Committee on Balance-of-Payments Restrictions

1983 CONSULTATION WITH TUNISIA
(SIMPLIFIED PROCEDURES)

Background Paper by the Secretariat

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

I. Tunisia's previous consultations

2. Tunisia acceded provisionally to GATT in November 1959. The Declaration on the Provisional Accession has been extended several times and is now valid until 31 December 1984 (BISD 30S). Four full consultations were held with Tunisia since its provisional accession. At the last full consultation, which took place on 5 November 1979, the Committee welcomed the trend towards a progressive relaxation of import restrictions. It noted the view of the IMF that the overall restrictiveness of the import régime did not go beyond what was necessary to prevent a decline in Tunisia's international reserves. The Committee also noted with satisfaction the Tunisian authorities' determination to continue relaxing the remaining restrictions and expressed the hope that positive developments in Tunisia's external financial position would enable the authorities to accelerate this process. A simplified consultation was held in October 1981 (BOP/W/54).

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

3. A decree effective 14 January 1982, amending previous foreign trade and foreign exchange legislation, introduced several modifications in Tunisia's relatively complex system of charges and restrictions on imports and import payments. The primary purpose of these changes was to unify import procedures, regardless of the product's origin. Changes introduced include:

   (a) Abolition of zonal dualism

4. Import documents previously required for imports from the French franc zone have been eliminated. Foreign trade procedures are now determined by the régime applicable to the product and the status of the operator, irrespective of the origin or destination of the good.

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1 Tunisia has recently notified to the Working Party on the provisional accession of Tunisia a full memorandum on its foreign trade régime (L/5566/Add.1).
(b) Categorization of the import régimes governing products

5. The list of import products was simplified, and liberalized goods are considered to be the rule, while goods which are prohibited or subject to quantitative restrictions are considered the exception. Liberalized goods require an import certificate. Products not included on the liberalized import list can only be imported under an import licence.

6. Tunisia's sixth five-year plan (1982-1986), announced in August 1982, has as one of its objectives the reduction of import growth to 4 per cent per year from the 12 per cent average of the previous five-year plan. Import growth will therefore be kept below that of projected GDP growth of 6.6 per cent for the same period. This is to be accomplished through careful monitoring and selection of imports. A communiqué issued on 30 June 1983 placed sharp restrictions on imports, including raw materials and semi-finished goods, with the intention of cutting 1983 imports to 80 per cent of the 1982 level. A sharp decline in the issue of licenses, necessary for most goods, was reported following this measure, for July and August.

7. The main features of Tunisia's present import régime are set out below.

(a) Liberalized goods covered by import certificates

8. Products on a list of liberalized imports can be imported without prior authorization on the presentation of a commercial contract and under the cover of an import certificate. Excluded are all imports of used goods, as well as of spare parts which are imported with the intention of circumventing legislation on investments, or destined for assembly, or effected at prices higher than those practiced by local manufacturers of the same articles. Particular rules apply to imports of machinery necessary to carry out projects of investments approved by the Agency for the Promotion of Investments.

(b) Imports subject to quantitative restrictions requiring import licences

9. Imports of goods subject to quantitative restrictions require an import licence which is granted by the Ministry of the National Economy and issued by the Central Bank of Tunisia. A licence is valid for six months from the date of approval by the Central Bank. Imports subject to quantitative restrictions primarily include textiles and clothing products.

(c) Importer's cards

10. An importer's card is issued to firms approved by the Ministry of Commerce to facilitate imports in case of urgent need of spare parts and other products necessary for production in industry and agriculture. In general, the value of imports should not exceed 500 dinars per importer and per year.
(d) **Prohibited imports**

11. A certain number of goods are prohibited from being imported into Tunisia (except for waivers) regardless of origin, for sanitary, moral reasons, etc. The list of prohibited goods has not yet been published.

(e) **Annual import authorization**

12. Industries, particularly exporters as well as organizations charged with supplying Tunisia with necessary primary products or products intended for industry, may present to the Ministry of the National Economy, before 1 October of each year, their annual programme of imports of goods not on the liberalized list, for the following year. Authorization for the annual import programme is based on a decision of the Ministry of the National Economy and the approval of the Central Bank.

