

**EMBASSY OF INDIA  
TUNIS**

No. TUN/201/1/2014

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**MONTHLY ECONOMIC AND COMMERCIAL REPORT**

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Reporting Month and Year: **February 2015**

Name of the Country: **TUNISIA**

Trade with India (month-wise & annual)

<b>2014</b>	<b>Month-wise Export US\$ M</b>	<b>Month-wise Import US\$ M</b>
January	21.05	10.74
February	21.60	4.04
March	24.23	11.80
April	34.50	9.93
May	19.47	10.59
June	29.07	11.45
July	23.62	24.51
August	19.0	9.25
September	24.4	13.2
October	28.48	13.64
November	18.5	14
December	20.0	15.3
<b>Total</b>	<b>283.92</b>	<b>148.45</b>

<b>2015</b>	<b>Month-wise Export US\$ M</b>	<b>Month-wise Import US\$ M</b>
January	17.4	3.2
February	27.5	12.9

(Source: National Institute of Statistics, Tunis)

Trade Data - Annual (US\$ million)

<b>Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
India's exports	222.25	280.16	351.62	380.94	313.11	283.92
India's Imports	236.17	304.07	143.96	181.70	85.77	148.45
<b>Total</b>	<b>458.4</b>	<b>584.2</b>	<b>495.6</b>	<b>562.6</b>	<b>398.9</b>	<b>432.37</b>

(Source: National Institute of Statistics, Tunis)

**1. Important International Trade Fairs/Exhibitions in Tunisia. Report on recent such fairs/exhibitions, including details of Indian participation & response.**

Nothing to report.

**2. Important Trade & Investment activities by other countries in Tunisia, and Analysis of export performance of competing countries**

An information day on the promotion of Tunisian olive oil was held in Sfax on 12 February 2015.

### **3. Analysis of Global exports & imports of Tunisia and other micro-economic indicators**

- (i) According to statistics published by the National Institute of Statistics (INS), Tunisia recorded a **trade deficit** of 1556.40 Million TNT in February of 2015. The trade deficit decreased 23.7% during the last two months in 2015 (January and February) to reach 453.4 million dinars for the first time since 1993. During the same period in 2014, the trade deficit had increased by 24.3%.
- (ii) The **inflation rate** in Tunisia was recorded at 5.60 percent in February of 2015
- (iii) According to Ministry of Agriculture, Tunisia has exported 72,000 tonnes of **olive oil** from early November 2014 until February 2015, with a value of US\$ 232 million.
- (iv) **Phosphate production** increased in February 2015 to 10,000 tonnes per day, but was still short of 2010 (20,000 tonnes per day), according to Abderrazak Ouanassi, Sales Director at the Gafsa Phosphate company (CPG) and the Tunisian Chemical Group (GCT). He added that the CPG is planning to produce 6.5 million tonnes of phosphate in 2015, including 5 million tonnes for processing and 1 million tonnes to meet the needs of the Tunisian-Indian Fertiliser Company (TIFERT).
- (v) According to the Tunisian Trade Ministry, prices dropped in the first two months of 2015, from 0.8% in January to 0.1% in February 2015.
- (vi) According to Tunisian Agriculture Ministry, **food balance** coverage rate posted a noticeable improvement to 123% in the first two months of 2015 (against 50.7% in the same period in 2014).
- (vii) According to Tunisian Ministry of Industry, Energy and Mining, energy deficit reached 0.64 million tonnes of oil equivalent (Mtoe) in February 2015, against a deficit of 0.45 Mtoe, during the same period of 2014.

### **4. Market prospects in respect of major items of Indian export interest**

See paragraph 9.

### **5. Trade Enquiries from India and Trade Enquiries from Tunisia**

- i) Number of Trade Enquiries from India: 19
- ii) Number of Trade Enquiries from Tunisia: 1

### **6. Trade complaints received during the Month, and follow up action on earlier complaints**

None.

**7. Indian investment in Tunisia (company wise and sector wise), and performance of existing Indian Subsidiaries /Joint Ventures/ Collaborations, if any, in Tunisia**

**&**

**8. Status of ongoing major investments by Indian PSU's / Pvt. Sector in Tunisia and proposed Indian investments in Tunisia**

A US\$450 million India-Tunisia joint venture company, "Tunisian-Indian Fertilizer SA (TIFERT S.A) for manufacturing phosphoric acid was launched during 2006. This plant with a capacity of 360,000 tons per annum is the only Indian investment in Tunisia. In this joint venture, the Tunisian partners are (i) Groupe Chimique Tunisien (GCT) & (ii) Compagnie des Phosphates de Gafsa (CPG) while the Indian partners are (i) the Coromandel Fertilizer Ltd. (CFL) and (ii) the Gujarat State Fertilizer & Chemicals (GSFC). Tunisian companies hold 35% of equity capital each and the Indian companies hold 15% each. The entire production is to be transported to India to be shared equally by the two Indian partners. This joint venture has been operational since May 2013 and several shipments have already reached India.

