

# Tunisia



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Basic information about the country<sup>1</sup>

:

The region was first conquered by Arab Muslims in the 7<sup>th</sup> century and the first city of Islam in North Africa was founded. Subsequently the Tunisia endured countless wars until it became a French protectorate in 1881. Tunisia's independence started on March 20, 1956. Starting in 1957, under President Habib Bourguiba, Tunisia became one of the most progressive Arab states. His leadership became more of a dictatorship and he was re-elected "president for life" in 1975. After over 40 years at the helm, Bourguiba was replaced by his prime minister, Ben Ali. Life presidency and other excesses of his predecessor's rule were soon abolished.

In 1988 legislation was passed to create a multiparty system and the government drafted a "National Pact" that laid down a framework for democracy. Mr. Ben Ali did however refuse to recognize the Islamists party Hizb al-Nahda and tensions grew. Following popular demonstrations in 1990-1991, party supporters were jailed or fled abroad. The media was controlled repressing even members of the secular opposition, human rights activists and their families. In 2004, President Ali was re-elected to a 4<sup>th</sup> five-year term. Tunisia today remains a limited democratic system where expression of critical views is constrained.

#### **b) Population**

10.33m (mid 2007 IMF estimate)

#### **c) GDP and GDP per head**

##### **Comparative economic indicators, 2008**

	<b>Tunisia</b>	<b>France</b>	<b>Morocco</b>	<b>Libya</b>	<b>Algeria</b>
<b>GDP (US\$ bn)</b>	39.6	3,035.4	91.7	91.1	170.1
<b>GDP per head (US\$)</b>	3,798	48,990	2,908	14,491	4,949
<b>GDP per head (US\$ at PPP)</b>	7,875	34,630	4,310	16,425	8,054
<b>Consumer price inflation (av; %)</b>	5.1	3.4	5.0	12.5	5.5
<b>Current-account balance (US\$ bn)</b>	-1.2	-44.8	-4.5	53.3	43.3
<b>Current-account balance (% of GDP)</b>	-2.90	-1.5	-5.0	58.6	25.5
<b>Exports of goods fob (US\$ bn)</b>	19.7	628.7	14.6	76.1	81.6
<b>Imports of goods fob (US\$ bn)</b>	-23.1	-707.5	-35.2	-20.6	-36.5
<b>External debt (US\$ bn)</b>	19.2	.	20.4	5.5	2.9
<b>Debt-service ratio, paid (%)</b>	10.9	.	7.6	1.5	2.1

Economist Intelligence Unit estimates.

Source: Economist Intelligence Unit, CountryData.

#### **Nominal gross domestic product by expenditure**

(% share of GDP)

	2003	2,004	2,005	2,006	2,007
<b>Private consumption</b>	63.1	63.1	63.8	63.7	63.2
<b>Government consumption</b>	15.7	15.4	15.5	14.7	14.4
<b>Gross fixed investment</b>	23.4	22.7	22.6	23.5	23.6
<b>Stockbuilding</b>	1.7	1.7	0.8	0.4	1.2
<b>Exports of goods &amp; services</b>	43.8	46.8	48.0	50.4	54.1
<b>Imports of goods &amp; services</b>	47.7	49.7	50.6	52.7	56.5

Source: Central Statistical Office.

**d) Most important industries**

**Real gross domestic product by sector**

(% share of GDP)

	2003	2004	2005	2006	2007
<b>Agriculture</b>	13.7	14.0	12.4	12.1	11.60
<b>Industry</b>	32.2	32.2	33.1	33.0	25.70
<b>Services</b>	54.0	53.8	54.5	55.0	62.8

Source: Economist Intelligence Unit.

“Once primarily based on agriculture, oil and phosphates, the Tunisian economy has become more diverse, with important manufacturing and tourism sectors.

Fiscal policy restricts the general budget deficit to 3% of GDP to decrease vulnerability to shocks. Tax receipts have risen strongly in recent years, although non-tax revenue has been more variable. The government has been reluctant to reduce current expenditure "including public-sector wages and a mounting subsidy bill" because of its overriding concern for social stability.

Services accounted for the largest share of GDP (more than 60%), with transport, communications, hotels and catering particularly important. Industry is dominated by textile and electrical and mechanical output. Performance in the agricultural sector still has a major impact on private consumption.

Tunisia tends to register wide trade deficits that are only partly offset by large services surpluses, leaving the current account in deficit. Foreign direct investment flows have risen strongly in recent years.”

**e) Macro data such as inflation, unemployment**

Main Economic Indicators	2003	2004	2005	2006	2007
Real GDP growth (%)	5.6	6.0	4.2	5.2	6.3
Consumer price inflation (av; %)	2.7	3.6	2.1	4.5	3.1
Current-account balance (US\$ m)	-730	-552	-299	-619	-905
Exchange rate (av; TD:US\$)	1.3	1.2	1.3	1.3	1.3
Population (m)	9.9	10.0	10.1	10.2	10.30
External debt (year-end; US\$ m)	18,421	20,026	17,662	18,480	19,270

Source: Economist Intelligence Unit, CountryData.

### **f) Growth rates**

See above chart

## 2. Banking system

### **a) Number and size of banks<sup>2</sup>**

- 43 financial institutions
  - 20 universal banks
  - 8 offshore banks
  - 11 leasing companies
  - 2 factoring companies
  
- 10 largest banks, accounting for ~80% of assets and 99% of deposits:

Name of Bank	Size of Assets (Bn TND)	Size of Assets (Bn \$)
STB (Societe Tunisienne de Banque)	4.71	3.30
BNA (Banque Nationale Agricole)	4.49	3.14
BIAT (Banque International Arabe de Tunisie)	4.13	2.89
BH (Banque de l'Habitat)	3.73	2.61
Amen Bank	2.41	1.69
AttijariWafabank	2.17	1.52
ATB (Arab-Tunisian Bank)	2.16	1.51
UIB (Union Internationale de Banque)	1.86	1.30
BT (Banque de Tunisie)	1.81	1.27
UBCI (Union Bancaire pour le Commerce et l'Industrie)	1.37	0.96

"The three state-owned banks account for about half of the market...Over fragmentation in the market remains a problem."