(f) **Imports by certified exporting firms**

13. Export industries certified under a law of 1972 can import freely all goods necessary for their production.

(g) **Tariffs and other charges on imports**

14. Tunisia's general tariff rates range up to 200 per cent. Minimum tariff rates, of one-third the general tariff rates, are applied to countries with which Tunisia has concluded trade or preferential agreements and to GATT contracting parties which have accepted Tunisia's provisional accession. Various suspensions of duty are applied. Almost 48 per cent of imports enter duty-free. The incidence of tariffs on imports was estimated by Tunisia to be about 7.5 per cent in 1982, or 14.4 per cent if duty-free imports are excluded. The following other import taxes and charges are levied: (a) a production tax, chargeable on all imports with few exceptions, as well as on certain exports; the rates range from 11 to 21 per cent; (b) a customs formalities fee of 0.1 dinar per 1,000 kg. of gross weight of shipments with a minimum of five per cent of the value of the goods; (c) consumption tax; and (d) excise tax.

(h) **State trading**

15. Certain products whose prices are considered to be subject to wide fluctuation in the world market may be imported only by government agencies, with the stated aim of making the best use of foreign exchange. These products include cereals and derivatives, bananas, apples, pears, coffee, sugar tea, pepper, medicaments and pharmaceutical products, unmanufactured and manufactured tobacco, milk, butter, cheese, beverages, animals of the bovine species and sheep for slaughter, meat of bovine animals and of sheep, vegetable oils and petroleum derivatives.

(i) **Import payments restrictions**

16. The special procedures applied to imports from countries in the French franc area were abolished in 1982.
III. Recent Trends in Tunisia's Economy and Foreign Trade

17. Tunisia's economic growth, which had averaged an annual rate of about 6 per cent in 1979-1981, was only 1 per cent in 1982. In the mining sector, heavy output declines were recorded for crude petroleum (6 per cent) and calcium phosphates (4 per cent). As most crops were affected by bad weather, there were notable output declines in both agriculture and food manufacturing. Most other manufacturing industries posted only modest output gains, except textiles and clothing where activity was buoyant in response to increased export demand. The rate of inflation tended to accelerate in the first half of 1982 but slowed down significantly thereafter: the average rise in consumer prices for the year was 14 per cent, against 9 per cent in 1981. In the seven months to July 1983 consumer prices were virtually unchanged. The Tunisian dinar lost 16 per cent of its dollar value in the twelve months to December 1982 and a further 14 per cent in the following eight months.

18. Largely as a result of reduced shipments of petroleum and agricultural goods, the value of exports declined by 21 per cent in 1982, to less than US$2 billion. Imports, in turn, totalled US$3.4 billion in 1982 (14 per cent less than in 1981). Tunisia's trade deficit increased in 1982 to US$1.5 billion.\(^1\) Trade developments in the first half of the current year indicate some decline in the country's trade deficit, with sharp falls in the value of both exports and imports (compared to the same period of 1982).

19. Crude petroleum exports were 25 per cent lower in volume terms; their share in the total dropped by 9 percentage points, to 42 per cent. Exports of phosphates and phosphate products earned some US$330 million in 1982, about the same as the year before, despite a substantial increase in volume. Due in particular to sharp declines in the volume of shipments of dates, oranges, wine and olive oil, earnings from agricultural exports fell by 23 per cent, to less than US$200 million. With a very substantial rise in volume, exports of clothing were up 2 per cent in dollar terms, thereby increasing their contribution to total export revenue from less than 10 per cent in 1981 to nearly 13 per cent. Exports to the EC, which in 1981 absorbed 60 per cent of total exports, declined substantially in 1982, both in volume and in dollar terms, owing primarily to lower sales to Greece and Italy. The United States became the largest single export market in 1982, surpassing both France and Italy: its share in total exports rose to 23 per cent from 17 per cent in the preceding year.

20. An opposite trend emerged for imports, as purchases from the EC declined much less, in dollars, than those from other industrial areas (the United States, in particular). Imports from the EC accounted for as much as two-thirds of the total in 1982. There was a sharp decline, of about three-quarters, in imports from Saudi Arabia. Purchases of a few food items increased considerably in volume, due to the shortfall in domestic output, but the sharpest increases were in textiles (both yarn and cloth), probably in response to buoyant manufacturing demand for export. Estimates indicate that imports of other products, including investment goods, at best stagnated in volume terms.

\(^1\) Exports (f.o.b.) less imports (c.i.f.).