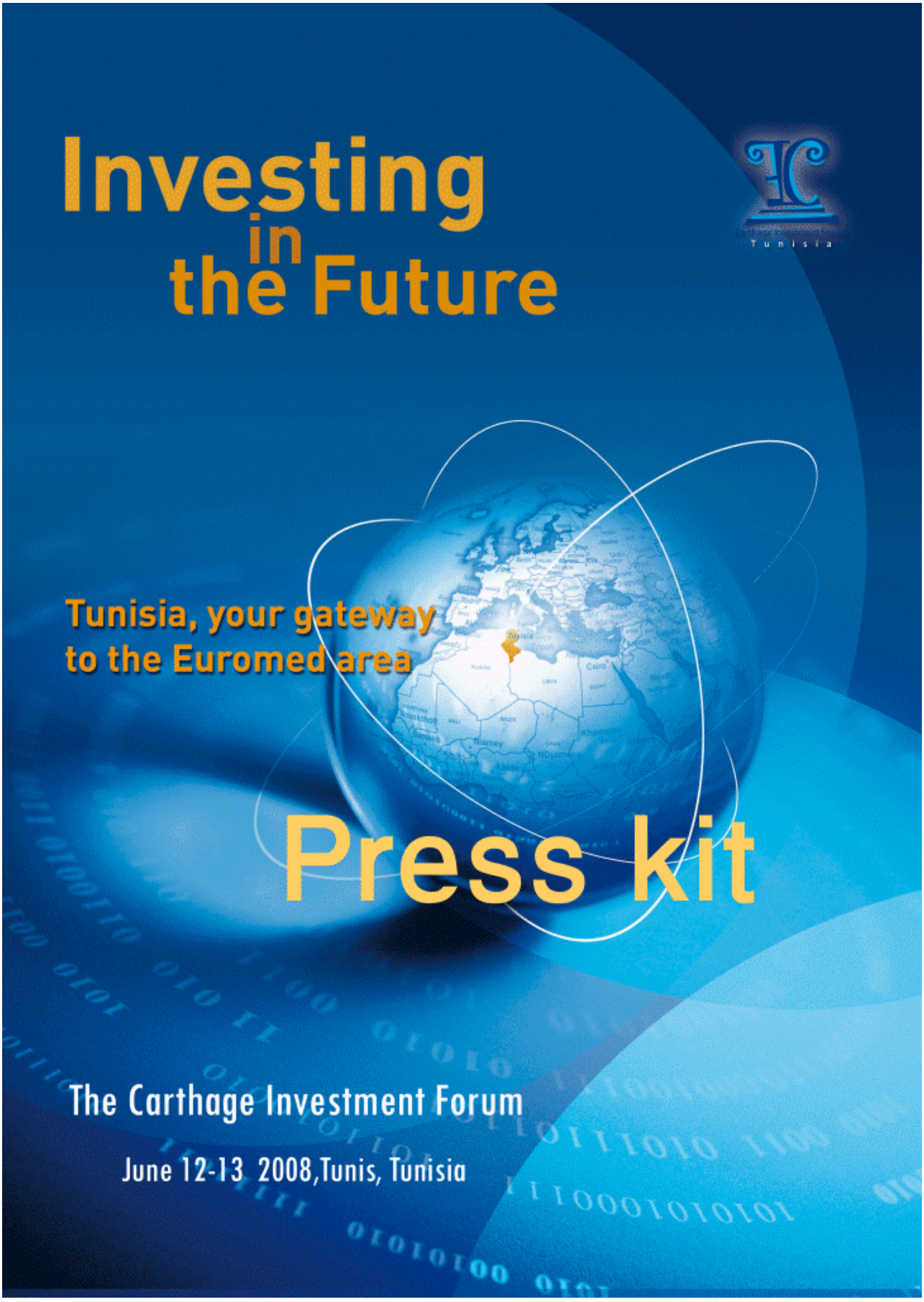

Investing
in
the Future
Tunisia
Tunisia, your gateway
to the Euromed area
Press kit
The Carthage Investment Forum
June 12-13 2008,Tunis, Tunisia

THE FORUM: CONCEPT AND OBJECTIVES

The idea of a Carthage Investment Forum began to take form in 1999, in an attempt to meet international demand for information about Tunisia as an investment site. Economic growth in Tunisia over some 10 years, following adoption of a knowledge-based economy to stimulate growth and create jobs for young graduates, has indeed brought about new opportunities for partnership that international audiences should know about as they follow the emergence of Tunisia as an export platform.
On an international scale, various reports by specialized organizations involved in the monitoring and analysis of capital flows have all noticed that foreign direct investment is no longer determined solely by cost considerations in choosing locations for setting up business or outsourcing part of its activity, but also by other, continually changing requirements.

The Carthage Investment Forum is thus a vector of communication for better visibility of the goods and services Tunisia has to offer, meant to better meet foreign demand as it becomes increasingly complex. In its early years, the Forum used a simple approach that was nonetheless quite original: every year a topical theme was chosen and developed for a target audience. It soon became apparent that this event was here to stay, the organizers of the Forum noting with satisfaction a return rate well above the average for this type of international economic gathering.

The Carthage Investment Forum is an opportunity for meeting people, with the most dynamic economic operators, decision makers seeking innovative solutions, and the experts/officials most familiar with the theme getting together to discuss the subject and then network with the most promising parties on a basis of mutual interests. Each year, hundreds of people involved in the economy of their respective countries come to Tunis along with local and foreign representatives of the specialized media, providing a critical mass that makes the gathering a leading economic event for the southern rim of the Mediterranean. But there is no room for self-satisfaction. Each edition of the Carthage Investment Forum is a new challenge to be met, bolstered by a strong record but also with a commitment to innovation and attention to detail. The choice of theme, venue, date, speakers, participants and goals are subject to the same high standards that have marked the Forum from the outset.