### **b) Foreign versus domestic ownership<sup>3</sup>**

Of the 10 largest banks:

- 3 are state-owned (STB, BNA, BH) with no foreign ownership.

- 3 are private with minority foreign ownership (BIAT, Amen Bank, BT)
- 4 are foreign-controlled banks: AttijariWafabank (controlled by Morocco's AttijariWafabank in a partnership with Santander), ATB (controlled by the Jordanian's Arab Bank), UBCI (controlled by France's BNP-Paribas) and UIB (controlled by France's Societe Generale)

It's important to note that the 5 largest banks all have a majority Tunisian ownership

**c) Source of funds<sup>4</sup>**

Banking assets totaled TND 30.2B in 2007 (\$21.1B)

**d) Privatizations<sup>5</sup>**

Banking sector in Tunisia is still largely dragged down by underperforming state-owned banks that hold a 50% market share. Liberalization and privatization has been slow, though it recently accelerated.

Name of publicly-owned Bank	% of capital publicly owned
STB (Societe Tunisienne de Banque)	52.50
BNA (Banque Nationale Agricole)	67.40
BH (Banque de l'Habitat)	>= 50

UIB was privatized in 2002

**e) Interest spread (lending rate minus deposit rate)**

Source for detailed lending and borrowing rate information (posted in Central bank folder on webcafe)

<http://www.bct.gov.tn/bct/siteprod/english/indicateurs/interet.jsp>

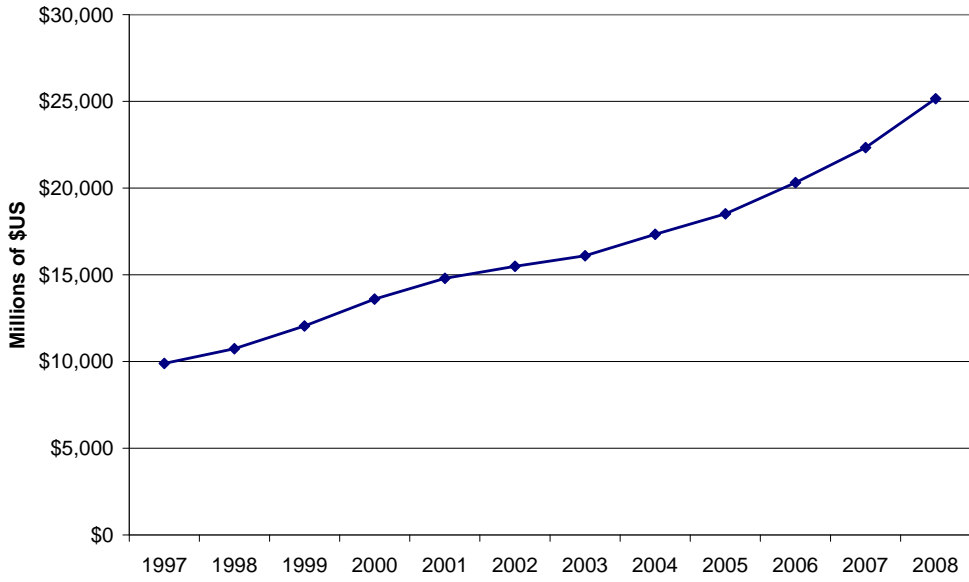
Borrowing rates freely fixed by banks and negotiated with their customers except those fixed by the Tunisian Solidarity Bank. Presently home financing rates amount to 5.75%.

Lending rates are also freely set by the banks except sight accounts and deposit for a period of less than 3 months have a 2% ceiling

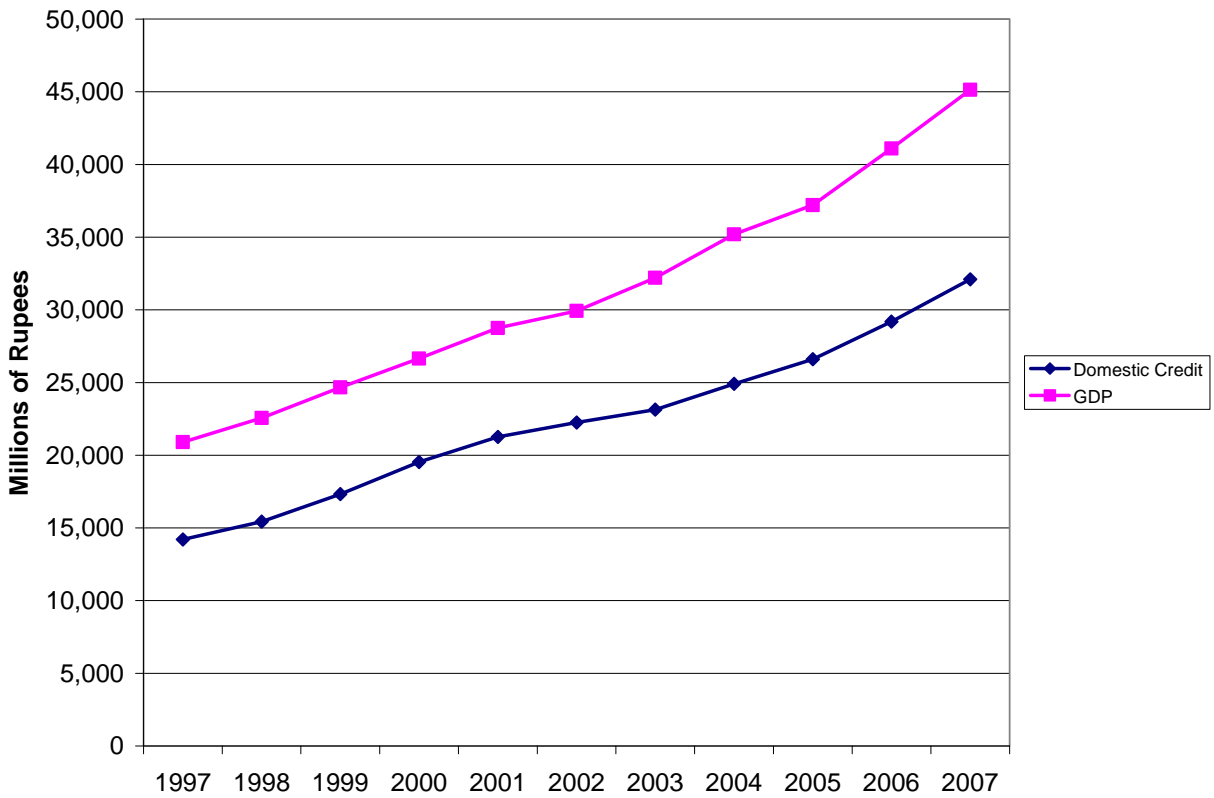
**f) Bank credit to the private sector<sup>6</sup>**

