TRADING POLICY REVIEW MECHANISM

TUNISIA

REPORT BY THE SECRETARIAT

Corrigendum

The following corrections should be made to document C/RM/S/47:

Chapter I:

Page 8, replace Table I.3 by the attached.
Pages 23 and 24, replace the Annex by the attached.

Chapter II:

Page 31, replace Paragraphs 18 and 19 by the attached.

Chapter IV:

Page 64, replace Table IV.5 by the attached.

NOTE FOR ALL DELEGATIONS

Until further notice, this document is subject to a press embargo.

*English only.
Table 1.3  
Balance of payments, 1980-93  
(US$ million)

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current account balance</td>
<td>-361</td>
<td>-587</td>
<td>216</td>
<td>-123</td>
<td>-474</td>
<td>-576</td>
<td>-1,026</td>
<td>71</td>
</tr>
<tr>
<td>Merchandise trade balance</td>
<td>-980</td>
<td>-866</td>
<td>-1,097</td>
<td>-1,208</td>
<td>-1,678</td>
<td>1,185</td>
<td>-2,044</td>
<td>2,082</td>
</tr>
<tr>
<td>Exports, f.o.b.</td>
<td>2,158</td>
<td>1,700</td>
<td>2,399</td>
<td>2,931</td>
<td>3,515</td>
<td>3,710</td>
<td>4,033</td>
<td>3,804</td>
</tr>
<tr>
<td>Imports, f.o.b.</td>
<td>3,139</td>
<td>2,567</td>
<td>3,496</td>
<td>4,139</td>
<td>5,193</td>
<td>4,895</td>
<td>6,077</td>
<td>5,886</td>
</tr>
<tr>
<td>Net services balance</td>
<td>477</td>
<td>333</td>
<td>1,148</td>
<td>865</td>
<td>881</td>
<td>609</td>
<td>1,018</td>
<td>1,211</td>
</tr>
<tr>
<td>Unrequited transfers and other income</td>
<td>143</td>
<td>-53</td>
<td>164</td>
<td>221</td>
<td>323</td>
<td>-32</td>
<td>-40</td>
<td>50</td>
</tr>
<tr>
<td>Capital account balance</td>
<td>369</td>
<td>389</td>
<td>199</td>
<td>194</td>
<td>381</td>
<td>511</td>
<td>1,120</td>
<td>841</td>
</tr>
<tr>
<td>Direct investment</td>
<td>235</td>
<td>114</td>
<td>63</td>
<td>74</td>
<td>76</td>
<td>165</td>
<td>434</td>
<td>381</td>
</tr>
<tr>
<td>Portfolio investment</td>
<td>15</td>
<td>30</td>
<td>5</td>
<td>-6</td>
<td>2</td>
<td>165</td>
<td>434</td>
<td>381</td>
</tr>
<tr>
<td>Other</td>
<td>119</td>
<td>237</td>
<td>131</td>
<td>126</td>
<td>303</td>
<td>195</td>
<td>563</td>
<td>460</td>
</tr>
<tr>
<td>Errors and omissions</td>
<td>69</td>
<td>-19</td>
<td>27</td>
<td>-5</td>
<td>-31</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Overall balance</td>
<td>76</td>
<td>-225</td>
<td>441</td>
<td>65</td>
<td>-123</td>
<td>-65</td>
<td>94</td>
<td>-30</td>
</tr>
</tbody>
</table>

Memorandum:

- Current account balance as percentage of GDP: -4.1, -7.1, +2.1, -1.2, -3.8, -4.4, -6.5, -5.8
- Exchange rate (dinars per US$ average): 0.41, 0.83, 0.86, 0.95, 0.88, 0.92, 0.88, 1.0
- Reserves in months of imports: 2.3, 1.1, 3.1, 2.8, 1.8, 1.9, 1.8, 1.8

... Not available.

* Estimate.

Source: International Monetary Fund.
ANNEX: EXCHANGE CONTROL SYSTEM OF TUNISIA

(1) Legislative Framework

28. The Foreign Trade and Foreign Exchange Code 1976 provides the legal basis for foreign exchange controls in Tunisia. The ultimate objective of the Code is to maintain the balance of external accounts. It spells out following principles:

- the subjection to authorization of exports of capital and all operations or commitments which entail a transfer (Article 1);
- the obligation for residents to repatriate all foreign currency derived from the export of goods, the remuneration of services and foreign income or earning (Article 20); and
- the restrictions on imports and exports of goods (Article 41).

29. In January 1993, Tunisia formally accepted the obligations of Articles VIII, Section 2, 3 and 4 of the IMF Agreement. In addition, to incorporate recent progress in the liberalization of trade and foreign exchange, the Government is now undertaking a comprehensive review of the 1976 Code to be completed by the end of 1994.

