dredging, and the site, located on wetlands, may have environmental issues that could require Ministry of Environment attention.

Web Resources
[Ministry of Development, Investment and International Cooperation]

Aircraft/Airport Ground Support/Aeronautics

Overview
Four Tunisian airlines operate in the country, two state-owned and two privately-held. Tunisair, the country's national flag airline and the major carrier serving Tunisia's international market, remains heavily subsidized by the GOT and exempt from taxes on its profits. Under increased competition from domestic and foreign carriers, the company launched new routes in 2016, with a focus on Sub-Saharan Africa and Middle Eastern destinations. Tunisair currently operates 29 aircraft (22 Airbus and seven Boeing) and runs a parts factory in country. Passenger traffic on Tunisair for the first quarter of 2017 showed a 5% increase compared to the same period in 2016 and a sharp increase of 29.5% in April 2017. Passenger traffic is expected to further increase in the summer season.

Tunisair Express, Tunisia's second publicly-owned airline and a subsidiary of Tunisair, operates domestic and short distance international flights through a fleet of two ATR ("Aerei da Trasporto Regionale" or "Avions de Transport Régional") turboprops and one Bombardier CRJ jet aircraft.

Of Tunisia's two private airlines, Nouvelair is the largest and operates a fleet of 11 A320s. Tunisavia, a private commercial fixed wing and helicopter operator, services desert and offshore petroleum installations.

Seventy 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 13,000 people. The Tunisian Aerospace Industry Association (GITAS), a leading Tunisian aerospace industry trade organization, has 40 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 employs about 700 people and constructs aircraft sub-assemblies for Airbus.

Latécoère, a major supplier of Airbus, runs two cable factories employing 800 people. It also operates a third production site in conjunction with Aerolia. These projects create a complete and complementary avionics supply chain system. In partnership with Telnet Holding, a high-tech Tunisian engineering company, Safran established a production unit attached to the Aerolia plant. The production unit specializes in manufacturing sophisticated electronic components as well as embedded software.

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.

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.

Opportunities

Tunisia's tourism sector is set to recover after being hit by major attacks on tourist sites in 2015 at the Bardo museum and Sousse hotels, which negatively affected Tunisia's air carriers. Private sector airlines, in particular, appear to be increasingly exploiting underserved European markets. Open Skies Agreements with the EU, and perhaps eventually with the United States, 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]
Civil Aviation Agency (OACA)
Foreign Investment Promotion Agency (FIPA)

Automotive Parts/Services/Equipment

Overview

Automotive sales and service is one of Tunisia's major economic sectors. No vehicles are 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 car makers and domestic parts manufacturers. All vehicles older than five years, including heavy trucks, are 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 2016, sales of new passenger cars and pick-up trucks reached 60,595 vehicles, an 11.8% increase compared to 2015, but the number of vehicles sold in the market is actually much higher, due to imports by private individuals. The Tunisian automobile market is heavily dominated by European brands, such as Renault, Volkswagen, Peugeot, Fiat, and Citroen. Both GM and Ford are present, though market share for U.S. manufactured 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 undeveloped.

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 price of fuel to the consumer reflects both tax and subsidy components. As a result, 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. Many Tunisian drivers believe the lower-priced, domestically-refined diesel fuel may contaminate injection system engines and necessitate more frequent part replacement and servicing, and that the quality of such fuel contributes to the buoyant Tunisian market for spare parts and accessories.

Leading Sub-Sectors

The Tunisian market presents opportunities for mid-sized U.S. model 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 increased demand for U.S. automotive parts and components. Dealer service departments will remain a potential profit center as well, despite the proliferation 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 of new market entrants, especially from Asia.

Investment in the manufacture of automobile components for export is a priority sector 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.

Web Resources

[Tunisian Ministry of Industry and Trade]()
[Technical Agency for Land Transport]()

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 tele-density 134% in 2016; i.e., there are 34% more phones than people. With over 14.2 million mobile lines already, Tunisia enjoys one of the highest mobile phone subscriber rates in Africa. In 2016, there were about 7.7 million Internet subscribers, 80% of them (6.2 million) subscribed through their smartphones. The number of mobile internet users is expected to further increase with the continuing expansion of the 4G mobile coverage service, which was initially launched in March 2016.

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 a few years ago. The playing field for foreign companies operating in Tunisia remains fairly level, with no evident competitive advantage for the state-owned telecom enterprise. Three major operators control the mobile services market. Tunisia's largest telecom company is Ooredoo (Orascom Telecom Tunisia). In 2016, Ooredoo had 40% of the market, Tunisie Telecom had 32.2%, and Orange Tunisie had 26%.

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 consortium with Zitouna Telecom, Qatar Telecom (Qtel) 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

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 190 Gbps in 2016, 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).

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

Call centers represent a new and rapidly-expanding service industry in Tunisia. The country's communications infrastructure, coupled with skilled, linguistically-capable human resources, provides strong support for this industry. As of 2015, more than 225 call centers were in operation, employing 17,500 people. They serve primarily French-speaking clients, although some serve the Italian market. At least one operates in English, serving the UK health sector market. A few U.S. companies, such as Convergys, operate call centers in Tunisia, primarily to serve European customers.

Through its three telecom licenses for fixed lines and the availability of 3G and 4G mobile phone technology, Tunisia has made a firm step toward access to high-speed mobile internet and high capacity data transmission. Thus, business opportunities exist for U.S. technology sales. Chinese companies such as Huawei and ZTE bid aggressively on telecommunications tenders. They reportedly offer financing terms that U.S. and European competitors have been challenged to match. Siemens, Alcatel, and Ericsson are the major European competitors in the sector.

Web Resources

Ministry of Communications Technologies and Digital Economy
National Internet Agency (ATI)
Tunisian Postal Service
Foreign Investment Promotion Agency (FIPA)
Tunisian Industry [government site]
Monetique Tunisie [Payment Card Platform Manager]

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 Defense and Interior. In 2017, the Ministry of Defense allocated 279 million Tunisian dinars ($130 million) to the acquisition of new military equipment, and the Ministry of Interior allocated 186 million Tunisian dinars ($87 million) to purchases of security and communication equipment. International donors are also active in Tunisia's security sector, including programs for border security, port security, and police and prison reform.

The U.S. Congress approved a 2017 budget allocating $165.4 million of aid to Tunisia, of which $86.4 million will support programs aimed at civil society and security related training and equipment. U.S. military assistance is building Tunisian forces' capacity to deter regional threats, strengthen defensive capabilities, and support counterterrorism operations.

In 2016, the U.S. market share in Tunisia's imports under the Harmonized System (HS) code 93 "Arms and Ammunition" was about 18%, bigger than Spain's and Italy's (13% each), and smaller than Croatia's (39%). 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

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

Web Resources

National Statistics Institute (INS)
Tunisian Ministry of Finance

Insurance

Overview

As elsewhere in the region, Tunisia does not possess a deep tradition of 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 and property damage, contribute to a deficit 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 the 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 which offers crop insurance. Private corporations dominate with a market share of 67.5% in 2015; state-owned enterprises and mutual companies controlled about 22.5% and 10% of the market, respectively.

Compulsory auto liability insurance is rigidly enforced, and virtually all drivers 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; in general, Tunisians purchase such 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 (FTUSA), gross insurance premiums including vehicle policies were about $785 million or 1.96% of Tunisia's GDP in 2015; this is a level considered low by the insurance industry and inadequate for proper insurance coverage of the population. The growth rate for insurance premiums in 2015, however, registered a healthy 7.9% increase compared to 2014. 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 (FTUSA), which is the trade association for the entire insurance and reinsurance sector; and the Unified Office for Tunisian Automobile (Bureau Unifié Automobile Tunisien - BUAT), which is the trade association specifically for vehicular liability insurance providers.

There are no foreign equity share restrictions, and foreign companiesmay operate freely in the Tunisian insurance sector. Entrants into the market can establish a commercial presence by setting up 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. Sporadic labor unrest and political uncertainty in this nascent democracy may spur demand for property and casualty insurance. Some domestic companies indicate that foreign underwriters may be reluctant to cover civil unrest in future policies.

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 viewed for their long-term potential.