TND \$33.0B (2008)

### Domestic Credit

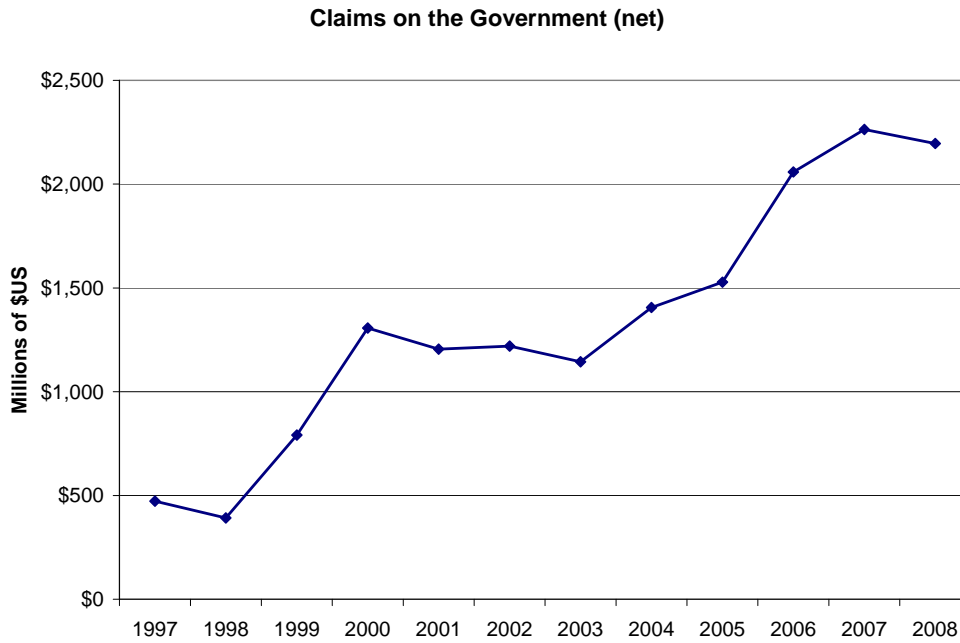


Source: IMF's International Financial Statistics. Assumes exchange rate of 1 US\$ = 1.437 Tunisian dinars

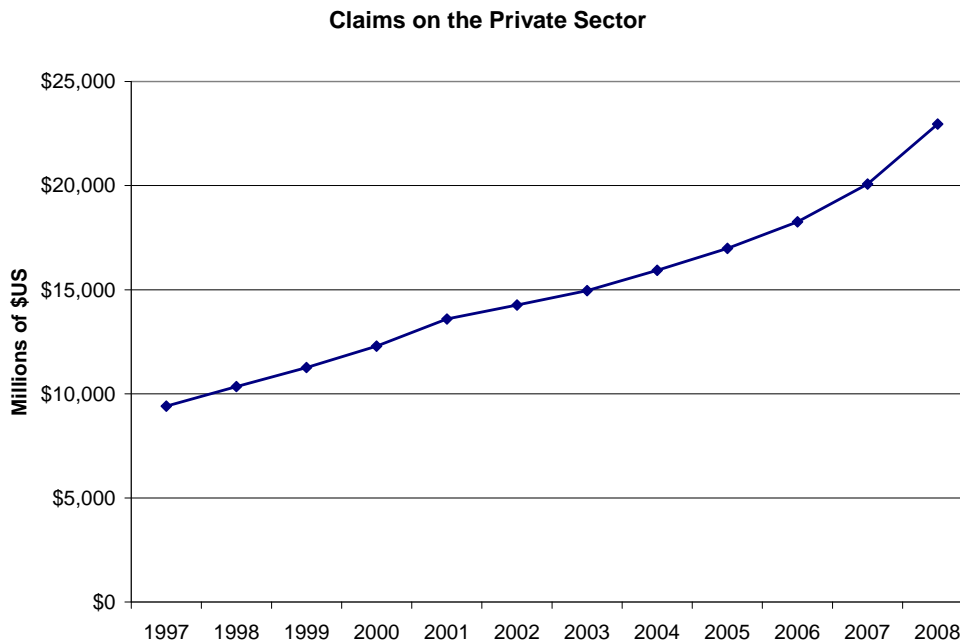


### g) Bank credit to the public sector<sup>7</sup>

TND \$3.2 (2008)