The keynote remains the same: anticipate expectations in order to better meet them. This year the Carthage Investment Forum will focus on a key theme: integration in the Euromed zone, a major factor in Tunisia's attractiveness as an investment site. The goal is to disseminate information about the new opportunities for trade in industrial goods between Tunisia and the European Union resulting from effective entry on 1 January 2008 in the free trade zone. The two sectoral workshops that will follow the main panel will take an in-depth look at promising branches for the period ahead. They will be led by well-known experts and very high-level officials. Once again, the Forum promises to be inventive and innovative enough to make the trip well worth while for participants.

2008 TOPICS

The Foreign Investment Promotion Agency (FIPA-Tunisia) has the honour of inviting you to attend the 10th session of the Carthage Investment Forum, which will take place on **12 and 13 June 2008** at the **Karthago Le Palace Hotel** in Tunis.

This event, organized under the auspices of the Ministry of Development and International Cooperation, has over the years become one of the most highly considered gatherings of decision makers and economic operators interested in Tunisia's dynamic insertion in the Euro-Mediterranean zone.

Over a period of two days, the Forum will offer three thematic and sectoral working sessions on the new opportunities created by Tunisia's integration in the Euromed zone, notably since 1 January 2008 when the free trade zone with the European Union became fully effective, along with the many multilateral and bilateral agreements with neighbouring countries.

In becoming the first country on the southern rim of the Mediterranean to be a part of the free trade zone with the European Union, Tunisia has reaffirmed its standing as the most attractive site for FDI in the Euro-Mediterranean zone. This partnership will give Tunisia access to the biggest market in the world, the European market, as well as a number of other markets in this area. Acting as a platform in the Euromed zone, Tunisia's goal is to attract «intra-zone» foreign investment from European countries as well as from non-European investors who see Tunisia as an entry point into the world's largest market.

Sectoral working sessions will provide information on Tunisia's performance in a number of sectors. The first session will deal with the dynamics of the mechanical/electrical/electronics sector. Tunisia's manufacturing industries have for the past 10 years enjoyed high performance in terms of both production and exports. This was based initially on textiles/clothing, then on strong development in the mechanical/electrical/electronics sector, whose interaction on international markets has generated appropriate know-how and a high level of technicity.

The aeronautical parts manufacturers that have set up business in Tunisia recently use local know-how in the various production systems, confirming an impressive degree of maturity and credibility acquired through their activities abroad. Testimonials by foreign experts and investors at this first sectoral working session will give a better idea of Tunisia's advantages in the fields where they work.

The presence in Tunisia of French, Italian and English speaking technical support centers makes Tunisia a prime destination not only for this kind of centers, a phenomenon that has developed exponentially over the past five years, but also for companies dealing in services with high technological content. The availability of competitive skilled human resources (the overriding factor in new ICTs), the presence of ever better telecommunications infrastructure, and various incentives to encourage services are all factors contributing to more extensive activities with high technological content.

These include in particular various kinds of engineering and enhanced skills in computer sciences, banking, finance and data management. And significant development of research and development centers reflects Tunisia's intention of becoming a regional center for high added value services.

The second workshop session will be led by Tunisian and foreign operators who will point out the components that make up Tunisia's attractiveness in this area.

It will be well worth your while to attend this annual high profile gathering, which constitutes an occasion for making contacts, obtaining information, and listening to testimonials based on the experience of various businesses, international institutions and well known experts who will speak of the reasons why Tunisia is such an attractive investment site as well as for learning of business opportunities in high added value sectors. There will also be business to business meetings that could lead to partnership arrangements with Tunisian operators.

PROGRAM

Thursday 12 June, 2008	
9:00 am - 4:00 pm	Reception and registration
5:00 - 7:00 pm	**OPENING CEREMONY**
	Opening ceremony chaired by H.E **Mr. Mohamed GHANNOUCHI**, Tunisian Prime Minister **Speakers**: Mr. Mohamed Nouri JOUINI, Minister of Development and International Cooperation Mr. Hedi DJILANI, President of the Tunisian Union of Industry, Trade and Handicrafts (UTICA) **Chairman of the Forum**: Mr. Mohamed BEN SEDRINE, Executive Board Member of the Tunisian Union of Industry, Trade and Handicrafts, UTICA. Tunisia's sustainability as an attractive place for FDI, by Mr. Peter GRIMSDITCH, Editorial Director, Oxford Business Group. Awards ceremony
8:00 pm	**Gala dinner**.
Friday 13 June, 2008	
8:30 - 10:00 am	**1st SESSION** **Integration in the Euromed zone: enhancing the attractiveness of Tunisia as an investment site** **Guest of Honour: Mr. Ridha TOUITI, Minister of Trade and Handicraft**
	Moderator: Mr. Jean-Louis REIFFERS, Honorary Dean, faculty of economics at The University of the Mediterranean, Chairman of the Scientific Council of the Mediterranean Institute. **Speakers**: Mr. Ferid TOUNSI, Executive Director of the Agadir Technical Unit. Mr. Ndiamé DIOP, World Bank Representative, Tunis. Mr. Maher KALLEL, R&D Director, Poulina Group. Mr. Benoit MARSAUD, Vice President, Autoliv Group. - The integrated market as an opportunity for greater attractiveness - New opportunities created by the regional integration of Tunisia - Impact of integration policies on the Tunisian economy - Greater opportunities for partnership between Tunisian and foreign operators - Better human resources, infrastructure, logistics, business climate and after-care. **Discussion**
10:00- 10:30 am	Coffee break
10:30- 11:30 am	**2nd SESSION** **Manufacturing industries: a further step into high tech** **Guest of Honour: Mr. Afif CHELBI, Minister of Industry, Energy and SMES**
	Moderator: Mr. Sami ZAOUI, Associate Partner, Ernst&Young Tunis. **Speakers:** Mr. Marc DUQUESNE, General Manager, Johnson Controls Tunisia. Mr. Gaby LOPEZ, General Manager, Zodiac Tunisia. Mr. Philippe CUSSONET, President of Gitas, the Tunisian aerospace industries association. - The dynamics in the IMEE sector - The emergence of the aeronautical components industry in Tunisia. **Discussion**
11:30 - 12:30 pm	**3rd SESSION** **Tunisia, a regional center for high added value services** **Guest of Honour: Mr.Lazhar BOUOUNI, Minister of Higher Education, Scientific Research and Technology**
	Moderator: Dr. Faouzi KOSSENTINI, PhD in Electrical& Computer engineering. **Speakers**: Mr. Ahmed MAHJOUB, CEO, Tunisie Telecom.