Web Resources

Tunisian Federation of Insurance Companies (FTUSA)
National Statistics Institute (INS)

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 shortage problems, particularly in the summer. The quality of water varies throughout the country and does not meet potable standards in some regions. The national water utility Société Nationale d'Exploitation et de Distribution des Eaux (SONEDE) operates 16 water treatment plants and 11 desalination plants throughout the country, serving 84.1% of the population, but only 47.5% in rural areas. In agricultural regions, agricultural development cooperatives utilize both shallow and deep wells and tap into SONEDE pumping stations and distribution networks. Though temporarily boosted by better than average rainfall in 2016, 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.

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.

Waste water treatment is the responsibility of the Tunisia National Sanitation Utility (ONAS). Tunisia has 113 wastewater treatment plants but conducts relatively little secondary and advanced water treatment. Treated waste water is distributed to farmland, golf courses, and green spaces and is also used for groundwater recharge and ecological valorization. Sludge is treated, thickened, and de-watered before disposal in landfills.

Solid Waste Management

Tunisia possesses 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. Proper collection, treatment, recycling, and valorization of solid waste all require greater developmental focus. Lack of citizen awareness, repeated strikes, and dysfunction of municipal and rural councils create additional challenges for maintaining existing waste management practices.

According to the GOT, 4% of municipal solid waste is recycled, while 70% is dumped in controlled landfills, 21% in non-controlled landfills, and 5% is composted. These estimates may be overly optimistic, 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 kg of solid municipal waste per day; rural inhabitants produce only 0.15 kg. The country has ten operational landfills for municipal solid waste, five under construction, and five in the planning stages. Tunisia also has one operational landfill for industrial waste and three under construction. 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. Anticipated tenders for landfill, construction and management projects, coastal pollution cleanup projects, and waste water treatment all offer good opportunities for U.S. procurement. 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)
National Water Distribution Agency (SONEDE)
National Sanitation Agency (ONAS)
Agency for Protection and Development of the Coastline (APAL)
International Centre for Environmental Technologies of Tunis (CITET)
National Waste Management Agency (ANGED)
National Institute of Marine Sciences and Technologies (INSTM)
Ministry of Local Affairs and the Environment

Customs, Regulations & Standards

Trade Barriers

Tunisia is a founding member of the World Trade Organization (WTO) and ratified the WTO's Trade Facilitation Agreement in February 2017. 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 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. The major categories affected by import restrictions are pharmaceuticals and motor vehicles, particularly passenger cars. These import quotas are based to some extent on the amount 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 small engine cars, Tunisian consumers may not 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 legally required, but not uniformly invoked, technical and quality control investigations on various items. Government use of non-tariff barriers has sometimes led to the delay or rejection of goods shipped 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 like quotas. Tunisia often gives preferential tariff rates to agricultural products originating in 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

Import Tariffs

Imported goods in Tunisia can be subject to tariff rates as high as 200%, depending on the product. The 2016 Finance Law simplified and lowered tariffs on certain products. Raw materials, semi-finished products, and equipment originally subject to 15% and 10% rates are now exempt from customs duties. Consumer products, with the exception of agricultural products, experienced tariff reductions from 30% and 27% to 20%. Goods are also subject to a 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 18%, 12%, and 6%, with the majority of goods covered by the 18% 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 can 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. Luxury cars currently enter Tunisia through the parallel market, however, and are available for sale at well below the official distributors' prices.

Import Requirements & 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 bank. 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/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

Licenses are required in certain situations involving national security, foreign policy, short-supply, nuclear nonproliferation, missile technology, chemical and biological weapons, regional stability, crime control, or terrorist concerns. License requirements are dependent upon an item's technical characteristics, the destination, the end-use, the end-user, and other activities of the end-user, as well as the likelihood that an item will be diverted from its original shipment location or purpose and transshipped to another, unrecorded location. It is the responsibility of the company seeking to do business in Tunisia to determine whether or not an export license is necessary for its product or service. The Department of Commerce Bureau of Industry and Security provides guidance.

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 of no commercial value.

Prohibited & 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 (TTN). 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

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 safety. Products available on the flourishing parallel market in Tunisia often do not meet acceptable safety standards.

Standards

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

Testing, inspection and certification

Accredited international testing laboratories and agencies, including those from the United States, are allowed to operate in the market to verify that products placed on the market meet prescribed standards that meet regulatory requirements and are therefore satisfactory to be sold.

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 of Forum (IAF) and the EA for the accreditation of certification bodies for Quality and Environmental Management Systems.

Publication of technical regulations

INNORPI is responsible for coordinating the creation of norms and standards and information relating to these, as well as developing general technical regulations.

National Institute of Standards and Technology's (NIST) Notify U.S. Service

Member countries of the World Trade Organization (WTO), including Tunisia, are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. The Notify U.S. Service is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online.

Contact Information

- 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

- 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
  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" in 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 May 2017, 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 between the signatory countries. Tunisia has separate bilateral free trade agreements with Algeria and Libya, but trade with these two countries is still low: 4% and 2% of Tunisia's total trade, respectively, in 2016. Tunisia is also a member of the Arab Maghreb Union (UMA), which consists of Tunisia, Algeria, Morocco, Mauritania, and Libya. Although mainly a political organization, the UMA nominally allows duty-free trade among members, although some barriers to trade remain. Tunisia indicated its intent to join the Common Market for Eastern and Southern Africa (COMESA, a free trade area with twenty member states stretching from Libya to Swaziland) in 2017, subject to parliamentary ratification. Tunisia has been a member of the World Trade Organization since 1995.

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 such movement. In 2016, Tunisian exports to Libya decreased by 10%. Imports from Libya increased by 68% in 2016 compared to 2015, as a result of the slight improvement of oil imports. Tunisia is a net importer of oil, and prior to the 2011 revolution, it sourced about 25% of its crude oil needs 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 contract. Per Article 8 of Law 68-7, foreigners must receive an authorization from the competent ministry in order to practice a profession or have a remunerated activity in Tunisia.

Web Resources

National Statistics Institute (INS)
National Institute for Standardization and Industrial Property (INNORPI) [which covers trademark and patent issues]
Official Journal of the Republic of Tunisia (JORT)
Ministry of Industry and Trade
Export Promotion Center (CEPEX)

Investment Climate Statement

Executive Summary

Tunisia has maintained the forward momentum of its democratic transition since the parliamentary and presidential elections of late 2014. This will be further strengthened with the holding of the municipal elections, scheduled to take place in December, 2017. Economically, Tunisia is still going through hardship due to a sluggish recovery after the two terrorist attacks that targeted its important tourism sector in 2015 and the uneasy task of mobilizing funding for the budget.

Both the former and current governments made substantial progress on much-needed structural reform, including passing new public-private partnership, competition, bankruptcy, and renewable energy laws; safeguarding the independence of the Central Bank through a new central bank law; and improving the investment climate through a new investment law. The United States and other donors are partnering with the government to achieve remaining reforms, including those on taxes and customs. Enacting these reforms will help Tunisia attract higher foreign and domestic investment.

Tunisia's strengths are its proximity to Europe, its relatively educated workforce, and its positive attitude toward foreign direct investment (FDI). In the past, most investments were in electronics manufacturing and textiles; today, the economy is more dynamic. Sectors such as agribusiness, aerospace, telecommunication technologies, and services are increasingly promising.

There is potential for significant improvement to the business climate once the Investment Law of April 1, 2017 enters into force. As economic reforms are adopted by the Parliament and implemented by the government, the business climate is expected to improve through development of more simple, clear, and transparent regulations.

Substantial barriers to investment remain. State-owned enterprises play a large role in Tunisia's economy, and some sectors are not open to foreign investment. The informal sector, estimated to be between 40-60% of the overall economy, continues to pose difficulties to companies forced to compete with smuggled goods.

The United States has provided more than $400 million in economic growth-related assistance since 2011, including loan guarantees in 2012, 2014, and 2016 enabling the Government of Tunisia to borrow nearly $1.5 billion to help stabilize government finances, ongoing support for small and medium enterprises, and technical assistance to implement economic reform.