Source: IMF's International Financial Statistics. Assumes exchange rate of 1 US\$ = 1.437 Tunisian dinars



Source: IMF's International Financial Statistics. Assumes exchange rate of 1 US\$ = 1.437 Tunisian dinars

Insurance companies and other financial institutions

**a) Size and structure of insurance companies<sup>8</sup>**

The insurance sector plays a very small role in the economy, with turnover amounting to just fewer than 2% of GDP in 2006, compared to an average of 8% in developed countries"

**Insurance market, 2006 (TD m)**

Type	Premiums	% share	Paid claims	% share	Technical costs	Profits
Auto	344	43.2%	253	55.2%	56	53
Health	120	15.1%	106	23.1%	11	0
Technical & Diverse	115	14.4%	21	4.6%	20	38
Life	78	9.8%	26	5.7%	13	12
Transport	65	8.2%	23	5.0%	9	18
Fire	63	7.9%	20	4.4%	13	15
Credit	7	0.9%	7	1.5%	2	0
Hail & Cattle	4	0.5%	2	0.4%	1	0
TOTAL	796	100.0%	458	100.0%	125	136

Breakdown of companies by market share:

Top 3 players: 47%

Top 5 players: 63%

Top 10 players: 91%

Largest players: STAR (public company, 35% market share), COMAR, Maghrebi and Astree (all private)

Breakdown public players / private players: 44%/56% (with private sector gaining ground)

**b) Life and property and casualty<sup>9</sup>**

Life insurance has been growing the fastest among insurance categories (+23.4% between 2006 and 2007) and also offers the most potential given its high level of profitability. Largest players are Maghreb, Hayett and Salim, which together account for 44.3% of total life insurance premiums in 2006

**c) Other financial institutions such as mutual funds, etc.<sup>10</sup>**

"There are 62 investment funds in Tunisia. The majority is Societe d'Investissement a Capital Variable" (SICAV) and 23 are mutual funds"

"Investments in transferable securities grew at an annual rate of 16.2% from 2003-2007, reaching TD 3B (\$2.39B) in mid-2007, equivalent to around 25% of national savings"

"More than 91% of these funds are invested in fixed-income instruments, with only TD271m (\$216.3m) in mixed instruments that include the equity market [...] One of the reasons why Tunisian funds are focused on the fixed income market is because many investors were burned during market downturns in the 1990s. There are also no exit costs, which add to volatility. Investors thus prefer the security of fixed-income funds."

## **CENTRAL BANK AND ITS ROLE IN THE ECONOMY:**

### ***a) Does it set interest rates, if so how?***

The Bank Centrale de Tunisie (BCT) does set interest rates. It "applies a quantitative approach by acting on the monetary basis...and by using open market operations with respect to bank liquidity tuning"

For more details, see "[Monetary Policy - Central Bank of Tunisia.pdf](#)" (posted on Webcafe)

### ***b) Does it set exchange rates or are they floating?***

"The BCT conducts a flexible exchange rate policy". Exchange rate determined on interbank market where rate is freely negotiated. "The role of the Central Bank of Tunisia consists in its intervention to fine-tune liquidity on the market in case of imbalance between supply and demand for currencies on this market."

For more details, see "[Exchange Policy - Central Bank of Tunisia.pdf](#)" (posted on Webcafe)

### ***c) Data on the rates it sets and on the exchange rate***

1 US\$ = 1.437 Tunisian dinars

For details on interest rates, see "[Main Interest Rate - Central Bank of Tunisia.pdf](#)" (posted on Webcafe)

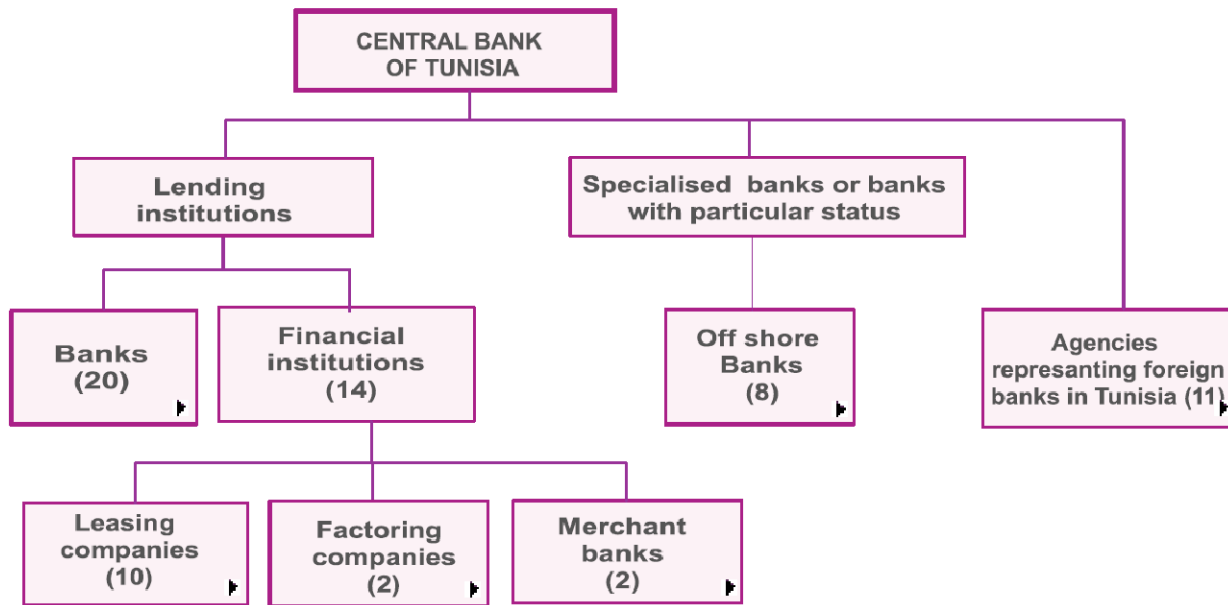
For historical data on exchange rates, see [Historical data on exchange rates - Central Bank of Tunisia](#) (posted on Webcafe)