	Mr. Hassouna FATNASSI, CEO, Ardia, Actielec Group. Mr.Hartwig E.EBLING, Manager, Kromberg& Schubert Tunisie. - Tunisia, a first-class platform for nearshoring - Development of high added value engineering - Launching of competences centers and R&D units in Tunisia. **Discussion**
1:00- 2:30 pm	Lunch
3:00 - 6:00 pm	**NETWORKING**

THE ADVANTAGES OF THE TUNISIAN ECONOMY

Given its proximity to Europe, its socio-political stability, the population's high level of skills and its effective integration in the Euro-Mediterranean area (illustrated for example by creation of a free trade zone with the EU), Tunisia has many economic advantages. Open to the outside world, Tunisia (thanks to its exports that account for 50% of GDP) is ranked the most competitive economy in the Maghreb and in Africa, according to the World Economic Forum's 2007-2008 Report.

Dynamic growth based on diversification of the production system

Very early on in its development process, Tunisia opted for a market economy and for gradual integration in the world economy. This commitment helped the private sector enhance its ability to adapt and to diversify the industrial base. Over the past five years, Tunisia's GDP has risen by almost 5.5% a year on average, reaching 6.3% in 2007, despite tougher international competition and soaring oil prices. This growth dynamic has been based in particular on ongoing investment by the State since independence in education, commitment to building a knowledge-based economy capable of meeting future challenges, and strong growth in services, including telecommunications and new information and communication technologies. The manufacturing sector has been the spearhead for Tunisia's economic development since 1972, stimulated by policy to promote foreign investment and exports.

GDP growth by sector
(%)

Period Sector	2002-2006	2007-2011
Agriculture and fishing	2.6	3.5
Manufacturing industries	2.6	4.9
Non manufacturing industries	3.1	4.2
Services	7.2	8.7
Tourism	3.4	6.1
Communications	20.6	17.5
Gross Domestic Product	**4.5**	**6.1**

Ministry of Development and International Cooperation

Manufacturing industries account for more than 20% of GDP and employ almost 21% of the working population. Information and communication technologies have been growing briskly since 1997, thanks to tripling of investment in the sector and creation of appropriate infrastructure, providing an enabling environment for high added value service activities, particularly development of software and of technical support centers and other shared services centers.

Proven macro-economic stability

An ambitious economic upgrading program has been under implementation since 1996, seeking to enhance the competitiveness of manufacturing companies and those that provide services to these manufacturing companies. At the same time, a strategy of export promotion has been launched to boost the export capacity of businesses, one component being creation of the single bundle of paperwork for import and export operations.

Various measures have contributed to constitution of a diversified and competitive industrial make-up, the performance of which is regularly lauded by specialized international instances. The financial system has implemented a number of reforms meant to clear up the financial situation at banks and insurance companies and diversify the range of financial products available to economic operators. Thanks to the prudent monetary policy implemented by the Central Bank of Tunisia, the inflation rate fell from 6.3% in 1995 to about 4% at this time. External debt has been held to manageable levels and repayments have always been met without having to

be rescheduled.Tunisia's prudent policies have thus helped establish the components of macro-economic stability that are recognized throughout the world. This supportive macro-economic environment and establishment of major incentives that are clearly appealing have helped Tunisia attract higher levels of foreign direct investment (FDI) in various sectors like mechanical/electrical/electronics industries, agro-food concerns, plastic processing industries, textile/clothing companies, and services.

Effective integration in the Euro-Mediterranean area

Establishment of a free trade zone between the European Union and Tunisia on 1 January 2008 for industrial goods was a key step in Tunisia's integration in the Euro-Mediterranean area. Tunisia is the first country on the southern rim of the Mediterranean to have signed such an integration agreement with the EU. Moreover, the signature of multilateral agreements such as the Agadir Agreement (between Tunisia, Morocco, Egypt and Jordan), the pan-Euromed protocol on rules of origin, and signature of several bilateral agreements with countries around the Mediterranean all speak of the high degree to which Tunisia has integrated with near-by economies, on the way to successful integration in the world economy.

IMPACT OF THE FREE TRADE ZONE ON FDI IN TUNISIA

Tunisia very early on introduced a set of tax and regulatory measures that have helped attract foreign investors. Already in 1972, when a number of countries were still reticent about opening up to the outside world, Tunisia on 27 April passed a law that sought to make the country an export platform, facilitating its integration in the world economy. Successive amendments have made it easier for foreign companies to set up business in Tunisia, providing an enabling environment for investment. An ever-growing number of companies have quickly taken advantage of such incentives. These various dispositions were unified in the investment incentives code passed in 1994, which has been regularly amended to improve the investment environment in Tunisia and boost Tunisian and foreign private investment. It takes into account the new requirements imposed by evolving trends in both the Tunisian and world economies regarding the attractiveness of Tunisia and the competitive advantages of its economy.

Over the period 1995-2007, leading to effective start up of the free trade zone with the European Union, global trade operations between the two countries tripled, exports quadrupled from 800 million euros in 1995 to 3200 million euros in 2007, and imports doubled from 1 billion to 2.5 billion euros. The number of jobs created by foreign firms doing business in Tunisia increased from 143,031 in 1995 to more than 290,985 today. And the number of foreign companies or those with foreign holdings rose from 1520 in 1995 to 2895 today. Thus FDI has also gone up – quadrupled! – in line with the faster pace in setting up new businesses, up from 175 companies a year in 1995 to 271 in 2007.