Table 1

Measure	Year	Index/Rank	Organization
TI Corruption Perceptions Index	2016	75 of 175	Transparency International
World Bank's Doing Business Report "Ease of Doing Business"	2016	77 of 190	World Bank
Global Innovation Index	2016	77 of 128	Global Innovation Index
U.S. FDI in partner country ($M USD, stock positions)	2015	US$ 311 million	Bureau of Economic Analysis
World Bank GNI per capita	2015	US$ 3,980	World Bank

1. Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

The Government of Tunisia (GOT) has a favorable attitude toward FDI and is working to ensure a good investment climate in the country. The GOT prioritizes attracting and retaining FDIs, reducing unemployment, and encouraging investment in the interior regions. More than 3,350 foreign companies currently operate in Tunisia, and the government has historically encouraged export-oriented FDI in key sectors such as call centers, electronics, aerospace and aeronautics, automotive parts, textile and apparel, leather and shoes, and agro-food. In 2016, the sectors that attracted the most FDIs were energy (47 percent), electrical and electronic industries (17 percent), pharmaceuticals (6 percent), agro-food (6 percent), and ICT (5 percent). Inadequate infrastructure in the interior regions results in the concentration of most foreign investments in the capital city of Tunis and its suburbs (67 percent) and the eastern coastal regions (27 percent). Internal western and southern regions attracted 6 percent only of foreign investments despite special tax incentives for those regions.

The Tunisian Parliament passed a new Investment Law (#2016-71) in September 2016 that went into effect April 1, 2017. To encourage good governance of investments, the law provides for the creation of three major institutions: the High Investment Council, the Tunisian Investment Authority, and the Tunisian Investment Fund. These institutions are scheduled to be launched in 2017. Meanwhile, the Foreign Investment Promotion Agency (FIPA) continues to be Tunisia's principal agency to promote foreign investments. FIPA is a one-stop shop for foreign investors; it provides information on investment opportunities, advice on the appropriate conditions for success, assistance and support during the creation and implementation of the project, and contact facilitation and advocacy with all other government authorities.

Under the 2016 Investment Law (article 7), foreign investors enjoy national treatment not less favorable than Tunisian investors for their rights and obligations.

Limits on Foreign Control and Right to Private Ownership and Establishment

Foreign investment is divided into two categories:

1. "Offshore" investment is defined as commercial entities in which foreign capital accounts for at least 66 percent of equity, and at least 70 percent of the production is destined for the export market. Some exceptions to these percentages exist; for example, foreign equity in the agricultural sector cannot exceed 66 percent of the capital, and foreign investors cannot directly own agricultural land.
2. "Onshore" investment caps foreign equity participation at a maximum of 49 percent in most non-industrial projects. "Onshore" industrial investment may attain 100 percent foreign equity, subject to government approval.

The 2016 Investment Law (article 4) stipulates that a list of sectors in which investment will be subject to government authorization will be set by decree. These sectors touch on defense and national security, subsidy rationalization, preservation of natural resources, cultural heritage, environment protection, and public health.

Other Investment Policy Reviews

The WTO completed a Trade Policy Review for Tunisia in July 2016. The report is available at the WTO website.

In November 2012, the GOT conducted an investment policy review (IPR) through the Organization for Economic Cooperation and Development (OECD).

Business Facilitation

The World Bank report Investing Across Sectors affirms that Tunisia has the fewest limits on foreign equity ownership in the Middle East and North Africa (MENA) region. The GOT has opened up the majority of the sectors of the economy to foreign capital participation with the exception of electricity transmission and distribution.

For most businesses, the Agency for Promotion of Industry and Innovation (APII) is the focal point for business registration. Online project declaration for industry or service sector projects for both domestic and foreign investment is available at.

While the online declaration process is clear and APII aims to respond within 24 hours, there are many additional steps that involve other government agencies in order to complete the business registration. APII has set up a one-stop shop which offers registration of legal papers with the tax office, tax inspection office, court clerk, official Tunisian gazette, and customs. This one-stop shop also houses representatives providing consultations from the Investment Promotion Agency (API), Ministry of Employment, National Social Security Authority (CNSS), Ministry of Interior, and the Ministry of Industry and Trade. The World Bank's Doing Business 2017 study reports that business registration takes an average of 11 days and costs about $150 (325 Tunisian dinars)

A local business consulting firm estimates that this process can take up to 40 days and costs $500 on average.

For agriculture and fisheries, business registration information can be found at the Agency for the Promotion of Agricultural Investments (Agence de Promotion des Investissements Agricoles).

In the tourism industry, companies must register with the National Office for Tourism.

The Foreign Investment Promotion Agency (FIPA) is the central point of contact for foreign investors.

Outward Investment

The GOT does not incentivize outward investment, and capital transfer abroad is tightly controlled by the Central Bank.

2. Bilateral Investment Agreements and Taxation Treaties

The 2002 Trade and Investment Framework Agreement (TIFA) between Tunisia and the United States remains active. A meeting of the bilateral Trade and Investment

Council in April 2017 helped promote engagement and cooperative reform efforts. A Bilateral Investment Treaty (BIT) between Tunisia and the United States entered into force in 1993. The BIT with Tunisia differs in certain key aspects from more recent investment agreements signed by the U.S.

Tunisia has bilateral trade agreements with approximately 81 countries, including its neighbors Libya and Algeria. In January 2008, Tunisia's Association Agreement with the EU went into effect. This agreement eliminated tariffs on industrial goods with the eventual goal of creating a free trade zone between Tunisia and the EU member states. In addition, Tunisia is signatory to the Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group which offers private sector political risk insurance guarantees. Tunisia has signed the WTO Agreement, bilateral agreements with the Member States of the European Free Trade Association (EFTA), and bilateral and multilateral agreements with Arab League members and Turkey.

A 1985 bilateral treaty (and 1989 protocol) guarantees U.S. firms freedom from double taxation. In 2013, the Parliament adopted the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

3. Legal Regime

Transparency of the Regulatory System

As stipulated in the 2014 new constitution, Tunisia has adopted a semi-parliamentary political system where power is shared between the Parliament, which fulfils the legislative role, and the Presidency of the Republic and the Government, composed of the ministerial cabinet led by a Prime Minister. The Presidency and the Government fulfill the executive role.

Most laws and regulations are developed by the Government; however, the Presidency of the Republic as well as the Parliament can also develop and propose laws.

The Parliament debates and votes on the adoption of the laws. Draft laws are accessible to the public via the Parliament's website.

Ministerial decrees, decisions, and other related regulations are debated at the level of the government and adopted by a Ministerial Council headed by the Head of Government.

After adoption, all laws, decrees, and regulations are published on the website of the Official Gazette and enforced by the Government at the national level.

The Government takes few proactive steps to raise public awareness of the public consultation period for new draft laws and decrees. Civil society, NGOs, and political parties are all pushing for increased transparency and inclusiveness in rule-making. Many draft bills, such as the budget laws, were reviewed many times before submission for the final vote under the pressure of civil society. Business associations, chambers of commerce, unions, and political parties reviewed the 2016 Investment Law prior to final adoption.

Not all accounting, legal, and regulatory procedures are in line with international standards.

Publicly listed companies adhere to national accounting norms.

The Parliament has oversight authority on the Government but cannot ensure that all administrative processes are followed.

The World Bank Global Indicators of Regulatory Governance for Tunisia are available on the World Bank website.

Tunisia is a member of the Open Government Partnership, a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance.

International Regulatory Considerations

Tunisia has a free trade agreement in goods with the EU. In its effort to achieve a Deep and Comprehensive Free Trade Agreement (DCFTA), the GOT is working on incorporating as many EU standards as possible in its own regulation.

Tunisia has been a member of the WTO since 1995 and notifies it about draft technical regulations on Technical Barriers to Trade (TBT).

Legal System and Judicial Independence

The Tunisian legal system is secular. It is based upon the French Napoleonic code and meets EU standards. While the 2014 Tunisian constitution guarantees the independence of the judiciary, constitutionally mandated reforms of courts and broader judiciary reforms are still Ongoing.

Regulations or enforcement actions are appealable at the Court of Appeal.

Laws and Regulations on Foreign Direct Investment

The 2016 investment law went into effect April 1, 2017. With a total number of 36 articles, the new law is much shorter and clearer than the previous lengthy and complex Investment Code of 1993. It directs tax incentives towards regional development promotion, technology and high added value, research and development (R&D), innovation, small and medium enterprises (SMEs), and toward encouraging investments in certain sectors (such as education, transport, health, and culture) and environmental protection.