### ***d) Functions: unitary role of price stability or price stability plus bank supervise***

Price Stability plus bank supervise. The BCT's primary role is as follows

"The Central Bank of Tunisia's general assignment is to preserve price stability. In this respect the bank is notably in charge of:

- Watching over the monetary policy ;
- Controlling money in circulation and being watchful with respect to sound functioning of systems of payments as well as guaranteeing their soundness, efficiency and security
- Supervising the lending institutions ;
- Preserving both the stability and security of the financial system."



For more details, see [“Tasks and Responsibilities - Central Bank of Tunisia.pdf”](#) and [“Tunisia at a Glance - Central Bank 2006.pdf”](#) (both posted on Webcafe)

#### **d) Independence and governance<sup>11</sup>**

For more details, see [“Tasks and Responsibilities - Central Bank of Tunisia.pdf”](#), [“Tunisia at a Glance - Central Bank 2006.pdf”](#), and [“History - Central Bank of Tunisia.pdf”](#) (all posted on Webcafe)

#### **5. Government bond market**

Tunisia has multiple forms of government bonds, issued by the Central Bank of Tunisia. Public debt represents 43% of the trading volume. Foreign investors can only purchase up to 10% of the estimated semi-annual volume of treasury bonds issued by the Government. They are not allowed to invest in T-bills.<sup>12</sup>

Tunisia has been rated investment grade since 1994 and was for a long period the only sovereign in Northern Africa to access the international capital markets. Tunisia has been a regular issuer in both Samurai and Yankee bonds, with maturities ranging from 2-30 years. Tunisia issues approximately EUR 500 mn per year. All borrowings in the international capital markets are conducted by the central bank.<sup>13</sup>

Summary of bond market:

Bond	Maturities	Volumes	Interest Rates (most recent, from Central Bank statistics)	Method of Primary Issuance	Secondary Market?
BTC	13, 26 or 52 weeks, 2, 3, 4, 5 or 7 years				Yes
BTCT	13, 26, or 52 weeks	84,338 (in 2006) <sup>14</sup>	4.7-5.2%		Yes, weak
BTA	2-12 years	63,925 (secondary market, in 2008) <sup>15</sup>	5.2-8.1%	Dutch Auction	Yes, segmented
BTNB					Stock Market

#### **a) Transferable Treasury Bonds (BTC)**

Transferable Treasury bonds (BTC) are borrowing stocks issued by the state on the money market. These stocks are negotiable at all banks intervening on the money market. The unit amount of each bond is fixed at one thousand dinars and the relating interest rate is fixed according to offers made by banks during adjudication. These stocks are managed in current accounts and their maturity is made known to banks whenever there is adjudication. Maturity can vary between 13, 26 or 52 weeks and more than a year (2, 3, 4, 5 or 7 years). As of 1999, the State did no longer issue this category of bonds which were substituted by stocks issued on the capital market.<sup>16</sup>

- Weekly auctions
- primary dealers: banks
- liquid
- Segmented secondary market
- holders prefer short term bonds<sup>17</sup>

#### **b) Short-term Treasury Bond: BTCT**

BTCT (short term maturity treasury bonds) are the government treasury instruments for the maturities less than one year. Presently, BTCT are issued with 13 weeks maturity, 26 weeks and 52 weeks maturity. Auction occurs every Thursday. The settlement happens the next Tuesday.<sup>18</sup>

- issued on the capital market for a face value of 1000 dinars<sup>19</sup>
- Secondary market not attractive
- Increasing yield<sup>20</sup>

Description <sup>21</sup>	Date of the last auction	Line	TMP
<b>52 weeks</b>	06 November 2008	27 October 2009	5.279
	27 November 2008	24 November 2009	5.274
	12 February 2009	24 November 2009	4.760

**c) Long-term Treasury Bonds: BTA**

BTA are the long term public debt support. Their maturity varies between 2 and 12 years. Now you can find BTA with two years, three years, four years, five years, ten years or twelve years maturity.

- BTA's rate is fixed. Its interests are annual. BTA are issued by auction. The nominal is 1000 TND.
- The government indicates the amount and bonds on which he wants to auction every first Wednesday of the month.
- BTA auctions occur the first Wednesday of each month. The settlements occur the next Wednesday.<sup>22</sup>
- Have a weak secondary market<sup>23</sup>
- Issued via Dutch Auction
- These bonds are issued by the Treasury on the capital market for a 1000 dinars value<sup>24</sup>

<b>Descriptio n<sup>25</sup></b>	<b>Date of the last auction</b>	<b>Line</b>	<b>TMP</b>
6 years	04 November 2008	March 2012	5.617
7 years	03 February 2009	October 2013	5.239
	05 September 2006	March 2009	5.454
	04 April 2006	April 2010	5.557
10 years	07 December 2004	April 2014	6.963
	03 January 2007	February 2015	6.619
	04 November 2008	October 2016	6.378
	03 February 2009	July 2017	5.672