Average annual creation by foreign companies

Period	Companies	Jobs
1973-1987	31	4 100
1987-1991	109	8 000
1992-1996	134	10 026
1997-2001	165	11 672
2002-2006	180	13 000
2007	271	19 156

FIPA-Tunisia

As for sources of foreign investment, there has been growing diversification these past few years, with great interest in Tunisia by the Gulf countries, notably the United Arab Emirates. This trend reflects Tunisia's commitment to positioning itself as a first-class platform in the Mediterranean basin, especially for high added value activities.

Share of FDI in the Tunisian economy

Description	1995	2007
FDI/GDP	1.8%	4.8%
FDI /GFCF	7.6%	18.5%
FDI /foreign capital inflows	13.5%	45.2%

FDI Per capita		
in $US	37	161.5
in TND	35	210

Ministry of Development and International Cooperation

The association agreement signed with the European Union contributed to higher European investment in Tunisia as well as both Tunisian and foreign investment in activities of a more technical nature. Thus, although the energy sector accounts for 57% of FDI, there has also been growth in manufacturing industries and investment therein, especially in high added value activities. Over the past few years, along with emergence of the services sector, there has been greater industrial diversification. Investment in the mechanical/electrical/electronics sector has over the past few years been particularly dynamic, helping this sector take over from the textiles/clothing sector as leading exporter in 2007.

Share of FDI in manufacturing industries
(%)

Year/Sector	Mechanical/Electrical	Textiles/Clothing
1995	13.8	63.4
1999	29.2	43.8
2003	27.2	20.9
2007	30.6	18.6

FIPA-Tunisia

Over the past decade, the volume of trade with the EU has doubled to 14.7 billion euros, up from 7.5 billion when the association agreement was signed in 1995.

Rate of coverage of imports by exports on trade between Tunisia and the EU

(%)

2001	2002	2003	2004	2005	2006	2007
78	81	83	91	92	93	98

National Institute of Statistics

FDI increasingly goes to activities in the chain of value of a more technical nature, which has helped reposition Tunisia's overall production system in this direction. Tunisia is attracting more and more European and American investors working in fields of a highly technical nature, such as aeronautical equipment. This new orientation will lead to higher standing for Tunisian industry, made easier by successful integration in the world economy. In effect, Tunisia decided early on to go for successful integration in regional and international economies by means of regional alliances. After successful implementation of a 12-year transition period to dismantle tariffs, Tunisia is now a full member of the free trade zone with the European Union, the first Arabo-African country tied to a cooperation and association agreement. Dismantling of barriers to trade between Tunisia and the European Union reflects the credibility of Tunisia's liberal reforms. Its entry in the free trade zone is to be seen in tandem with the Barcelona Declaration which, in 1995, established the foundations for a Euro-Mediterranean free trade zone by about 2010, grouping the European Union, the countries of the Maghreb and the Mashraq, as well as several countries that are not members of the EU. The declaration outlines the process that will lead to a multilateral cooperation framework between the EU and third party Mediterranean countries in the political, social and economic spheres.

The driving force invested in this Tunisia-EU partnership over the past 12 years has helped make Tunisia more visible and contributed significantly to its attractiveness to European investors, thanks to the enhanced competitiveness throughout the Tunisian economy that enables it to meet Europe's requirements in quality and delivery times. Even if FDI flows are somewhat below what could be expected, things are looking good for the period after 1 January 2008, with effective implementation of the free trade zone with the EU, with expectations of a considerable increase in FDI in terms of both quantity and quality.

SUCCESSFUL REGIONAL AND WORLD INTEGRATION

Aside from the association agreement with the European Union signed on 17 July 1995, Tunisia has signed several regional and international preferential trade agreements with most of the countries it trades with. The association agreement followed signature of a free trade agreement with the Maghreb Union in 1994 and was in turn followed by two other agreements: the Greater Arab Free Trade Area (GAFTA) effective January 2005 and the Arabo-Mediterranean free trade agreement (also known as the Agadir Agreement) signed on 25 February 2004, stipulating establishment of a free trade zone initially including Tunisia, Morocco, Egypt and Jordan but open to membership from other Arab and Mediterranean countries that have signed association agreements with the EU. Tunisia has also signed bilateral agreements, notably with Turkey on 25 November 2004.

Association agreement with the European Union

In the framework of implementation of the Barcelona Declaration, one of the main components being establishment of a Euro-Med free-trade zone by about 2010, Tunisia signed a bilateral association agreement with the EU in July 1995, which provides for reciprocal liberalization of trade in manufactured goods starting in 2008, given that Tunisia has long benefited from preferential access for its goods on European markets. The calendar for liberalization included four lists of products:

- List 1: Customs duty dismantled starting in 1996, mainly for capital goods and inputs (representing 12% of the volume of Tunisia's imports from the EU in 1994)
- List 2: Customs duty dismantled starting in 2001, mainly for products that are not manufactured locally, especially raw materials and intermediary consumables (28% of Tunisia's overall imports from the EU in 1994)
- List 3: Products likely to be facing external competition, with protection being phased out over a transition period of 12 years (1996-2007), free from customs duty in 2008 (30% of Tunisia's imports from the EU in 1994)
- List 4: Industrial products manufactured locally, with tariffs progressively lowered over two periods (1996-99 and 2000-2007), becoming duty free in 2008 (products on this list represented 29% of Tunisia's imports from the EU in 1994)

The Agreement provides for gradual liberalization of certain agricultural and fishing products and non tariff matters are also covered. It prohibits the continuation of quantitative restrictions and similar measures affecting trade between Tunisia and the EU.

The Greater Arab Free Trade Agreement (GAFTA)

The goal of this Agreement is the creation of a greater Arab free-trade zone over the next 10 years, with dismantling of customs duty at the rate of 10% a year. As of 1 January 2005, 15 countries had managed to achieve early dismantling of their tariff barriers: Saudi Arabia, Bahrain, Egypt, the United Arab Emirates, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Syria, and Tunisia. Consequently, Tunisia provides exemption from customs duty for all products coming from the 17 countries that have signed GAFTA.