The primary one-stop-shop webpage for investors looking for relevant laws and regulations is hosted at the Investment and Innovation Promotion Agency (APII) website. The 2016 Investment Law (article 15) calls for the creation of the Investor's Unique Point of Contact within the Ministry of Development, Investment, and International Cooperation to assist new and existing investors to launch and expand their projects.

In addition, the Parliament has adopted a suite of economic reform laws since 2015, including a new renewable energy law, competition law, public-private partnership law, bankruptcy law, and central bank statute to enshrine the independence of the Central Bank of Tunisia

Competition and Anti-Trust Laws

The 2015 Competition Law established a government appointed Competition Council to reduce government intervention in the economy and promote competition based on supply and demand.

The law ensures free pricing of most products and services, with the exception of a list (determined by decree) of protected products and services such as bread or electricity. In exceptional cases of large increases or collapse in prices, the Ministry of Industry and Trade reserves the right to regulate prices for a period of up to six months. The law also voided previous agreements that fixed prices, limited free competition or the entry of other companies, and limited or controlled production, distribution, investment, technical progress, or supply centers. The Ministry of Industry and Trade reserves the right to uphold these competition-inhibiting agreements, however, if parties can convince the Competition Council that these practices are necessary for overall technical or economic progress, and that benefits are fairly distributed.

The Competition Council has the power to investigate cases and make recommendations to the Ministry of Industry and Trade upon the Ministry’s request.

Expropriation and Compensation

The 2016 Investment Law (article 8) stipulates that investors’ property may not be expropriated except for public interest. Expropriation, if and when carried out, must comply with legal procedures, be executed without discrimination on the basis of nationality, and provide fair and equitable compensation.

U.S. investments in Tunisia are protected by international law as stipulated in the U.S.-Tunisia Bilateral Investment Treaty (BIT). According to Article III of the BIT, the GOT reserves the right for direct and indirect expropriation or nationalization of investments for a public purpose only, in a non-discriminatory manner, and upon advance compensation of the full value of the expropriated investment. The treaty grants the right to prompt review by the relevant Tunisian authorities of the expropriation and compensation's conformity to the principles of international law. When compensations are granted to national or third country companies whose investments suffer losses owing to events such as war, armed conflict, revolution, state of national emergency, civil disturbance, etc., U.S. companies are accorded "the most favorable treatment in regards to any measures adopted in relation to such losses." There are no outstanding expropriation cases involving U.S. interests.

Dispute Settlement

ICSID Convention and New York Convention

Tunisia is a member of the International Center for the Settlement of Investment Disputes and is signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

Investor-State Dispute Settlement

U.S. investments in Tunisia are protected by international law as stipulated in the U.S.-Tunisia Bilateral Investment Treaty (BIT). The U.S.-Tunisia Bilateral Investment Treaty stipulates that procedures shall allow an investor to take a dispute with a Party directly to binding third-party arbitration.

Disputes involving U.S. persons are relatively rare. Over the past 10 years there were four dispute cases involving U.S. investors; three were settled and one is still ongoing. U.S. firms have generally been successful in seeking redress through the Tunisian judicial system.

The Tunisian Code of Civil and Commercial Procedures allows for the enforcement of foreign court decisions under certain circumstances; i.e., arbitration.

There is no pattern of significant investment disputes or discrimination involving U.S. or other foreign investors.

International Commercial Arbitration and Foreign Courts

The Tunisian Arbitration Code brought into effect by Law 93-42 of 26 April 1993 governs arbitration in Tunisia. Certain provisions within the code are based on the UNCITRAL model law. Tunisia has several domestic dispute resolution venues. The best known is the Tunis Center for Conciliation and Arbitration. When an arbitral tribunal does not adhere to the rules governing the process, either party can apply to the national court for relief. Unless the parties have agreed otherwise, an arbitral tribunal may, on the request of one of the parties, order any interim measure that it deems appropriate.

Bankruptcy Regulations

Parliament adopted in April 2016 a new bankruptcy law which merged and replaced Chapter IV of the Commerce Law and the Law N° 95-34 (Recovery of Companies in Economic Difficulties law). These two previous laws had duplicative and cumbersome processes for business rescue and exit and gave creditors a marginal role. The new law increases incentives for failed companies to undergo liquidation by limiting state collection privileges. The improved bankruptcy procedures are intended to decrease the number of non-performing loans and facilitate access of new firms to bank lending.

According to the Word Bank 2017 Doing Business report, Tunisia's recovery rate (which calculates how many cents on the dollar secured creditors recover from an insolvent firm at the end of insolvency proceedings) is about 52 cents on the dollar (compared to 26 cents on the dollar for MENA as a whole and 73 cents on the dollar for OECD high income countries).

4. Industrial Policies

Investment Incentives

Preferential status (offshore, free trade zone) is usually linked to percentage of foreign corporate ownership, percentage of production for the export market, and investment location. The 2016 Investment Law provides investors with a broad range of incentives linked to increased added value, performance and competitiveness, use of new technologies, regional development, environmental protection, and high employability.

To incentivize the employment of new university graduates, the GOT assumes the employer's portion of social security costs (16 percent of salary) for the first seven years of the investment, with an extension of up to 10 years for investments in the interior regions. Investments with high job-creation potential may benefit from the purchase of state-owned land for a very small payment (one Tunisian dinar [less than $1] per square meter). Investors who purchase companies in financial distress may also benefit from tax breaks and social security assistance. These advantages are determined on a case-by-case basis.

Further benefits are available for offshore investments, such as tax exemptions on profits and reinvested revenues, duty-free import of capital goods with no local equivalents, and full tax and duty exemption on raw materials, semi-finished goods, and services necessary for operation.

According to the World Bank's 2017 Ease of Doing Business report, Tunisia's overall ranking dropped to 77 out of 190, down from 75 a year ago.

Foreign Trade Zones/Free Ports/Trade Facilitation

Tunisia has free trade zones, officially known as "Parcs d'Activités Economiques," in Bizerte and in Zarzis. While the land is state-owned, a private company manages the free trade zones. They enjoy adequate public utilities and fiber optic connectivity. Companies established in the free trade zones are exempt from taxes and customs duties and benefit from unrestricted foreign exchange transactions. Inputs enjoy limited duty-free entry into Tunisia for transformation and re-export. Factories are considered bonded warehouses and have their own assigned customs personnel.

For example, companies in Bizerte's free trade zone may rent space for three Euros per square meter annually – a level unchanged since 1996 -- plus a low service fee. Long-term renewable leases, up to 25 years, are subject to a negotiable 3 percent escalation clause. Expatriate personnel are allowed duty free entry of personal vehicles. During the first year of operations, companies within the zone must export 100 percent of their production. Each following year, the company may sell domestically up to 30 percent of the previous year's total volume of production, subject to local customs duties and taxes. Lease termination has not been a problem, and all companies that desired to depart the zone reportedly did so successfully.

Performance and Data Localization Requirements

Foreign resident companies face restrictions related to the employment and compensation of expatriate employees. The 2016 Investment Law limits the percentage of expatriate employees per company to 30 percent of the total work force (excluding oil and gas companies) for the first three years and to 10 percent starting in the fourth year. There are somewhat lengthy renewal procedures for annual work and residence permits, and the GOT has announced its intention to ease them in the future. Although rarely enforced, legislation limits the validity of expatriate work permits to two years.

Central Bank regulations impose administrative burdens on companies seeking to pay for temporary expatriate technical assistance from local revenue. For example, before it receives authorization to transfer payment from its operations in Tunisia, a foreign resident company that utilizes a foreign accountant must document that the service is necessary, fairly valued, and unavailable in Tunisia. This regulation hinders a foreign resident company's ability to pay for services performed abroad.

The host government does not follow "forced localization," the policy in which foreign investors must use domestic content in goods or technology.

There are no requirements for foreign Information Technologies (IT) providers to turn over source code, but they need to inform the Ministry of Communication Technologies and Digital Economy about encrypted equipment.

Public companies and institutions are prohibited by the Ministry of Communication Technologies and Digital Economy from freely transmitting and storing personal data outside of the country.

Private and public institutions have to comply with the recommendations of the National Authority for Personal Data Protection (INPDP) when dealing with personal data even if it is business related.