	02 December 2008	December 2018	6.428
12 years	02 December 2003	July 2014	8.126
15 years	03 February 2009	May 2022	6.192

**d) Bonds negotiable on the stock exchange: BTNB**

These are public issues created in 1993 and issued by the State on the Stock market for a face value of 1000 dinars.<sup>26</sup>

- Lower performance than BTC
- Authorized dealers only as primary dealers
- Traded in the stock market- benefit from stock market as a formally organized institution<sup>27</sup>

For more details on the bond market, see “Tunisia at a Glance - Central Bank 2006.pdf”, “Developing the Government Bond Market in Tunisia.pdf”, and “Tunisian Central Depository - Government Bonds data” (all posted on Webafe)

6. Stock market

**a) Companies listed<sup>28</sup>**

51 companies listed as of Feb. 2009

Adwya  
Amen Bank  
ARTES  
ASSAD  
ATB  
ATL  
Attijari Bank  
BNA  
BH  
BIAT  
BT  
BTE  
CIL  
Electrostar  
El Wifack Leasing  
Essoukna  
GIF

Magasin Général  
Monoprix  
Poulina Group Holding  
SFBT  
SIAME  
SIMPAN  
SIPHAT  
SITS  
SOMOCER  
SOTETEL  
SOTRAPIL  
SOTUVER  
SPDIT  
STAR  
STB  
TPR  
Tuninvest  
Tunisair  
Tunisie Leasing  
UIB  
Air Liquide  
Alkimia  
Astree  
Attijari Leasing  
ICF  
Palm Beach  
Palm Beach ADP  
Placements de Tsie  
SOTUMAG  
STEQ  
STIP  
Tunisie Lait  
UBCI  
SOPAT

For more details on companies listed, see [“Comprehensive stock market yearly report - 2008.pdf”](#) (posted on Webcafe)

***b) Stock price data<sup>29</sup>***

Companies stock price 2006-2007. Some companies are NA because they do not appear in the 2007 performance report (most weren't listed in 2007)

	Avg stock price (2007)	1-yr performance (2006-2007)
Adwya	3.3	45.10%
Air Liquide	169.1	2.27%
Alkimia	33.8	-21.56%
Amen Bank	26.2	15.99%
AMS	NA	NA
ARTES	NA	NA
ASSAD	4.2	8.95%
Astree	47.0	14.66%
ATB	5.4	26.59%
ATL	3.3	48.75%
Attijari Bank	7.3	-0.82%
Attijari Leasing	NA	NA
BH	24.8	41.33%
BIAT	38.2	3.16%
BNA	8.9	8.72%
BT	97.5	6.18%
BTE	31.8	12.74%
CIL	14.5	56.17%
El Wifack Leasing	6.4	10.17%
Electrostar	11.9	-3.97%
Essoukna	4.9	-2.34%
GIF	3.1	-14.51%
ICF	62.5	84.72%
Magasin Général	26.5	-1.41%
Monoprix	84.7	39.68%
Palm Beach	4.5	1.12%
Palm Beach ADP	4.0	-13.04%
Placements de Tsie	36.0	63.76%
Poulina Group Holding	NA	NA
SALIM	NA	NA
SFBT	14.4	87.37%
SIAME	2.0	-29.20%
SIMPAR	32.2	7.85%
SIPHAT	18.5	-28.69%
SITEX	NA	NA
SITS	2.3	-15.33%
SOMOCER	3.3	-28.64%
SOPAT	10.8	-1.82%
SOTETEL	23.0	3.79%
SOTRAPIL	24.5	-23.53%
SOTUMAG	2.0	8.95%

SOTUVER	15.1	21.87%
SPDIT	7.0	8.50%
STAR	35.9	213.64%
STB	10.5	17.09%
STEQ	13.1	21.25%
STIP	2.9	-35.99%
STS	NA	NA
TPR	5.0	19.52%
Tuninvest	10.6	24.06%
Tunisair	3.7	-14.82%
Tunisie Lait	4.0	-26.60%
Tunisie Leasing	14.9	13.95%
UBCI	37.5	19.96%
UIB	13.6	-11.97%

For up-to-date and historical stock price data, see [“Online Tool - Historical Stock Data since Market Inception”](#) (posted on Webcafe)

**c) Volumes<sup>30</sup>**

2007 Data

	% of total volume	Volume (,000 TND)	Volume (,000 USD)
BIAT	24.73%	206,735	144,715
SFBT	8.92%	74,572	52,200
BH	5.96%	49,803	34,862
STB	5.15%	43,073	30,151
BT	4.04%	33,752	23,626
UBCI	4.01%	33,484	23,439
MONOPRIX	3.84%	32,117	22,482
TUNISAIR	3.67%	30,673	21,471
SOTETEL	2.68%	22,364	15,655
BNA	2.65%	22,112	15,478
ALL OTHERS	34.35%	287,155	201,009
TOTAL	100.00%	835,840	585,088

For more details on volumes listed, see [“Comprehensive stock market yearly report - 2008.pdf”](#) (posted on Webcafe)

**d) Market capitalization<sup>31</sup>**

TND 6,527 Billion (EOY 2007) = \$4.569 Billion

For more details on market capitalization, see [“Comprehensive stock market yearly report - 2008.pdf”](#) (posted on Webcafe)

**e) Trading volume<sup>32</sup>**

TND 1,744 Billion (EOY 2007) = \$1.221 Billion

Main Market (publicly-traded): TND 905 million (EOY 2007) = \$634 million

For more details on trading volumes, see [“Comprehensive stock market yearly report - 2008.pdf”](#) and [“Online Tool - Historical Stock Data since Market Inception”](#) (both posted on Webcafe)

