

Brief Profile: Tunisia
September 2009

Tunisia – Country Map



Tunisia – Basic Information

- ⇒ **Location:** Northern Africa, bordering the Mediterranean Sea, between Algeria and Libya
- ⇒ **Land area:** 162,155 sq km
- ⇒ **Population:** 9.93 mn (July 2004, Institut national de la statistique); 10.33 mn (mid-2007 IMF estimate)
- ⇒ **Main towns:** Population in '000s, excluding suburbs (2004 census)
 - Tunis (capital): 728
 - Sfax: 271
 - Sousse: 173
 - Gabès: 116
 - Kairouan: 118
 - Bizerte: 114
- ⇒ **Climate:** Mediterranean on the northern and north-eastern coasts, semi-arid inland and in the south
- ⇒ **Weather in Tunis:** Hottest month, August, 21-33°C (average daily minimum and maximum); coldest month, January, 6-14°C; driest month, July, 3 mm average rainfall; wettest month, January, 563 mm average rainfall
- ⇒ **Languages:** Arabic and French
- ⇒ **Currency:** The Tunisian dinar (TD) is made up of 1,000 millimes
- ⇒ **Time:** 1 hour ahead of GMT

Source: EIU

Tunisia – Political Structure

Official name: Republic of Tunisia

Legal system: Based on the constitution of 1959

Legislature: The 189 members of the Chamber of Deputies are elected by universal suffrage for a five year term

Head of state: President, elected by universal suffrage, for five-year terms; currently Zine el-Abidine Ben Ali, who seized power in November 1987; Mr Ben Ali won presidential elections in April 1989, March 1994, October 1999 and October 2004. Next election is due in 2009

Executive: Council of Ministers, presided over by the head of state, who is also head of the executive

The government

Prime minister: Mohammed Ghannouchi

Key ministers

Minister of state: Abdelaziz Ben Dhia

Finance: Mohammed Rachid Kéchiche

Defence: Kamal Morjane

Foreign affairs: Abdelwahab Abdullah

Development & international co-operation: Mohammed Nouri Jouini

Education & training: Hatem Ben Salem

Agriculture, environment & water: Abesallem Mansour

Trade: Ridha Ben Mosbah

Industry, energy & SMEs: Afif Chelbi

Justice & human rights: Béchir Tekkari

Central bank governor: Taoufik Baccar

Source: EIU

Domestic Economy

- Tunisia's real GDP growth slowed down to an estimated 4.4% in 2008, as compared to 6.5% recorded in the previous year, primarily due to weak industrial production caused by contraction in external demand.
- In absolute terms, GDP stood at an estimated US\$ 42.2 bn in 2008, and GDP per capita was US\$ 4,137.
- Consumer price inflation, which was 3.2% in 2007, rose to 5.0% in 2008, primarily as a result of rise in public sector pay and higher food prices.
- Services sector accounted for 55.0% of GDP in 2007 (as per latest data available), followed by Industry (31.8%) and Agriculture (13.2%).

Trade and External Sector

- In 2008, total exports of Tunisia increased by 27.2% to an estimated US\$ 19.2 bn from US\$ 15.1 bn in 2007, mainly as a result of strong growth in exports of manufactured goods during the first half of 2008.
- The major export items in 2008 included textiles (21.9% of total exports), petroleum & derivatives (17.3%), electrical equipment (15.8%), fertiliser (7.9%), chemicals (5.7%), leather & hide products (3.8), and olive oil (3.2%).
- Total imports of Tunisia also increased by 28.9% to an estimated US\$ 23.2 bn from US\$ 18 bn in 2007, mainly owing to higher fuel prices and also import for industrial modernisation programme during the first half of 2008.
- The principal import items in 2008 included petroleum & products (14.0%), textiles (11.6%), machinery (11.0%), electrical equipment (9.5%), iron & steel (7.3%), vehicles, cycles & tractors (6.1%), and cereals (4.9%).
- Thus, the trade deficit of Tunisia widened from US\$ 2.9 bn in 2007 to US\$ 4 bn in 2008.

- The major export destinations in 2007 (*as per latest available data*) were France (30.4% of total), Italy (20.4%), Germany (8.3%) and Spain (5.4%).
- The principal origins of imports in 2007 (*as per latest available data*) were France (25.5% of total), Italy (23.2%) and Germany (10.3%).
- The current account balance of Tunisia increased to an estimated US\$ 1,693 mn in 2008, as compared to US\$ 904 mn in the previous year, primarily due to higher trade deficit.