Performance Requirements

Until recently, performance requirements were generally limited to investment in the petroleum sector. Now, such requirements are in force in sectors such as telecommunications and for private sector infrastructure projects on a case by case basis. These requirements tend to be specific to the concession or operating agreement (e.g., drilling a certain number of wells, or producing a certain amount of electricity).

5. Protection of Property Rights

Real Property

Secured interests in property are enforced in Tunisia. Mortgages and liens are in common use, and their recording system is reliable.

Foreign and/or non-resident investors are allowed to lease any type of land, but can only acquire non-agricultural land.

A large portion of privately held lands, especially agriculture lands have no clear titles, and the government is investing a great deal of effort to encourage people to clear and register their properties.

Properties legally purchased have to be duly registered to ensure they remain the property of their actual owners even if they are unoccupied for a long time.

Intellectual Property

Tunisia is a member of the World Intellectual Property Organization (WIPO) and signatory to the United Nations (UNCTAD) Agreement on the Protection of Patents and Trademarks. The agency responsible for patents and trademarks is the National Institute for Standardization and Industrial Property (INNORPI - Institut National de la Normalisation et de la Propriété Industrielle). Tunisia is party to the Madrid Protocol for the International Registration of Marks. Foreign patents and trademarks should be registered with INNORPI.

Tunisia's patent and trademark laws are designed to protect owners duly registered in Tunisia. In the area of patents, foreign businesses are guaranteed treatment equal to that afforded to Tunisian nationals. Tunisia updated its legislation to meet the requirements of the WTO agreement on Trade-Related Aspects of Intellectual Property (TRIPS).

Copyright protection is the responsibility of the Tunisian Copyright Protection Organization (OTPDA - Organisme Tunisien de Protection des Droits d'Auteur), which also represents foreign copyright organizations.

If a copyright violation is suspected, customs officials are permitted to inspect and seize suspect goods. For products utilizing foreign trademarks registered at INNORPI, the Customs Code allows customs agents to operate throughout the entire country. Tunisian copyright law applies to literary works, art, scientific works, new technologies, and digital works. Its application and enforcement, however, have not always been consistent with foreign commercial expectations. Print, audio, and video media are considered particularly susceptible to copyright infringement. Much smuggling of illegal items takes place through Tunisia's porous borders.

Resources for Rights Holders

Aisha Y. Salem
Intellectual Property Attaché for the Middle East and North Africa
U.S. Embassy Kuwait City, Kuwait
U.S. Department of Commerce Global Markets
U.S. Patent and Trademark Office
Tel: +965 2259 1455
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AmCham Tunisia
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6. Financial Sector

Capital Markets and Portfolio Investment

Tunisia's financial system is dominated by its banking sector, with banks accounting for roughly 90 percent of financing in Tunisia. Overreliance on bank financing impedes faster economic growth and stronger job creation. Equity capitalization is relatively small; Tunisia's stock market provides 6-7 percent of corporate financing. Other mechanisms such as bonds and microfinance contribute marginally to the overall economy.

Created in 1969, the Bourse de Tunis (Tunis stock exchange) listed 79 companies (66 in the main market, 12 in the alternative market, and one in a special group) as of December 2016. Capitalization of these companies was valued at $10.6 billion. During the last five years, the exchange's regulatory and accounting systems have been brought more in line with international standards, including compliance and investor protections. The exchange is supervised and regulated by the state-run Capital Market Board. Most major global accounting firms are represented in Tunisia. Firms listed on the stock exchange must publish semiannual corporate reports audited by a certified public accountant. Accompanying accounting requirements exceed what many Tunisian firms can, or are willing to, undertake. GOT tax incentives attempt to encourage companies to list on the stock exchange. Newly listed companies that offer 30 percent percent capital share to the public receive a five-year tax reduction on profits. In addition, individual investors receive tax deductions for equity investment in the market. Capital gains are tax free when held by the investor for two years.

Foreign investors are permitted to purchase shares in resident (onshore) firms only through authorized Tunisian brokers or through established mutual funds. To trade, non-resident (offshore) brokers require a Tunisian intermediary and may only service non-Tunisian customers. Tunisian brokerage firms may have foreign participation, as long as that participation is less than 50 percent. Foreign investment of up to 50 percent of a listed firm's capital does not require authorization.

Money and Banking System

Tunisia hosts 32 banks, of which 21 conduct both commercial and investment services. Two are Islamic universal banks, seven are offshore, and two are business banks. After the fall of the former regime, companies, banks, and real estate that belonged to ousted President Ben Ali's family were brought under GOT receivership.

Private credit stands at 65 percent of GDP in Tunisia. According to the World Bank, this level lags behind economic peers such as Morocco and Jordan, whose rate is 80 percent. In the World Bank's 2017 Ease of Doing Business survey, Tunisia's raking improved in terms of ease of access to credit from 126 in 2016 to 101 in 2017. According to the IMF Financial System Stability Assessment, the banking sector faces significant challenges such as a weak domestic economy and the legacy of the previous regime. In particular, loan quality, solvency, and profitability have deteriorated. Weak underwriting practices contributed to inappropriate lending to well-connected borrowers. Tunisia's 25 onshore banks offer essentially identical services targeting the same segment of Tunisia's larger corporations. Meanwhile, SMEs and individuals often have difficulty accessing bank capital due to high collateralization requirements.

Government regulations hold down lending rates. This prevents banks from pricing their loan portfolios appropriately and incentivizes bankers to restrict the provision of credit. Competition among Tunisia's many banks has the effect of lowering observed interest rates; however, banks often place conditions on loans that impose far higher costs on borrowers than interest rates alone. These non-interest costs may include collateral requirements that come in the form of liens on real estate. Often, the collateral must equal or exceed the value of the loan principal. Collateral requirements are high as banks face regulatory difficulties in collecting collateral, thereby adding to costs. Nonperforming loans (NPLs) increased to 17 percent in 2016.

Beyond the banks and stock exchange, few effective financing mechanisms are available in the Tunisian economy. A true bond market does not exist, and government debt sold to financial institutions is not re-traded on a formal, transparent secondary market. Private equity remains a niche element in the Tunisian financial system. Firms experience difficulty raising sufficient capital, sourcing their transactions, and selling their stakes in successful investments once they mature. The microfinance market remains underexploited, with non-governmental organization Enda Inter-Arabe the dominant lender in the field.

The GOT established two categories of financial service providers: banking (e.g., deposits, loans, payments and exchange operations, and acquisition of operating capital) and investment services (reception, transmission, order execution, and portfolio management). Non-resident financial service providers must present initial minimum capital (fully paid up at subscription) of 25 million Tunisian dinars ($11.7 million) for a bank, 10 million dinars ($4.7 million) for a non-bank financial institution, 7.5 million dinars ($3.5 million) for an investment company, and 250,000 dinars ($112,000) for a portfolio management company.

Foreign Exchange and Remittances

Foreign Exchange

The Tunisian Dinar can be traded only within Tunisia and it is illegal to move dinars out of the country. The dinar is convertible for current account transactions (remittances of investment capital, earnings, loan or lease payments, royalties, etc.). Central Bank authorization is needed for some foreign exchange operations, however. For imports, Tunisian law prohibits the release of hard currency from Tunisia as payment prior to the presentation of certain documents establishing that the merchandise has physically been shipped to Tunisia.

The Tunisian Central Bank pegs the dinar daily to a basket of currencies (including the Euro, the U.S. dollar, and the Japanese yen) weighted to reflect the relative importance of these currencies in Tunisia's external trade. The dinar is adjusted in real terms to the fluctuations of these currencies, taking into consideration inflation differentials. The exchange rate is freely quoted by Tunisian banks, which command a slight transaction premium. The Central Bank can intervene in the market to stabilize the currency or relieve pressure on the market. In 2016, the dinar depreciated 12.7 percent against the dollar and 3.2 percent against the Euro.

Non-residents are exempt from most exchange regulations. Under foreign currency regulations, non-resident companies are defined as having:

Non-resident individuals who own at least 66 percent of the company's capital, and

Capital financed by imported foreign currency.

Foreign investors may transfer funds at any time and without prior authorization. This applies to principal as well as dividends or interest capital. The Procedures for repatriation are complex, however, and within the discretion of the Central Bank. The difficulty in the repatriation of capital and dividends is one of the most recurrent complaints made by foreign investors in Tunisia.