**f) Turnover [Trading volume as a fraction of Capitalization; Trading volume as a fraction of GDP]<sup>33</sup>**

Turnover - Capitalization (total):  $1,744/6,527 = 26.72\%$

Turnover - Capitalization (publicly-traded only):  $905/6,527 = 13.87\%$

Turnover - percent of GDP (total):  $1.221/39.6 = 3.08\%$

Turnover - percent of GDP (publicly traded only):  $0.634/39.6 = 1.60\%$

For more details on turnover, see [“Comprehensive stock market yearly report -2008.pdf”](#) (posted on Webcafe)

**g) Privatizations through the stock market (e.g., Kenya Airways)<sup>3435</sup>**

"The [privatization] program's results have encouraged local authorities, who find themselves with a wider margin for navigating the economic difficulties related to speculation and global market mutations. To the present day, 209 public and semi-public companies have been ceded, bringing in the imposing sum of \$4.6 billion into the public coffers, according to an official balance sheet, which specified that foreign investment accounted for \$4 billion of this amount, or 86.9%. This balance sheet highlighted that 104 public enterprises have been completely privatized and 32 partially ceded, with 11 other companies opening their capital for public investment. The privatization program has principally affected the sectors of tourism, services, commercial, and building materials."

Breakdown of proceeds (revenue) from privatizations and restructuring by period

Development Plan							Total
7th	8th	9th	10th	Total	11th	Total	

	87-91	92-96	97-01	2002	2003	2004	2005	2006		(in course) 2007	11th (in course) 2008		
Proceeds (MDT)	126	190	1139	818	35	27	80	3110	4071	136	302	438	<b>5963</b>
Number of enterprises concerned (**)	37	44	75	9	16	7	10	9	51	6	4	10	<b>217</b>
Number of operations realized	68	83	170	19	22	16	15	13	85	11	8	19	<b>425</b>

(\*\*) For enterprises for which the operations of privatization are effected over the course of several periods, by convention, the date of the first privatization or restructuring operation is retained.

The government sees the stock market as the primary vehicle of its privatization program. Major privatizations through the stock market include Tunisair (1995)

For more details on privatization, see [“Tunisia - Privatization's progress \(2008\)”](#) and [Tunisian Stock Market - Official Website](#) (both posted on Webcafe)

#### **h) Fraction of local ownership in the stock market<sup>36</sup>**

Local ownership stands at 72.00% as of EOY 2007, but varies by sector:

Consumer Goods:	57.3%
Industrial Goods:	65.7%
Financial Services:	72.6%
Basic Materials	72.9%
Telecom:	87.9%
Consumer Services:	88.2%
Oil and Gas	88.5%
Health / Pharma:	93.8%

For more details on local ownership, see [“Comprehensive stock market yearly report - 2008.pdf”](#) and [Foreign ownership of stocks - 2008.pdf](#) (posted on Webcafe)

#### **i) Automation versus manual trading<sup>3738</sup>**

"Prior to October 1996, the Tunisian Stock market was based on a continuous trading. All listed stocks were traded once a day from 10:00 a.m. to 11:30 a.m. by a written confrontation on

panels reserved to each security [...] From October 1996 until July 1997, an automated trading system, based on an electronic negotiation, replaced the manual quotation on panels progressively."

"The Tunisia stock exchange implemented an upgrade to its electronic trading platform in 2007. As a Partner of the New York Stock Exchange Euronext, it uses the same NSC trading system and has recently upgraded to NSC V900, which should improve system performance [...] The new system also allows brokers to use their own order management systems, enabling them to offer their clients online trading services for the first time"

For more details on local ownership, see ["Tunisia Stock Market - Automation.pdf"](#) (posted on Webcafe)

**j) Listing and size of foreign based funds investing in the stock market**

**TO BE COMPLETED**

**k) Concentration of listed companies<sup>39</sup>**

Top 5 Market Capitalizations in 2007

	% of total market capitalization	Market Cap (,000 TND)	Market Cap (,000 USD)
SFBT	12.44%	812,000	568,400
BT	11.20%	731,250	511,875
BIAT	9.83%	641,500	449,050
BH	6.88%	449,250	314,475
UBCI	5.73%	374,100	261,870
TOTAL	46.08%	3,008,100	2,105,670

For more details on concentration of listed companies,, see ["Comprehensive stock market yearly report -2008.pdf"](#) (posted on Webcafe)

**l) If possible aggregate stock market returns<sup>40</sup>**

	2007	2006	2005	2004	2003	2002	2002- 2007 CAGR	1997- 2007 CAGR
BVMT Index (base of 465.77 in 1997)	1937	1599	1142	975	940	783		
year-to-year change	21.1%	40.0%	17.1%	3.7%	20.1%	-21.4%	19.9%	17.2%

TUNINDEX Index (base 1,000 at 12/1997)	2614	2331	1615	1331	1250	1119		
year-to-year change	12.1%	44.3%	21.3%	6.5%	11.7%	-11.7%	18.5%	11.3%

**BVMT:** The Tunis Stock Exchange BVMT Index is a price-weighted index containing equities from the Tunis Stock Exchange. Only stocks with a frequency of quotation of sixty percent or more are selected. The index was launched at the end of September 1990 with a base value of 100.

**TUNINDEX:** The Tunis Stock Exchange TUNINDEX is a capitalization weighted index containing equities from the Tunis Stock Exchange. This index is open to all listed companies with minimum period of quotation of six months. The index was launched on December 31, 1997 with an initial base level of 1000.

**m) Regional integration initiatives<sup>41</sup>**

None to date, but desirable: "A North African equivalent to the United Kingdom's Financial Times Stock Exchange (FTSE) index would help draw financial markets closer. Beyond this, ensuring full currency convertibility, at least for Algeria, Morocco, and Tunisia, would ensure greater transparency and bolster capital markets. Finally, a Mediterranean financial agency, adequately financed and triple-A rated, would help to bring these and other initiatives under one roof."