Arabo-Mediterranean Free Trade Agreement (also known as the Agadir Agreement)

Signed on 25 February 2004 with Egypt, Jordan and Morocco, this agreement provides for elimination of virtually all customs duty and similar levies for bilateral trade. Its main goal is to allow cumulative pan Euro-Mediterranean origin and enhance cooperation in customs procedures and technical norms. It also covers public procurement, financial services, circumstantial trade measures, intellectual property, and provides for a procedure for dispute settlement. A technical unit based in Amman is in charge of monitoring the various terms of the agreement.

European Free Trade Agreement (EFTA)

Signed in December 2004 with members of the European Free Trade Association (EFTA) Iceland, Liechtenstein, Norway and Switzerland – This agreement concerns trade in non agricultural goods, but also measures relating to intellectual property, competition, and dispute settlement. It covers gradual, reciprocal liberalization of certain services, investment and public procurement.

The Arab Maghreb Union

Created in 1989, this Union targets free circulation of goods and people as well as harmonization of legislation with the ultimate goal of setting up a free trade zone between Tunisia, Algeria, Libya, Morocco and Mauritania. Progress is difficult at this time for reasons beyond the control of Tunisia.

Pan Euromed Protocol on rules of origin

The Pan Euro-Mediterranean Protocol on rules of origin seeks to harmonize rules of origin throughout the Euro-Mediterranean region, to open the way to extend accumulated origin to member states of the Euromed zone (25 EU members, 4 EFTA members, Bulgaria, Rumania, Turkey and other Mediterranean countries), and to strengthen regional integration. Thus products obtained in Tunisia using semi finished material from one of the countries in the zone will be considered as originating in Tunisia, no matter what the degree of processing (an essential criteria for rules of origin) might be. These products would thus be eligible for export to the EU free of customs duty. The diagonal accumulation provided for in this protocol will help create a new dynamic, thanks notably to more competitive exports and promotion of FDI based on the many opportunities available in various sectors (textiles, agrofood, mechanical and automotive construction, electronic components, aeronautics…).

Bilateral agreements

Tunisia has also signed a number of bilateral free trade agreements with countries around the Mediterranean such as Egypt (1998), Jordan (1998), Morocco (1999), Libya (2001), Iraq (2001), and Syria (2003), which provide for preferential tariffs (immediate dismantling for certain products, accelerated dismantling for others). It also signed an association agreement on 25 November 2004 governing a free trade zone with Turkey, providing for exemption from tariffs on non agricultural original products and preferential tariffs for certain agricultural and fishing products.

The agreement also contains terms relating to protection of intellectual property, services, dispute settlement, antidumping rights, compensatory and safeguard rights. Tunisia takes advantage, on a non-reciprocal basis, of advantages procured in the framework of the generalized preference system (GPS) by countries such as Australia, Belarus, Bulgaria, Canada, the United States, Hungary, Japan, New Zealand, Poland, Russia, Switzerland, the European Union, the Czech Republic and the Slovak Republic. Thus products exported by Tunisia that are covered by the GPS are eligible for total or partial exemption from customs duty.

PROMISING SECTORS FOR INVESTMENT IN TUNISIA

Mechanical industries

Mechanical industries constitute the branch receiving the most FDI and the leading export sector. They have managed in a short time to put themselves in the forefront of Tunisian industry, which until now has been dominated by the textile/clothing sector. The strategic positioning study made public in mid February 2007 by the Industrial Promotion Agency (API) shows that mechanical automotive parts and accessories, the sector's main component, occupy some 84 companies (29 of which export their entire production) and employ 59% of the 10,242 jobs created by the sector as a whole. The study also indicates that 37 of the 84 companies have foreign holdings in capital. In this area, France is in first place with 21 companies, followed far behind by Italy with just six companies. The main markets in 2005 were France (44%), Italy (24%), Spain (9%), Germany (5%), and Holland (4%). According to this study, Tunisia's mechanical automotive parts sector has a number of advantages, including proximity to the European market, modernization of the means of production, use of sound management methods, certification as per ISO/TS 16 949 version 2002, flexibility in adapting to new markets and new clients, quality and cost of manpower, and availability of technical centers. It should be noted that the sector has over the past few years attained a higher level of technological content, with the emergence of industrial units whose initial clients were aeronautical manufacturers and parts suppliers. It is now one of the most competitive sectors in Tunisia.

Electrical and electronics industries

Electronics and electrical manufacturing industries, which have posted ongoing growth since the 1990s and attracted the attention of a number of international investors, are rapidly becoming one of the leading forces in the Tunisian economy. In 2006 the sector accounted for some 20% of overall Tunisian exports, coming to 11.6 billion dollars. Sales abroad posted a growth rate well above that of the domestic market (12.6% on average). This sector, like many Tunisian industries, took a major step forward with final implementation of the free trade agreement with the EU, thanks to which Tunisia's industrial goods will henceforth have free access to European markets and exemption from customs duty. It was this trade agreement with the EU along with other similar agreements with African and Middle Eastern countries that helped encourage a number of electronics firms to set up business in Tunisia. Cisco, STMicroelectronics, Delphi, General Electric, Siemens, Valeo, Lucent Technologies, Lear, Alcatel, Microsoft and Philips are some of the international firms that have chosen to do business in Tunisia. The sector directly employs some 45,000 Tunisians, many more if jobs at sub-contractors are included. Moreover, the government provides financial support for education and training in electronics in order to enhance the supply of manpower qualified to handle the latest developments in the sector. Tunisia offers tax breaks to foreign companies that set up operations in electronics and technology, notably in the form of industrial parks devoted to technological industries. The State also covers the cost of training nationals and provides foreign companies with exemption from or rebate of customs duty and other levies on capital goods or imported production inputs.