There is no limit to the amount of foreign currency that visitors can bring into Tunisia to exchange for dinar. However, amounts exceeding the equivalent of 25,000 dinars ($10,900) must be declared to customs at the port of entry. Non-residents must also report foreign currency imports if they wish to re-export or deposit more than 5,000 dinars ($2,200). Tunisian customs authorities may require currency exchange receipts on exit from the country.

Remittance Policies

Tunisia's 2016 Investment Law enshrines the right of foreign investors to freely transfer abroad funds in foreign currency with minimal interference from the Central Bank. The new law instructs the relevant authorities to publish, before October 7, 2017, a list of "administrative authorizations;" i.e., investment transactions requiring Central Bank approval, together with the time periods, procedures, and conditions under which approval shall be granted. Only investment transactions cited on this list will require pre-authorization.

Additionally, the list will include specific deadlines to which regulators must adhere in responding to investors' requests for remittances. If regulators fail to provide a specific response to an investor within these deadlines, the remittance shall be deemed approved. The list, and its associated implementing decrees and procedures, had not yet been published at the time of this report.

Sovereign Wealth Funds

By decree 85-2011, the GOT established a sovereign wealth fund "Caisse des Depots et des Consignations" (CDC) to boost private sector investment and promote Small and Medium Enterprise (SME) development. It is a state-owned investment entity charged with independently managing a portion of the state's financial assets. The CDC was set up with support from the French CDC and the Moroccan CDG (Caisse de Depots et de Gestion) and became operational in early 2012. The original impetus for the creation of the CDC was to manage assets confiscated from the former ruling family as independently as possible in order to serve the public interest. More information is available about the CDC at www.cdc.tn.

At the end of 2015, CDC had 5 billion dinars ($2.3 billion) worth of assets and a 200 million dinars ($ 90 million) capital.

All CDC investments are made locally with the objective of boosting investments in the interior regions as well as promoting SME development.

The CDC is governed by a surveillance committee formed by representatives from different ministries and chaired by the Minister of Finance.

7. State Owned Enterprises

State-owned enterprises (SOEs) are still prominent throughout the economy. Many compete with the private sector in industries such as telecom, banking, and insurance. There remain monopolies in other sectors considered sensitive by the government, such as railroad transportation, water and electricity distribution, postal services, and port logistics. Importation of basic staples and strategic items such as cereals, sugar, edible oil, and steel also remain under SOE control.

Senior management officials of SOEs are appointed by the GOT and report to their respective ministries. The board of directors for each SOE comprises representatives from various ministries and public shareholders depending on the relevant sector. Like private companies, SOEs are required by law to publish independently audited annual reports, whether or not corporate capital is publicly traded on the stock market.

The GOT encourages SOEs to adhere to OECD Guidelines on Corporate Governance, but adherence is not enforced. Investment banks and credit agencies tend to associate SOEs with the government and consider them having the same risk profile for lending purposes.

Privatization Program

The GOT allows foreign participation in its privatization program. A significant share of Tunisia's FDI in recent years has come from the privatization of state-owned or state-controlled enterprises. Privatization has occurred in many sectors, such as telecommunications, banking, insurance, manufacturing, and fuel distribution, among others.

In 2011, the GOT confiscated the assets of the former regime. The asset list touched upon every major economic sector. According to the GOT Commission to Investigate Corruption and Malfeasance, a court order is required to determine the ultimate handling of frozen assets. Since court actions frequently take years – and with the government facing immediate budgetary needs – the GOT allowed privatization bids for shares in Ooredoo (telecom), Ennakl (car distribution), Carthage Cement (cement), City Cars (car distribution), and Banque de Tunisie (banking). The GOT does not exclude the possibility of selling shares in these companies on the "Bourse de Tunis," Tunisia's stock exchange, in its efforts to cope with budget constraints, upgrade the banking sector, and increase foreign reserves. The government is expected to sell some of its stakes in state-owned banks; however, no clear plan has been officially adopted or communicated so far.

8. Responsible Business Conduct

There is no comprehensive national policy on responsible business conduct, although there is increasing awareness among the government, NGOs, and private companies. Tunisia is an adherent to the OECD Guidelines for Multinational Enterprises.

Since 1989, the public sector has been subject to a government procurement law that requires labor, environmental, and other impact studies for large procurement projects. All public institutions are also subject to audits by the Court of Auditors (Cour des Comptes).

The Tunisian Central Bank adopted a circular in 2011 setting guidelines for sound and prudent management, guaranteeing and safeguarding the interests of shareholders, creditors, depositors and staff. The circular also established policies on recruitment, appointment and remuneration, as well as dissemination of information to shareholders, depositors, market counterparts, regulators, and the general public.

The emerging role of non-government organizations in Tunisia, notably in human rights, environmental protection, consumer rights, labor unions, and employer unions has redefined the role of Tunisian businesses to include social responsibility.

The national point of contact for OECD for Multinational Enterprises guidelines is:

Mr. Abdelmajid Mbarek, Director
Ministry of Development, Investment, and International Cooperation

Avenue Mohamed V, 1002 Tunis, Tunisia
Tel: +216 7184 9596
Fax: +216 7179 9069
Email: a.mbarek@mdci.gov.tn

Tunisia has not yet joined the Extractive Industries Transparency Initiative (EITI). Tunisia did participate in the 7th world conference of the EITI in Lima, Peru. Projects related to commercial development of oil, natural gas, or minerals are subject to Parliamentary approval.

9. Corruption

Tunisian and U.S. businesses with regional experience indicate that corruption exists, but may not be as pervasive as that found in neighboring countries. U.S. investors report that corrupt practices involve routine procedures for doing business (customs, transportation, and some bureaucratic paperwork). These behaviors, however, do not appear to pose a significant barrier to doing business in Tunisia. Transparency International's Corruption Perceptions Index 2016 gave Tunisia a score of 41 out of 100 and a rank of 75 among 175 countries. Regionally, Tunisia is ranked 9th among MENA countries and first in North Africa, ahead of Morocco, Algeria, Egypt, and Libya. Most U.S. firms involved in the Tunisian market do not identify corruption as a primary obstacle to foreign direct investment.

Tunisia's penal code devotes 11 articles to defining and classifying corruption and assigns corresponding penalties (including fines and imprisonment). Several other regulations also address broader concepts of corruption. Detailed information on the application of these laws and their effectiveness in combating corruption is not publicly available, and there are no GOT statistics specific to corruption. The Independent Commission to Investigate Corruption, created in 2011, handled corruption complaints from 1987-2011. The commission referred 5 percent of cases to the Ministry of Justice. In 2012, the commission was replaced by the National Authority to Combat Corruption, which has the authority to forward corruption cases to the Ministry of Justice, give opinions on legislative and regulatory anti-corruption efforts, propose policies and collect data on corruption, and facilitate contact between anti-corruption efforts in the government and civil society.

In February 2017 the Parliament passed a new law (#2017-10) on corruption reporting and whistleblower protection. The law is considered a significant step in the fight against corruption, as it establishes the mechanisms, conditions, and procedures for denouncing corruption. Article 17 of the law provides protection for whistleblowers, and any act of reprisal against them is regarded as a punishable crime.

For public servants, the new law also guarantees that whistleblowers are protected against possible retaliation by their superiors.

Recent government efforts to combat corruption include: the seizure and privatization of assets belonging to Ben Ali's family members; assurances that price controls on food products, gasoline, etc., are respected; enhancement of commercial competition in the domestic market; establishment of a division within the Prime Minister Office dedicated to the fight against corruption; and harmonization of Tunisian laws with those of the European Union.

Since 1989, a comprehensive law designed to regulate each phase of public procurement has governed the public sector. The GOT also established the Higher Commission on Public Procurement (CSM - Commission Supérieure des Marchés publics) to supervise the tender and award process for major government contracts. The government publicly supports a policy of transparency. Public tenders require bidders to provide a sworn statement that they have not and will not, either themselves or through a third party, make any promises or give gifts with a view to influencing the outcome of the tender and realization of the project. Despite the law, competition on government tenders appears susceptible to corruptive behavior. Pursuant to the Foreign Corrupt Practice Act (FCPA), the U.S. Government requires that American companies requesting U.S. Government advocacy certify that they do not participate in corrupt practices.