For more details on regional integration initiatives, see [Maghreb Integration Initiatives.pdf](#) (posted on Webcafe)

7. Other types of financial market

**a) Bond markets**

More than 90% of bonds issued are government securities. The number of corporate issuers is limited although fiscal incentives have been offered to induce listing. Bonds are usually listed on the stock exchange and therefore regulated and supervised by the CMF, according to the African Development Bank.

- The share of non-government debt issues remains small compared to total market issuance. Over 42% of outstanding issues are from banks (TND 299 mn), 45% from leasing companies (TND 315 mn), 7% from the tourism sector (TND 50 mn), and 1.6% from the factoring sector (TND 11 mn).
- A total of eight corporate bonds were launched in 2006, for a total amount of TND 228 mn. Details of these issues are presented in the following table:

Corporate issues in 2006:<sup>42</sup>

Issuer	Sector	Amount in TND	Coupon*	Maturity
Attijari Bank**	Bank	80 000 000	4.82%	5 years
Amen Bank	Bank	40 000 000	TMM+1%	10 years
Unifactor	Factoring	10 000 000	6.50% or TMM+1%	5 years
BTKD	Bank	40 000 000	6.25%	5 years
Tunisie Leasing	Leasing	15 000 000	6.5% or TMM + 1%	5 years
El Wifack Leasing	Leasing	5 000 000	6.5% or TMM + 1%	5 years
ATL	Leasing	30 000 000	6.5% or TMM + 1%	7 years
El Mouradi	Hotel	8 000 000	6.50%	7 years

\* TMM is the monthly money market rate

\*\* Convertible bond

## 8. Other types of finance

### **a) Microfinance**

The Tunisian Solidarity Bank (BTS), a government bank established in 1997 to promote micro-enterprise, sponsors microfinance associations throughout the country

- The organization provides loans of up to \$9,500 with a maximum rate of 5%
- In 2007, BTS earned the "microfinance bank of the year" during the African Banker Awards<sup>43</sup>
- As of November 2008, BTS had granted 340,625 loans to 277 associations<sup>44</sup>

The largest private provider of microfinance in Tunisia is an NGO, ENDA Inter-Arabe.

- As of June 2008, Enda Inter-Arabe had a loan portfolio of over \$28.8 million, serving 76,000 borrowers- 80% of which are women. It operates out of 50 branches throughout the country, primarily in urban and semi-urban areas.<sup>45</sup>

Other microfinance providers include foreign governments and international organizations (AFD- Agence Francaise de developement, the World Bank, the African development Bank, GTZ, etc)<sup>46</sup>

For more details on microfinance, see [Microcapital Story: Tunisian Solidarity Bank, "Microrate - June 2008.pdf"](#) and ["Development orgs in Tunisia.pdf"](#) (all posted on Webcafe)

### **b) Informal finance**

Informal moneylending is fairly common but poorly documented. Various parties are believed to grant loans to individuals at interest rates of as much as 7.5% per month.<sup>47</sup>

For more details on Informal Finance, see '[Microfinance Gateway - Data summary](#)' (posted on Webcafe)

### ***c) Other forms of government finance***

There are a number of financing mechanisms and institutions available to entrepreneurs. They can be brought into play as follows:

#### **For capital: Allotment or shareholdings**

- National fund to promote handicrafts and small trades (FONAPRAM)
- Fund for industrial promotion and decentralization (FOPRODI)
- Incentive system for innovation in information technologies (RITI)
- Capital risk investment companies (SICAR)

#### **Investment loans: short and medium term loans**

- Tunisian Solidarity Bank (BTS)
- Bank to finance small businesses (BFPME)

#### **Guarantees: Guarantee loans and shareholdings**

- Tunisian Guaranty Company (SOTUGAR)
- National Guarantee Fund (FNG)

### ***d) Private equity***

Tunisia has been a target of private equity investments from both Tunisian firms and international firms investing in the country. The Tunisian Private Equity Association (ATIC) supports venture capital and private equity associations in Tunisia. As of February 2009, it had over 40 members.

- Major Tunisian private equity firms include Tuninvest Financial Group (TFG) and Financiere Tunisienne (FT).
- International private equity firms investing in Tunisia include Emerging Capital Partners (US), IIB (UAE), Global Investment House (Kuwait), and Actis (UK).

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- <sup>4</sup> The Report Tunisia 2008 (Oxford Business Group)
- <sup>5</sup> The Report Tunisia 2008 (Oxford Business Group)
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- <sup>8</sup> The Report: Tunisia 2008 (Oxford Business Group)
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- <sup>11</sup> <http://www.bct.gov.tn/bct/siteprod/english/presentation/historique.jsp>
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- <sup>13</sup> <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/24108442-EN-TUNISIA.PDF>
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- <sup>16</sup> <http://www.bct.gov.tn/bct/siteprod/english/politique/index.jsp>
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- <sup>18</sup> [http://www.sticodevam.com/En/Activity/Payment\\_Delivery/Payment\\_Delivery.html](http://www.sticodevam.com/En/Activity/Payment_Delivery/Payment_Delivery.html)
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- <sup>20</sup> [http://www1.worldbank.org/finance/assets/images/Boughzala-case\\_study\\_tunisia\\_slides.pdf](http://www1.worldbank.org/finance/assets/images/Boughzala-case_study_tunisia_slides.pdf)
- <sup>21</sup> <http://www.bct.gov.tn/bct/siteprod/english/indicateurs/interet.jsp>
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- <sup>26</sup> <http://www.bct.gov.tn/bct/siteprod/english/politique/index.jsp>
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