**9. Analysis of Investment opportunities in Tunisia**

Tunisian Government provides many incentives to promote foreign investment in Tunisia. Therefore, more than 3,000 foreign companies operate in Tunisia in diverse sectors. The Government has primarily encouraged export-oriented FDI in key industrial sectors, such as call centers, electronics, aerospace and aeronautics, automotive parts, and textile/apparel manufacturing. Foreign participation is allowed in the privatization program of state-owned or state-controlled enterprises. This has attracted a significant share of Tunisia's FDI in recent years. The privatization programme has taken place mainly in telecommunications, banking, insurance, manufacturing, and fuel distribution. Overall foreign investment flows for 2015 surpassed \$1.2 billion, primarily in the form of foreign direct investment (FDI) with less than 10% in portfolio. France with US\$123 million topped the list in 2013 in terms of foreign investment in Tunisia. Germany was second (\$ 38.4 million) followed by Italy (\$ 37.1 million). Foreign investment flow reached US\$ 159 m at the end of February of 2015.

**10. Status of Trade and investment related issues taken up by the Mission with the Government of Tunisia**

Mission has taken up with Tunisian authorities at various levels, decline in the production of phosphate by India-Tunisia joint venture company, "Tunisian-Indian Fertilizer SA (TIFERT S.A) for manufacturing phosphoric acid due to labour strike in the plant and also non delivery of raw material from the mines to the plant.

**11. Major international tenders issued & bids invited in Tunisia**

None.

**12. Aid / Assistance received by Tunisia from other countries / international agencies, funding organizations etc.**

- (i) The World Bank is making an additional loan of USD 100 million (nearly 193.2 million Tunisian dinars), available to Tunisia from on 11 February 2015, in support to a government project for micro, small and medium enterprises (MSME). The Central Bank

of Tunisia (BCT) is responsible for overseeing the project. Mr. Laurent Gonnet, World Bank senior financial sector specialist for the MENA region said in an interview with TAP that the aim of this project is to « improve Tunisian MSMEs' access to funding and allow those which earlier proved to be creditworthy to keep this access, while ensuring that viable MSMEs that were hit by the Revolution be able to recover their capacity to continue their repayment in a sustainable way, this line of credit with an interest rate of 1% for the Tunisian state with a maturity of 15 years earmarks USD 25 million (more than 48.3 MTD) to funding micro-entrepreneurs. This amount shall benefit 45 thousand projects for a maturity of five years. » The essential of the loan (USD 75 million) is dedicated to financing MSMEs, USD 15 million (nearly 28.9 MTD) of which will go to SMEs under patient financing (12 years of financing with a period of grace of 3 years), to be distributed by the Consignment and Deposit Fund (French: CDC) that will allocate these funds through long term convertible bonds.

- (ii) The German Bank for Development (KfW) has granted the National Agency for Energy Management (ANME) a donation worth 390,000 euros (843,000 Tunisian dinars) to fund studies on renewable energy.
- (iii) The African Development Bank (AfDB), on 24 February 2015, granted a loan worth \$ 75 million (some 142 million Tunisian dinars-MTD-) to the Tunisian Company of Petroleum Activities (ETAP), to develop the natural gas field « Nawara.
- (iv) The European Bank for Reconstruction and Development (EBRD) has financed 20 projects, for a budget of EUR 210 million (nearly 460 million dinars), since it began its activities in the country in September 2012, said Mrs. Hildegard Gacek, EBRD Managing Director for Southern and Eastern Mediterranean (SEMED).

### **13. Commercial, Economic and Political Report of Tunisia**

- (i) In an analysis of the evolution of some financial indicators posted on its website on 5 February, the Central Bank of Tunisia (BCT) noted overall improvement in bank liquidity even though potential pressures persisted given the gloomy national and global economic conditions and the challenges that would be faced by the country including emergency measures to boost investment and recover general financial balances. The current account balance of the treasury amounted to US\$ 922 million till February 4, 2015, against US\$ 323 M at the end of 2014 and US\$ 104 M by late 2013. Thus, net foreign currency assets reached US\$ 8,32 M, corresponding to 128 days of import, a level never reached before, against US\$ 6,893 M and 112 days at the end of 2014 and 106 days at the end of 2013.
- (ii) There is a US\$10 billion deficit in credits to the Tunisian economy, World Bank Senior Financial Sector Specialist for the Middle East and North Africa (MENA) Laurent Gonnet said at an interview to the official news agency.
- (iii) Over 3,000 Tunisian companies among which 2,500 are exporters are present on such major international e-commerce platforms as “Amazon,” “Ali Baba” and “E-Bay,” said Director of E-commerce and Intangible Economy at the Ministry of Trade. Speaking on the fringes of a conference on “Business Intelligence” held on 17 February 2015.

- (iv) Tunisia's parliament approved a unity government led by the secular NidaaTounes (NT) party. The unity government included NT's main rival Ennahda, a moderate Islamic party. The government headed by Prime Minister Habib Essid (HE), won 166 votes of confidence of the 217 members of parliament. Thirty members opposed while eight abstained. The new cabinet included ministers from four main parties and a small party. NT, the largest party in the parliament held 10 portfolios, including the foreign ministry, while the interior, defence and justice portfolios went to independents. It was the first government to be formed after the first free presidential and parliamentary elections last year, and the latest step in Tunisia's transition to full democracy following the 2011 revolution. Most Tunisians welcomed the new government expecting it to get on with the job of solving problems of the country mainly related to economy, unemployment and security. President BejiCaidEssebsi said in an interview with national TV channel "Al-Wataniya I." on 11 February that the presence of Ennahdha in power would help the government to have a comfortable parliamentary majority. He further noted that this majority was an asset to restore stability and credibility of the country, win back foreign investors' confidence and address the crisis facing the country.

**14. Pending References from the Mission**

None.

**15. Monthly expenditure of the Commercial Budget**

**February 2015:** Rs. 900,184

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SS/HOC**