Plastic processing industries

Launched for the first time in Tunisia in 1958 to meet local demand, there are almost 400 plastic processing companies today, 60 of which export their entire production, posting an annual growth rate of 8%. France is the number one foreign investor in the sector (75% of foreign capital invested in the sector) and Tunisia's leading client, the destination for 58% of overall exports, followed by Germany and Italy (9% for each country). With the emergence of technical plastics as the spearhead in terms of exports, added value in the sector today represents a third of production value, amounting to more than 10,000 euros per job. According to professionals in the sector, Tunisian processing of plastics in just 10 years (1995-2005) has reached a level of technical mastery that certain European countries have taken much longer to achieve. Thus the profitability rate for the sector in Tunisia, according to an

assessment made by the consulting firm Ecorys-NEI, is 6.43, better performance than in competing countries (Hungary, Morocco, Poland) and certain developed countries (Germany, France, Spain, Italy). Human potential in the sector is a major factor in its success. Well known parts manufacturers such as Valeo, Faurecia, Autoliv, Bosch and Sagem have chosen Tunisia as a location for manufacturing the most complex plastic parts.

ICTs

The most revolutionary development in the post industrial era is undoubtedly in information and communication technologies. Conscious of the socio-economic stakes, Tunisia early on managed to become a major player on the list of countries that have used ICT as a means to building a knowledge-based society, with fast growth in services with high intellectual content. Specialists point out that the UN, by holding the second phase of the World Summit on the Information Society in Tunis in 2005, implicitly recognized the exceptional growth achieved by Tunisia's ICT sector (24% in 2005). The ICT sector currently accounts for 13.5% of GDP, up from 8% in 2005 and just 2.5% in 2002. In terms of jobs created, the sector posts one of the highest rates of recruitment of highly qualified human resources (between 3000 and 4000 a year). In the area of investment, the sector enjoys the support of Tunisian authorities and there has been growing volume in expenditure for infrastructure and human resources, with almost 7000 young people graduating in information and communication sciences every year and becoming available on the job market. At an equivalent level of skills for a European counterpart, a Tunisian computer engineer costs four times less. The success of new activities directly linked to ICTs has not been achieved exclusively by Tunisian companies but also by foreign companies that have chosen to set up business in Tunisia to develop computer solutions or other activities for clients who in many cases are major names in worldwide industry.

Nearshoring

Until recently, Tunisia was known as an ideal location for industrial production for export. Today, the country also offers a plethora of shared services centers, R&D units, and other production structures based on high level human resources**.** Of the 400,000 students registered at Tunisian universities and institutes, almost 40,000 are studying subjects related to new information and communication technologies (ICT), with 7,000 graduates in computer sciences and other areas linked to ICT applications going on the job market each year. It is the human factor that constitutes the overriding factor for major international firms involved in business process outsourcing (BPO) and knowledge process outsourcing (KPO), contributing to Tunisia's emergence as a regional platform hosting service activities with high added value. Multilingual Tunisian graduates and cultural proximity to Europe are other important advantages that enhance Tunisia's attractiveness for near shoring. Established infrastructure fully meets the needs of modern companies and boosts the reactivity needed if a company is to move ahead in a context of extremely tough competition. In a recent study carried out by the international consulting firm Ernst & Young for FIPA Tunisia, the key components of a knowledge-based society present decisive opportunities for foreign direct investment. Entitled « A knowledge-based economy and Tunisia's attractiveness as a site for FDI », the study shows that over the next five years there will be a remarkable jump in FDI with high innovative content. Tunisia's attractiveness will thus be marked by the emergence of sectors previously little known in the country. Shared service centers, ICTs, life sciences and embedded electronics are areas where Tunisia has undeniable competitive advantages compared to competing countries, as underlined in the study, which includes international comparisons in its conclusions.

TEN RANKINGS AND RATINGS FOR TUNISIA

2008 Competitiveness Index: Tunisia, first in the Maghreb and in Africa

The Davos Forum's world competitiveness report (2007-2008) has ranked Tunisia first in the Maghreb and in Africa, third in the Arab world, and 32nd out of 131 countries worldwide. It is ranked first in Africa and the Arab world in the areas of business environment (25th in the world), innovation (26th in the world), and higher education/training (30th in the world). The Global Competitiveness Report, which has great credibility in the business world, establishes a ranking every year on the basis of indexes on technological development, public institution performance, and quality of the macroeconomic environment. Some 11,000 businessmen working in 131 countries were interviewed to establish these rankings. At the macroeconomic level, Tunisia (whose economy is currently doing quite well) is ahead of certain countries in the euro zone such as Greece (65th), Italy (46th), the Slovak Republic (41st) and Portugal (40th). In the Maghreb, Tunisia is ahead of Morocco (64th), Algeria (81st) and Libya (88th). Broken down by criteria, the report ranks Tunisia 4th in government acquisition of technological products, 7th in weight of governmental regulations, 11th in non-favoritism in decision making by government officials, 13th for transparency in decision making, and 14th for public confidence in politicians. It is ranked 32nd for the three criteria: independent judiciary, infrastructure, and availability of state of the art technologies, 34th for property rights, and 35th for business sophistication and intellectual protection.

ICT ranking: Tunisia is ahead of Italy, Greece and Poland

The Davos world report on information technologies issued on 9 April 2008 has ranked Tunisia first in the Maghreb and Africa and 35th in the world out of a total of 127 countries, a gain of five places over the 2007 ranking. Tunisia is ahead of European countries like Italy, Greece, Cyprus and Poland and Asian countries like China and India. Europe remains an important actor in *Networked Readiness*, with 11 European countries in the top 20: aside from Denmark, Sweden and Switzerland cited above, there is Finland (6th), Holland (7th), Iceland (8th), Norway (10th), the United Kingdom (12th), Austria (15th), Germany (16th) and Estonia (20th). The report establishes its rankings on the basis of three main components: the country's political and economic environment, the level of technological development, and the degree to which new ICTs are used. Published for the seventh straight year, the report covers a record number of 127 economies throughout the world. It is now the most comprehensive international reference for evaluating the impact of ICTs on the development and competitiveness processes in various countries.