Resources to Report Corruption

Contact at GOT agency responsible for combating corruption:

Mr. Chawki Tabib
President
The National Anti-Corruption Authority (Instance Nationale de Lutte Contre la Corruption - INLUCC)
71 Avenue Taieb Mhiri, 1002 Tunis Belvédère - Tunisia
+216 71 840 401 / Toll Free: 80 10 22 22
contact@inlucc.tn

Contact at "watchdog" organization:
Mr. Achraf Aouadi
President
I WATCH Tunisia
14 Rue d'Irak 1002 Lafayette, Tunisia
+ 216 71 844 226
contact@iwatch.tn

10. Political and Security Environment

Tunisia has a history of political stability. Incidents involving politically-motivated damage to economic projects or infrastructure are extremely rare. In December 2010 and January 2011, however, civil unrest in the underserved interior regions eventually forced former President Ben Ali to flee Tunisia on January 14, 2011.

Post-revolution instability in 2013, including two high profile political assassinations, resulted in widespread public protests. Political calm was restored in early 2014 with the successful conclusion of Tunisia's National Dialogue; a new constitution; and the installation of an interim, technocratic government that paved the way for free and fair parliamentary and presidential elections at the end of that year. The next national-level elections are scheduled to take place in 2019; local elections will take place before that; they are scheduled for December 2017.

Two major terrorist attacks targeting the tourism sector occurred in 2015, killing dozens of foreign tourists at the Bardo National Museum in Tunis and a beach hotel in Sousse. Travelers are urged to visit www.travel.state.gov for the latest travel alerts and warnings regarding Tunisia. In addition, a presidential guard bus was bombed by terrorists in Tunis in November 2015, and the border town of Ben Guerdan in south Tunisia was attacked by armed militants in March 2016

11. Labor Policies and Practices

Tunisia has a highly literate labor force of approximately 3.9 million. The official 2016 unemployment rate was 15.5 percent; however, unemployment is estimated at over 30 percent among university graduates. Official statistics do not count underemployment or provide disaggregated data by geography.

In order to keep the unemployment rate at current levels, 60,000 new private sector jobs must be created each year. Over the past two decades, the structure of the workforce remained relatively stable, and as of the last quarter of 2016 stood at 15 percent agriculture and fishing, 33 percent industrial, and 52 percent commerce and services. Tunisia has successfully developed its industrial sector and created low-skilled employment, but has been unable to absorb educated entrants into the job market.

The right of labor to organize is protected by law. Currently, four national labor confederations operate in Tunisia. The oldest and largest is the General Union of Tunisian Workers (UGTT - Union Générale des Travailleurs Tunisiens). Three newer ones are the General Confederation of Tunisian Workers (CGTT – Confederation Générale des Travailleurs Tunisiens), the Tunisian Labor Union (UTT – Union Tunisienne du Travail), created in May 2011, and the Tunisian Labor Organization (OTT – Organisation Tunisienne du Travail), created in August 2013. UGTT claims about one third of the salaried labor force as members, although more are covered by UGTT-negotiated contracts. Wages and working conditions are established through triennial collective bargaining agreements between the UGTT, the national employers' association (UTICA - Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat), and the GOT. These tripartite agreements set industry standards and generally apply to about 80 percent of the private sector labor force, regardless of whether individual companies are unionized.

The most recent private sector wage increase agreement was signed in March 2017 and stipulates an increase of 6 percent. An emboldened labor movement has also increased its demands for private sector reforms. Labor unrest is still an issue although at a smaller scale than in 2011 and 2012. The official national minimum monthly wage (based on 40 hour/week) in the industrial sector is 302.75 dinars (~$150), and 348 dinars (~$175) for a 48 hour week.

In December 2016, the GOT and UGTT reached a wage increase agreement in the public sector that enters into force starting January 2017.

12. OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) has been active in the Tunisian market since 1963. OPIC provides political risk insurance and financing to U.S. companies. OPIC has designed a number of investment funds that include Tunisia. These funds cover, among other sectors, franchising and small and medium enterprise development. OPIC supports private U.S. investment in Tunisia and has sponsored several reciprocal investment missions. In 2015, OPIC signed a credit guarantee facility agreements totaling $50 million with three Tunisian banks to increase access to capital for SMEs.

13. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		**USG or international statistical source**		**USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other**
Economic Data	**Year**	**Amount**	**Year**	**Amount**	

Host Country Gross Domestic Product (GDP) ($M USD)	2015	43,141	2015	43,020	World Bank
Foreign Direct Investment	**Host Country Statistical source***		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	2016	4.04	2015	311	Bureau of Economic Analysis
Host country's FDI in the United States ($M USD, stock positions)	N/A	N/A	2015	17	Bureau of Economic Analysis
Total inbound stock of FDI as % host GDP	2015	2.32%	N/A	N/A	

* Source: Tunisia's Foreign Investment Promotion Agency (FIPA) End 2015 and End 2016.

Table 3: Sources and Destination of FDI

Direct Investment from/in Tunisia in 2016 (excluding energy)					
From Top Five Sources/To Top Five Destinations ***(US Dollars, Millions)***					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	510.85	100%	Total Outward	N/A	100%
France	169.75	33.2%			
Germany	72.43	14.2%			

UK	42.85	8.4%			
Libya	37.86	7.4%			
Qatar	27.73	5.4%			
"0" reflects amounts rounded to +/- USD 500,000.					

* Source: Tunisia's Foreign Investment Promotion Agency (FIPA), yearend 2015 and yearend 2016.

Tunisia was not covered by the IMF's Coordinated Direct Investment Survey (CDIS).

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets in Tunisia in 2016								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
All Countries	40.89	100%	All Countries	Amount	100%	All Countries	Amount	100%

* Source: Tunisia's Foreign Investment Promotion Agency (FIPA), yearend 2015 and yearend 2016.

Tunisia was not covered by the IMF's Coordinated Portfolio Investment Survey (CPIS).

14. Contact for More Information on the Investment Climate Statement

-NAME: Embassy Tunis Commercial Section
-TITLE: Commercial Officer
-ADDRESS OF MISSION/AIT: U.S. Embassy Tunis, Les Berges du Lac, 1053, Tunisia
-TELEPHONE NUMBER: +216 71 107 000
-EMAIL ADDRESS: TunisCommercial@state.gov

Trade & Project Financing

Methods of Payment

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 bank. To ensure payment, U.S. exporters have used confirmed, irrevocable letters of credit and letters of credit authorizing "payment against documents" in past transactions.

Banking Systems

The Tunisian banking sector is composed of 32 institutions, 12 of which are publicly traded on the Tunisian stock market. The largest banks are the state-owned institutions Société Tunisienne de Banque (STB), Banque National Agricole (BNA), and Banque de l'Habitat (BH), which collectively represent 37% of banking assets and 28% of banking sector deposits. The Central Bank of Tunisia strictly regulates the country's banks. In recent years, the Central Bank has increasingly insisted upon more prudent norms for bank reserves and balance sheets that are in greater compliance with international standards, and all Tunisian banks are under pressure to improve their performance and balance sheets. Recent bank actions include continued reductions in non-performing loan ratios, implementation of tighter credit risk controls and enhanced recovery procedures, and upgrades of under-developed IT applications.

Tunisia signed a four-year agreement with the International Monetary Fund (IMF) in May 2016, which included commitments to "enhancing the central bank independence to strengthen the effectiveness of monetary policy; ensuring a greater exchange rate flexibility to strengthen reserve buffers and facilitate external adjustment; restructuring public banks; strengthen the banking resolution and supervision frameworks; developing credit bureaus, and relaxing caps on lending rates to increase access to finance." In compliance with these recommendations, 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, emergency liquidity assistance to solvent banks, and 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 IMF, as of March 2015, the overall capital adequacy ratio of the Tunisian banking system, which measures the ratio of banks capital to their risk, stood at 9.5%, below the regulatory requirement of 10%. Nonperforming loans (NPLs) reached the high level of 17% of total loans (21% after including bank affiliates) in 2016. A bankruptcy law passed in April 2016 will help address the NPL problem. Public banks are structurally illiquid due to low deposit growth which increases their recourse to Central Bank refinancing.

Foreign Exchange Controls

The Tunisian dinar is convertible for current account transactions. Companies or individuals engaging in foreign trade can apply to the Central Bank 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 Central Bank 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 & Local Correspondent Banks

Citibank, the only U.S. bank operating in Tunisia, 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 bank 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.