30. The Minister of Finance is empowered to lay down regulations on foreign exchange, which are implemented by the Central Bank of Tunisia. The Bank may delegate part of its authority with respect to payments for imports and invisibles to authorized commercial banks. The Minister of National Economy is responsible for regulating imports and exports of goods, in consultation with the Central Bank.

(2) Exchange Allocation

31. The Tunisian dinar is not fully convertible with foreign currencies. However, foreign exchange control on current account transactions has been gradually relaxed in recent years. Following the assumption of obligations under Article VIII of the IMF Agreement, a law liberalizing all payments for current account transactions passed in May 1993. With regard to capital account transactions, however, currency convertibility remains yet to be established.

32. No direct restriction of foreign exchange applies to import payments, yet all import documents involving payments are required to be handled by the authorized banks (Chapter IV). Foreign currency may be purchased from the Central Bank or the delegated banks for payments of imports subject to licensing which have obtained prior import authorization. Foreign exchange restriction on payments for invisibles, which had been increasingly eased in recent years, was completely liberalized in May 1993.

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12IMF (1993); Nsouli (1993).


14In 1992, the Committee on Balance-of-Payments Restrictions invited Tunisia to disinvoke Article XVIII:B of the General Agreement, “as soon as the balance of payments recovered its structural stability”. (GATT document BOP/R/202, 9 November 1992)
33. On the export side, all proceeds from exports and invisibles received from foreign countries are required to be repatriated and surrendered to commercial banks, normally within 10 days from the due date of payment.\textsuperscript{15} Commercial banks are obliged to transfer their foreign exchange holdings daily to the Central Bank. Resident exporters may retain up to 40 per cent of their foreign exchange proceeds in Resident Foreign Exchange Accounts, for the purpose of making payments for current expenses related to their activities. Non-residents, however, are exempt from the repatriation and surrender requirements.

34. All capital transactions by residents remain subject to the approval of the Central Bank; the approval is not automatic, even though the exchange allocation has been eased recently. Non-resident investors, however, are allowed to repatriate in foreign exchange the invested capital as well as the net proceeds from their investments (Chapter III).

\textsuperscript{15}Surrender requirements are not considered restrictions within the letter of Article VIII, Section 2 (a) of the IMF Agreement (Nsouli, 1993).
18. Tunisia's concessions in market access (including accession concessions) involved some 3,087 items on a 7-digit HS tariff line basis. The coverage of bindings is to be significantly increased, from the current 15 per cent to some 53 per cent of total tariff lines. Bound tariffs for industrial goods range initially from 27 to 90 per cent. Concessions include a number of items in the textile industry, one of the most important strategic sectors of the economy, where a uniform bound rate is to be established at 90 per cent in 1996, reducing to 60 per cent by 2005 (Chapter IV, Table IV.5).

19. In agriculture, the tariffication of measures applying to a number of items (e.g. bovine meat, dairy products, almonds) enabled new binding commitments to be extended to almost 780 items (on a 7-digit HS basis), with tariffs ranging from 17 to 200 per cent. This widens the scope of binding in the sector from around 5 per cent to 100 per cent, as required by the Uruguay Round agreement. High tariffs appear to be concentrated in the country's strategic products (e.g. citrus, dates, tomato, olive oil). The Government is committed to the reduction of internal support (price support or subsidies to inputs) on ten items (e.g. wheat, milk, bovine meat, tomato, potato, citrus, sugar beet) (Chapter V).

16 Fisheries and marine products are not included in the Uruguay Round definition of "agriculture": this reduces the coverage of bindings in HS chapters 1-24 to 85 per cent (Table IV.5).
### Table IV.5
Scope of bindings (Tunisia’s offer in the Uruguay Round) (per cent)

<table>
<thead>
<tr>
<th></th>
<th>Pre-U.R. (share in total)</th>
<th>Post-U.R. (^a) (share in total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>5.1</td>
<td>85.1(^b)</td>
</tr>
<tr>
<td>(HS 1-24)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>18.3</td>
<td>47.9</td>
</tr>
<tr>
<td>(HS 25-97)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>15.0</td>
<td>52.9</td>
</tr>
</tbody>
</table>

**Memorandum:**

- Agriculture (per cent) 17 89
- Industry (per cent) 21 65

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\(a\) These figures include the initial bindings by Tunisia on accession to GATT and Tunisia’s Uruguay Round offer, but not the renegotiated bindings from January 1994.

\(b\) Excluding 114 tariff lines in Chapters 1-24 classed as fishery or marine products.

\(c\) GATT, *An Analysis of the Proposed Uruguay Round Agreement, with Particular Emphasis on Aspects of Interest to Developing Economies* (MTN.TNC/W/122, 29 November 1993). Data are as of 19 November 1993.

**Source:** Government of Tunisia; GATT Secretariat.