Currency, Foreign Exchange & External Debt

- Tunisian Dinar (TD) is the local currency. The average exchange rate in 2007 was US\$ 1: TD 1.28 and appreciated slightly to an estimated US\$ 1: TD 1.23 in 2008.
- The foreign exchange reserves increased by 12.7% to an estimated US\$ 8.9 bn in 2008 from US\$ 7.9 bn in 2007. The reserves represent an import cover for 4.7 months.
- Total external debt increased to an estimated US\$ 19.3 bn (45.7% of GDP) in 2008 from US\$ 18.9 bn in 2007.

Country Risk Rankings

- *Euromoney*, in its March 2009 risk ratings of 186 countries, placed Tunisia at 53, which is a rise of 11 places compared to its previous ranking in September 2008 ranking. India was placed at 78.
- *Institutional Investor*, in its March 2009 risk ranking of 177 countries placed Tunisia at 57, which is a rise of three places from September 2008 rankings. India was placed at 52.
- *Export Credit Guarantee Corporation of India Ltd. (ECGC)* ranks countries in seven groups, A1, A2, B1, B2, C1, C2 and D, according to increasing order of risk. Tunisia was placed in “Group A2” in June 2009.

Bilateral Trade Relations with India

- India's exports to Tunisia increased by 69.3% from US\$ 124.2 mn in 2007-08 to US\$ 210.3 mn in 2008-09, mainly due to higher exports of machinery & instruments.
- India's imports from Tunisia also increased by more than three-fold from US\$ 156.2 mn in 2007-08 to US\$ 600.5 mn in 2008-09, mainly on account of higher import of fertiliser manufactured and inorganic chemicals.
- The main export items of India to Tunisia in 2008-09 (April-February) included plastic & linoleum products (14.4%), cotton yarn fabrics madeups (11.0%), machinery & instruments (10.4%), man-made yarn fabric madeups (7.1%), marine products (6.7%), primary & semi-finished iron & steel (6.4%), tobacco unmanufactured (5.4%), tea (4.1%) and finished leather (4.0%).
- Important items of India's import from Tunisia in 2008-09 (April-February) were inorganic chemicals (50.5%), fertiliser manufactured (48.2%), metaliferrous ores & metal scrap (0.7), electronic goods (0.2), and leather (0.1%).
- Thus, India's trade deficit with Tunisia widened from US\$ 32 mn in 2007-08 to US\$ 390.2 mn in 2008-09.

Macroeconomic Outlook

- The real GDP growth is expected to slowdown to 0.7% in 2009, and pick up only modestly in 2010, to 1.8%, reflecting the gloomy outlook for the EU. Although abundant spring rains is expected to bring a good harvest, industrial output is expected to suffer as trade with the EU falls on account of significantly weaker EU demand, as well as increased competition from Asia. The global slowdown is also expected to depress demand in most other sectors—not only for export goods, but also for services.

- In 2009, a better harvest is expected to help to contain imported inflation. As a result, average annual inflation is expected to decline from 5.0% in 2008 to 3.4% in 2009 and further to 2.9% in 2010.
- The Tunisian Dinar (TD) is expected to weaken against the dollar in 2009, to an annual average of TD 1.35: US\$ 1 and to strengthen in 2010 to an average of TD 1.29: US\$ 1.
- The current-account deficit is expected to narrow to 3.1% of GDP in 2009, as both imports and exports decline, and again to 2.8% of GDP in 2010, as export earnings rise at a faster pace than import costs.

TUNISIA: Economic Structure

Economic Indicators	2005	2006	2007	2008^b	2009^c
GDP at market prices (US\$ bn)	28.7	30.9	35.2	42.2	38.6
GDP at market prices (TD bn)	37.2	41.1	45.1	52.0	52.1
Real GDP growth (%)	4.2	5.3	6.5	4.4	0.7
Consumer price inflation (avg. %)	2.1	4.5	3.2	5.0	3.4
Population (mn)	9.9	10.0	10.1	10.2	10.3
Exports (US\$ bn)	10.6	11.7	15.1	19.2	14.0
Imports (US\$ bn)	12.6	14.2	18.0	23.2	17.8
Current-account balance (US\$ mn)	-299	-619	-904	-1,693	-1,180
Total international reserves (US\$ bn)	4.4	6.8	7.9	8.9	8.5
Total external debt (US\$ bn)	19.4	18.5	18.9	19.3	17.6
Exchange rate (avg. TD: US\$)	1.30	1.33	1.28	1.23	1.35
Local currency is Tunisian Dinar (TD)					

Note: ^b Estimates; ^c Projections.

Source: EIU Country Report.