Project Financing

Project financing is generally available for established borrowers. While Tunisian banks are often reluctant to deal with newer firms, it is rare for an established enterprise to fail due to lack of financing. Bankers describe the Tunisian market as one where the supply of short-term commercial credit exceeds demand, although a significant lending gap is evident for small and medium businesses which 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.

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 suppliers present an obstacle for U.S. companies. However, EXIM will strive to match concessionary financing from foreign competitors' governments.

The Overseas Private Investment Corporation (OPIC) provides financial products such as loans and guaranties, political risk insurance, and support for investment funds, all of which help American businesses expand into emerging markets. OPIC funding and insurance products are available for investment projects in Tunisia. In March 2015, OPIC launched its support of up to $50 million of the Tunisia Credit Guaranty Facility (TCGF) in partnership with three Tunisian banks. The facility, which is expanding access to finance to more than 250 SMEs and franchise partners, is intended to spur private sector growth and support thousands of created or sustained jobs in key industries and sectors.

U.S. companies may also take advantage of procurement opportunities funded by the African Development Bank (AfDB). AfDB projects are found throughout the entire continent. From 1967 to 2015, the Bank financed about $8 billion worth of projects in Tunisia, making Tunisia the institution's second largest recipient of bank funding after Morocco. Although AfDB's main goal is infrastructure development, there are opportunities across a variety of sectors and in both private and public projects. Recent AfDB assistance to Tunisia includes $105 million funding for the second phase of the rural water supply program. Since 2003 the AfDB was headquartered in Tunis; in 2014 it returned to its home base in Abidjan, Ivory Coast, and in November 2016 it opened a Regional Center for North Africa in Tunis.

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.

The U.S. Agency for International Development (USAID) created the Tunisian American Enterprise Fund ($100 million) to provide investment in small and medium enterprises, the engines of sustainable job creation in Tunisia. USAID is also implementing the Business Reform and Competitiveness Project (BRCP), a $26 million, 44 month economic growth project, to increase the competitiveness of Tunisia's small and medium enterprises, driving economic growth and creating sustainable, private sector jobs. In addition, USAID is supporting the Tunisian private sector through a $12.5 million public-private partnership with Hewlett Packard and UNIDO to facilitate enterprise development and entrepreneurship training in the interior regions of the country, and a $1.5 million program with the

Small Enterprise Assistance Fund (SEAF) to provide small grants to support and sustain local entrepreneurs.

The World Bank Group's International Bank for Reconstruction and Development (IBRD) supports a variety of projects in Tunisia. IBRD efforts are focused on several areas including the environment, the financial sector, privatization and industrial restructuring, the road network, dams, and irrigation. In 2016, the IBRD approved $18 million funding for a wastewater project in Nothern Tunis.

The European Investment Bank (EIB) is also active in Tunisia. In 2016 the bank signed funding agreements of $130 million for a bridge in the town of Bizerte, $50 million for electricity transmission, $75 million for a sewage project, and $110 million for telecommunication infratrsucture.

While U.S. companies participate in World Bank-financed projects in Tunisia, they may be barred from participating in EU-funded projects.

Multilateral Development Banks:

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (European Bank for Reconstruction and Development, African Development Bank, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the European Bank for Reconstruction and Development, the African Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders.
Learn more by contacting the Commercial Liaison Offices to the European Bank for Reconstruction and Development, the African Development Bank and the World Bank.

Financing Web Resources

Export-Import Bank of the United States

Country Limitation Schedule

Overseas Private Investment Corporation (OPIC)

Trade and Development Agency

Small Business Administration (SBA)'s Office of International Trade

USDA Commodity Credit Corporation

U.S. Agency for International Development

African Development Bank

Central Bank of Tunisia

Association of Tunisian Banks

Citibank Tunis

Business Travel

Business Customs

Tunisia is an open society, and most Tunisian business practices resemble those in Europe. The official language in Tunisia is Arabic, but French is widely spoken and serves as the common business language. An increasing number of Tunisians also speak English, in addition to Italian and German. 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 not proffer high-value items.

Travel Advisory

[See Tunisia's Country Specific Information web page]

Visa Requirements

U.S. business travelers generally do not need a visa for stays in Tunisia of less than three months. 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, renewable for one additional year upon 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.

Visa applicants should go to the following links:
State Department Visa Website
Embassy's Nonimmigrant Visa Page
Visa appointment website

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.

ATMs are commonplace in cities and towns both 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 millimes amounts; for example, "1.234.567,890 TND."

Telecommunications/Electric

Access to high quality telecommunications services, particularly high-speed/high capacity data transmission and the internet, is becoming more widely available. Tunisia uses GSM cellular phone technology, although 2G, 3G, and 4G network service is available. Many U.S. cellular companies provide roaming service in Tunisia. International calling cards do not work in Tunisia.

Five private Internet Service Providers (ISPs) are licensed by the GOT. Broadband connections have recently been made available to private customers. In 2016, there were about 7.7 million Internet subscribers, 80% of them (6.2 million) subscribed through smartphones.

ISPs can only access the internet via the state Tunisian Internet Agency (ATI). Prior to the 2011 revolution, this agency blocked access to numerous sites it considered dangerous to national security, damaging to moral values, or critical of the government. Blocked sites included pornography and incitements to extremism. Opposition political parties and international human rights groups, as well as some major commercial sites such as YouTube, also were blocked. The revolution and accompanying acknowledgment that freedom of expression is a basic right of the Tunisian people resulted in lifting of censorship on most internet sites.

Voice over Internet Protocol (VOIP) is permitted in Tunisia only to preapproved corporate entities and not individuals, although use of certain VOIP technologies downloaded abroad, such as Skype, MagicJack, Viber, or Vonage, is permitted. VOIP services are provided by the three existing telecom licensees (Tunisie Telecom, Ooredoo, and Orange).

Transportation

Tunisia enjoys a relatively well-developed transport infrastructure that includes eight international airports. Tunisia's principal airport gateway is Tunis-Carthage International Airport, situated eight km from the center of the city. Other international airports include: Monastir-Habib Bourguiba, Djerba-Zarzis, Tozeur-Nefta, Sfax-Thyna, Tabarka, Gafsa-Ksar, and the most recent, Enfidha International

Airport. These airports handle tourism-related charter flights from Europe and are seasonal.

The national airline, Tunisair, started direct flights between Tunis to Montreal in June 2016. In 2014, Tunisia and China signed an agreement to allow direct flights between the two countries, but no scheduled flights have started yet.

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

A new high-speed train network encompassing 53 miles is to be constructed in Greater Tunis using EU funding; it is slated for completion by the end of 2017. The first phase of the project consists of the acquisition of land, rerouting of the network, and the duplication of one tunnel.

Tunisia's road network is fairly well developed. Major toll highways have been constructed or are in the planning/construction phases. The highways link the major coastal population centers from the Libyan border in the southeast to the Algerian border in the northwest.

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

Language

The official language in Tunisia is Arabic, but French is widely spoken, especially in business. Many Tunisians also speak English, Italian, and German.

Health

Except when specialized care is required, most illnesses can be treated locally. Hospitals and clinics in Tunis and other major urban centers are comparable to Western standards and feature Western-trained physicians. However, Western-style trauma care is not available. Food standards are fair, and potable water is available for 83% of the population. For those who prefer bottled water, it 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 07:30 – 14:00

Friday 07:30 – 13:00

Private Sector* (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 8:00-14:00

* 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.

** In 2017, Ramadan will be o/a May 26 – June 24.

Major Tunisian secular holidays are as follows:

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.

Dates for 2017 are:

Aid Esseghir (El-Fitr) (three days) o/a June 25, 26, and 27, 2017

Aid El Kebir (El-Idha) (two days) o/a September 1 and 2, 2017

Ras El Am El Hijri (one day) o/a	September 21, 2017
Mouled (one day) o/a	December 1, 2017

* o/a - on or about

Temporary Entry of Materials or Personal Belongings

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

Travel Related Web Resources

Ministry of Transportation
Société de Transport de Tunis (TransTu) Tunis Transport Company
Société Nationale des Chemins de Fer Tunisiens (SNCFT) National Railway Company
Tunisair (National Air Carrier)