Tunisia – COFACE: Positive prospects for 2008

"Growth has continued in 2007, supported by dynamic household consumption and strong investment in construction/public works, tourism and services (banking and financial back-office operations, offshoring). Activity in 2008 should continue to benefit from gradual diversification of the production system, notably gains by mechanical and electrical industries that are picking up the slack from lower competitiveness in the textile sector. Such positive prospects, backed by assertive industrial policy on the part of officials and a supportive business environment, mean a satisfactory level of corporate solvency. COFACE's index for payment incidents has thus been falling for the past three years."

Tunisia's strong points

- Significant advantages (proximity to the European market, enormous potential for tourism, political stability)
- Policy of economic diversification and opening, which attracts the political and financial support of the international community and access to international capital markets
- Partnership agreement with the European Union, which stimulates gradual upgrading of industry, infrastructure, and the financial sector

- Access to education and an extensive social system favor reduction of inequalities and the emergence of a dynamic middle class

Evolution of Tunisia's ranking in Transparency International's Corruption Perceptions Index (CPI)

The World Report on Corruption issued by Transparency International includes a series of articles written by academics, law professionals, and civil society militants from around the world who analyze how, why and where corruption is detrimental to the judiciary process. The report pays particular attention to courts in the larger context of the administration of justice system, illustrating the impact of corruption in the judiciary system on human rights, economic development, and governance. Aside from the positive trends displayed in the table below, Tunisia is ranked in the latest report as the least corrupt country in the Maghreb.

Tunisia's Corruption Perceptions Index

2007	4.2
2006	4.6
2005	4.9
2004	5.0
2003	4.9
2002	4.8
2001	5.3
2000	5.2
1999	5.0
1998	5.0

On a scale of 10, the lowest number being the least corrupt
The World Report on Corruption, Transparency International

Economic globalization index: Tunisia ahead of the United States and China

According to a ranking established by the center of conjunctural research (KOF) issued in January 2008, Tunisia is 58th out of 122 countries for the economic dimension of globalization. The ranking, established by this Swiss institute, rates the political, social and economic dimensions of globalization in 122 countries over a period of 35 years (1970-2005) using 24 variables. The economic index, which is one of the most important variables, measures inflows of goods and investment as well as customs and regulatory barriers established by countries to protect them from globalization.

Economic globalization index

Ranking	***Country***	***Ranking***
1st	Singapore	95.90
15th	Ireland	85.47
27th	United Kingdom	79.24
58th	**Tunisia**	**64.40**
61st	United States	63.15
66th	China	61.54
87th	Morocco	51.08

Center of conjunctural research, January 2008

Global stability index: Tunisia, the most stable country in Africa

According to a survey by the *Economist Intelligence Unit*, the results of which were announced in May 2007 in London, Tunisia is ranked among those countries worldwide that enjoy a high degree of peace and stability. Tunisia, in 39th place, is the most peaceful country in Africa and the fourth most peaceful Arab country after Oman (22nd), Qatar (30th) and the UAE (38th). The report bases its analysis on factors relating to peace and stability in 121 countries around the world, using a number of criteria including how well democracy works, degree of security for foreigners, level of corruption, governmental effectiveness, cohesion and integration of populations,

relations with the international community, investment climate, implication of countries in armed conflicts, and level of military expenditure.

Environmental performance: Tunisia ranked first in Africa and the Arab world

Tunisia is ranked 59th in the world out of 149 countries for «environmental performance», as rated in January 2008 by researchers at Yale University and Columbia University in the United States. American scientists created this new «Environmental Performance Index» (EPI) using 25 indicators grouped in six categories of measures: environmental health, air pollution, water resources, biodiversity and habitat, natural resources, and climate change. Tunisia is first in Africa and the Arab world in the 2008 EPI, with a score of 78.1%. It is no surprise that the top three countries are Switzerland in first place, followed by Sweden and Norway.

Competitiveness in tourism and transport: Tunisia is ranked 39th

Tunisia is ranked 39th out of a total of 130 countries for the competitiveness of its tourism and transport sector. This ranking was issued in April 2008 in the Davos Economic Forum's second international report devoted to the competitiveness of tourism and transport throughout the world. Calculated using a combination of several factors, the overall ranking puts Switzerland, Austria and Germany at the top of the list of countries with the most attractive environment in the world for the development of tourism and transport.

2007 ranking for quality of life – Mercer Human Resource Consulting

Mercer Human Resources' analysis is based on an international survey carried out by Mercer Human Resource Consulting concerning quality of life. Its objective is to help governments and major businesses determine optimal staff/international assignment pairings. The survey ranks Tunis above Bucharest and Casablanca for quality of life.

Ranking for quality of life

Ranking	*City / Country*	*Index*
1st	Zurich/Switzerland	108.1
62nd	Miami/United States	96.3
80th	Dubai/United Arab Emirates	87.0
95th	**Tunis/Tunisia**	**82.4**
108th	Bucharest/Rumania	76.9
119th	Casablanca/Morocco	73.7
121st	Istanbul/Turkey	77.1
129th	Cairo/Egypt	71.2
148th	New Delhi/India	62.4
208th	Sanaa/Yemen	38.2

Mercer Human Resource Consulting, 2007

Tunisia ranked first in primary/secondary and higher education

The Davos Forum's 2007-2008 annual report has ranked Tunisia first in the Arab world and Africa for quality of teaching in mathematics and science and 7th out of 131 countries worldwide. Tunisia has also been ranked first in the Arab world and Africa for the quality of education in primary school and 15th in the world. As for educational establishments, Tunisia is first in the Arab world and Africa and 18th in the world. It is also first in the Arab world and Africa and 12th in the world for the quality of its educational system.

