OPENING STATEMENT BY THE REPRESENTATIVE OF TUNISIA

In pursuance of the provisions of Article XVIII:12(b) of the General Agreement, the CONTRACTING PARTIES hold consultations every two years with countries applying import restrictions.

Being anxious to abide by the rules set forth in the General Agreement, Tunisia attaches great importance to these consultations in which it took part in 1965 and 1967, and in which it has the honour to take part once again.

To this end, the Tunisian Government has presented to the CONTRACTING PARTIES a memorandum which shows the efforts made to maintain the rate of economic expansion of the country at a satisfactory rate (6 per cent) without, however, neglecting the foreign payments difficulties resulting from such expansion.

In order to facilitate the discussion of this memorandum, the Tunisian delegation has the honour to recall that immediately after attaining independence Tunisia chose the difficult path of planned economic and social development.

As early as 1962, ten-year forecasts were drawn up, laying down a general framework within which the economy is to develop, and constituting a coherent set of overall and sectoral plans based on certain qualitative and quantitative objectives.

The first stage towards attaining these objectives was the implementation of a three-year preliminary plan (1962-1964) the main aim of which was to reform the structures of the Tunisian economy in order to prepare them for an expansion effort and to prepare the ground for productive investments which were planned for the second stage, that is to say the period 1965 to 1968.
As stated by the Tunisian delegation in 1965, the action undertaken during the Three-year Plan tended towards three objectives.

- Firstly, decolonization which, at domestic level, consists of "Tunisifying" the foreign sector and, at external level of reducing dependence on any particular trading partner.

- The second objective was to introduce a set of structural reforms designed to adapt the national economy to the planning effort and to facilitate harmonious and accelerated development.

- Lastly, the third objective was to record the reactions of the Tunisian economy to the various structural reforms implemented and, at the same time, to prepare the studies necessary for the second Tunisian Three-year Plan.

The second stage covered by the First Four-year Plan was devoted to pursuing consolidating these objectives while at the same time making a particular effort towards industrialization and human promotion.

Investments totalling D 512 million (i.e. $1,000 million) were necessary for carrying out this First Four-year Plan and about one half of this sum had to be drawn from outside sources.

Therefore, relying first and foremost on itself, Tunisia had to make a considerable effort to meet its own needs and, at the same time, to finance the programmes provided for in the First Four-year Plan.

The magnitude of investments under the Four-year Plan and the mobilization of domestic resources to replace that part of foreign capital which was forecast but not effectively forthcoming, exerted considerable pressure on the trade balance, foreign exchange reserves and, more generally, on the balance of payments.

This situation is likely to continue into the Second Four-year Plan which provides for investment of D 617 million, equivalent to 23 per cent of the gross domestic product. Thirty-eight per cent of this sum will be sought from foreign aid sources.

These considerations will explain the following specific aims of our foreign trade.

- To take account of balance-of-payments difficulties inherent in the chronic trade deficit.

- To protect infant economic sectors.
- To reduce consumption of certain imported products in order to encourage
domestic saving and also in order to redirect subsequent foreign currency
expenditure towards the purchase of goods which are more urgent for the
Tunisian economy.

These are the three principles taken into consideration whenever the
Tunisian Government has introduced prohibitions or quantitative restrictions
on imports of any given product.

The same principles were adopted for the Four-Year Plan (1964-1968) during
the span of which nearly all current industrial achievements were attained.

In order to make provision for this investment effort in the industrial
and social sectors, the Tunisian Government has drawn heavily on the country's
foreign exchange reserves and has availed itself of bilateral foreign aid, the
volume of which, in consultation with the international financial institutions,
has been kept within limits compatible with the country's domestic and external
resources.

Furthermore, under the Second Four-Year Plan, 1969-1972, provision has been
made for an average export growth rate of 9 per cent per annum while the rate
of growth of imports has been held down to 5 per cent per annum in order
progressively to reduce this chronic trade deficit and to cover part of this
deficit by surplus receipts from current transactions other than commercial.

For the four coming years the principal objectives of the Second Four-Year
Plan are to increase export earnings and reduce the trade deficit.

Nevertheless, this specific objective in the foreign trade sector will be
attained only to the extent that:

- the import rationalization process continues through a selective policy
so as to accord priority to essential sectors.

This policy of rationalizing imports is motivated by the weakness of
Tunisia's foreign exchange resources as well as by the concern of the Tunisian
Government to protect its infant industries; both these reasons are permitted
under the General Agreement.

- The second means resorted to in order to absorb the trade deficit is
better utilization of the foreign exchange allocations made available to importers.
Until recent years imports were carried out by about 12,000 operators who, of course, engaged in a relatively small volume of business and not always on the best price terms.

With respect to products representing a substantial amount of trade and in order to obtain the best possible conditions, there has not been a grouping of traders but rather a grouping of purchases, and in some cases centralization of purchases.

Last the third means, and also the one considered the most important, is export promotion.

Import prohibitions are being reviewed again with a view to maintaining only measures likely to ward off any threat to a given sector or to infant industries; in other words such measures will be temporary and will be lifted entirely or partially when it is considered that the sector concerned is in a position to face fair competition from products.

It should be stated, however, that despite this partial liberalization of its foreign trade, Tunisia will continue to resort to import restrictions so long as its trade deficit has not been absorbed.

Lastly and in a general way, the quantitative import restrictions will be based on the following principles:

- programming of imports in order to avoid balance-of-payments difficulties (and even improve the balance-of-payments situation). Under the Second Four-Year Plan the objective in this regard is to increase foreign exchange reserves by 31 million dinars over the four coming years. This objective will constitute one stage towards the reintroduction of convertibility.

It should be noted that this increase in foreign exchange reserves will essentially be attained by stepping up exports and reducing external indebtedness.

- protection of infant economic sectors
- maintenance of the system of limited imports of consumer goods
- adaptation of import procedures to the above-mentioned considerations
- easing of import procedures for products essential to the economy and current consumer goods.

Mr. Chairman, gentlemen, those are the guiding principles which the Tunisian Government is following with respect to import restrictions, and the reasons which justify the maintenance of these restrictive measures in coming years.

In conclusion, I should like on behalf of the Tunisian delegation to thank you for the kind attention which you have given us.