10 TESTIMONIALS FROM COMPANIES DOING BUSINESS IN TUNISIA

SAGEM Communication

«We have the same plants in Tunisia as in France. And Tunisian technicians are as good as their French counterparts in mass-consumer-goods electronics. Aside from cost considerations, quality is high enough to meet client demands.»

«With their positive state of mind, Tunisians are assiduous, committed to doing well, with a strong sense of loyalty to the company.»

«Our Tunisian plant is the largest to be established abroad so quickly over the past 20 years"

Pierre Syx, Director of Administration and Finance

EUROCAST

«It was in 2001 in Boston that the decision was made to set up business outside of the United States for the first time. The choice of Tunisia was largely based on the country's commitment to a knowledge based economy and an educational system that uses the latest technologies. In 2002 we were already operational. »

« Our sole client originally was General Electric, but now we have five other major clients in the aeronautical industry. Incentives, modern infrastructure, and the availability of well trained, low cost manpower are all factors that played a key role in favor of significant development in such a short time. Staff intelligence and strict compliance to norms of quality have helped our company post a nil rate of client complaints. »

« Personally, I have no regrets about leaving California, since this small Mediterranean country provides all the facilities of modern life in an atmosphere marked by the warm hospitality of the Tunisian people.»

Thomas Wendt, General Director

Lacroix Electronics

«The decision to set up business in Tunisia was taken with a view to working with clients that were already working here. The warm welcome extended to us, the ease of access to decision makers, the educational and technical level of Tunisian staff and their ability to adapt are encouraging us to develop international activities from our base in Tunisia. »

« This idea is shared by our international clients, who each time that they make an exploratory visit to our plant are impressed by such dedicated and capable staff and by the fact that the added value of a Tunisian engineer is far greater than his or her European counterpart, at very competitive costs. »

« I would recommend to anyone who is hesitating to cross the Mediterranean for a country where there are no major impediments to success. Nearby Tunisia is a formula for success».

Ernest Allee, Site Director

Zodiac Automotive and Zodiac parts manufacturers

«In Tunisia we have found engineers, technicians, managers and operators with sound basic training, able to quickly assimilate the group's specialized work and the technical processes specific to our activity. »

«The absentee rate is twice as low as the average for European countries. Thanks to our staff's discipline, sense of responsibility and outstanding ability to adapt (flexibility in carrying out tasks and multiple skills), the group has decided to expand activities and pursue international development from a base in Tunisia. «

«Good import-export logistics and wage inflation at a foreseeable 5% are two no less important factors that should help our group as well as Tunisia remain competitive. Client satisfaction in aeronautical and aerospace industries is proof that we have made the right decision. «

Gaby Lopez, General Director

Cyberg Systems

«In Tunisia we have found high level companies capable of developing high performance computer systems. No staff training was required and we have been able to simply meld our skills. »

«Certain activities are co contracted, high level computer applications for example.»

Marc Rossi. CEOl

Gartex Tunisia (Gardeur Germany)

«The Gardeur Group work pretty much everywhere in the world, especially in Rumania and China. Our presence in Tunisia goes back to 1974, when we set up our first plant in the suburb of Ben Arous south of Tunis. Today we have three plants that produce 65% of the group's output, thanks to Tunisia's turn around time, which is much faster than at other sites. Proximity to Europe and logistic/administrative export facilities are important factors in boosting the competitive advantage of our site compared to other sites in the group.

«Compared to other countries, Tunisia does not always have the lowest wages, but in terms of overall competitiveness, it is well ahead of its competitors. Moreover, since 1974, our group has experienced not only strong development of its activities, but also diversification. The recent installation of a stoning plant in Mghira (15 kilometers from Tunis) will ultimately help concentrate the group's various activities in Tunisia, especially since staff qualifications cover practically all the areas of specialization of interest to us. »

Max Schreiner, Manager

Kaschke-zke

«Tunisian engineers make up a skilled, motivated, highly responsible team. Employees have learned German in just a few months. Higher production, productivity and results have led to setting up of a second plant in just a few years».

Herbert Baumgatner, Director

Autoliv

«AUTOLIV is here for the long term and we intend to continue to develop our activities in Tunisia, where quality, adaptability and staff flexibility constitute decisive comparative advantages».

«We've been doing business in Tunisia since 1998 and our plans for international development consider that Tunisia is a strategic country where we hope to expand operations. «

Marie Raoul, Director of Human Resources

LEONI-AG

"Cabling is a fundamental component for automotive safety and comfort. Our operations in Tunisia are more than up to the job of meeting these requirements, providing our prestigious clients with ever more innovative products, better quality, quick turn-around time and competitive prices".

Mohamed Rouis, General Director

IMTEC Tunisia

«The IMTEC Group is present on four continents and we think that setting up business in Tunisia is altogether logical, especially since the main principals in the automotive sector are already here. Tunisia's intrinsic value compared to similar countries provides the framework required for smooth operations. »

«This is a stable country but also a sound one where we can adopt a long term strategy, which is not the case in other countries. We are starting to take advantage of an extensive industrial set up with capacity for quickly understanding technological issues, thus facilitating development of technical products. «

«Technologically complex plastic automotive parts are easily mastered thanks to the adaptability of our 100% Tunisian staff and we are expanding our range of products and gaining the confidence of new clients. It should be noted that the combination of European know how and typical Tunisian skills have helped the technical plastic parts branch to attain international standing in just six years, compared to some 40 years in a number of other countries.»

Thierry Le Marois, General Director

Press Contacts

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Chokri MAHJOUB –Ministry of Development and International Cooperation

Useful Information

- **Journalists wishing to participate in the opening ceremony are kindly requested to apply for accreditation before 06/06/2008.**
- All the journalists are kindly requested to wear the "Press" badges all through the Forum.
- For press photos and TV interviews, a FIPA stand is held in the hall to serve as background.
- Copies of PowerPoint presentations and speeches will not be systematically available.
- The Forum language is English. For any translation of a specific word related to the Forum, you are kindly requested to get in touch with the press contacts.

Thank you for your attendance