New TUNISIA
New Democracy
New Opportunities

Motohiro Shimoda, FIPA Tokyo
June 11th, 2014 @Tokyo
Welcome message from H.E. Mr. Farhad Khlf

Ambassador,
Embassy of the Republic of Tunisia
Foreign Investment Promotion Agency (FIPA) is a public institution under the supervision of the Ministry of Economic and Finance.

FIPA is in charge of providing all the support for foreign investors, follow up and assistance with various government departments and other Tunisian companies and regional authorities.
Tunisia today (Y+3)

What hasn’t changed (acquired)
- Strategic geography
- The millennial history of business
- Educated and Passionate people
- An Open and welcoming country

What has changed (dynamic)
- Speech and expressions
- The political physiognomy
- State governance
- Business environment
Reality I:
- Tunisia has finally got rid of its 23 years of dictatorship and of its image of a stable country thanks to its dictatorship.
- Tunisia continues to run: public service, machine production, supply chain.

Reality II:
- Tunisians found the taste of freedom of expression: the press, labor unions, political debate, awareness.
- Emergence of multiple demands: organization, identity...
- The country must rebuild its political and social stability.

Reality III:
- The image of Tunisia, as an economic example in Africa, is affected because of the current fears and uncertainties.
Years 2 and 3

- Political ambiguities take an unexpected magnitude
  - the transition process has lost speed

- politicians are called to convince
  - violence on political background, worried Tunisians and their partners

- people are concerned about their aspirations (employment and dignity)
  - The decline in ratings puts into question the reliability of Tunisia

- The economic activity is affected by social demonstrations
  - foreign partners begin to doubt about the capacity of Tunisians to boost the slope

- Foreign companies are confused between business continuity and the lack of visibility
  - the image of Tunisia is reduced to current facts
However,

- Foreign Direct Investment has almost regained its pace in 2010
- Annual average of closures / creations equals the decade 2000-2010 avg
- Hotels experienced overbooking in high seasons
- Industrial exports have increased significantly
- Economic growth has gradually recovered
- Tunisia finds the classification of Davos after an absence of one year
- The main actors in the political scene meet to discuss the completion of the transition period.

Tunisia at a glance

Population: 12 millions of inhabitants, Unemployment rate: 15.3%

Capital city: Tunis

Official language: Arabic Widely spoken languages: French, English, Italian

Currency: TND, approx = 0.640 USD, 0.498 euro, 62 yen

Climate: Mediterranean (10 to 16c in Winter, 30 to 40c in summer season)

GDP: 71,379.2 TND million

Growth: 2012 2013 2014*  
3.6% 2.7% 3.0% (IMF World Economic Outlook *2014 predicts)

Income per capita: 6,596.7 TND equivalent of 5,000 US$ in purchasing power parity

Main Partner: EU with 80% of imports and exports

Trade balance deficit: 13.4%

FDI flows: US$ 1.0 billion

Current account deficit: 13.4%
A natural advantage... Strategic position

- Land connections with immediate neighbors
- Free trade agreements with EU, Arab countries, Turkey
- Daily air connections to European capital cities
- Daily shipping links with the main European ports (Genova, Marseille, Antwerp)
High connectivity, regional hub

Tunis
High connectivity, regional hub

- Tunisia, is less than 3 hours flight from major European capital cities: Paris, Rome, London, Madrid, Brussels
- Less than 2h30 from south shore Mediterranean countries: Algeria, Morocco and Libya
- Less than 5 h from major Middle East and sub Saharan African capital cities
- Less than 24 h shipping from major European harbors (Genova, Marseille, Rotterdam, Antwerp)
814 before J.C, First trade port in South Med. Carthage, the most trading city in the Mediterranean.

1972, first country to encourage foreign investment (law 72)

1995: first southern Mediterranean country to sign a free trade agreement with the European Union.

2011: 1st southern Mediterranean country in terms of global competitiveness.
1st south Med country in terms of laws for the encouragement of IDE
Highly skilled and passionate people

12 million people with indicators of a large nation

Education (girls and boys) absorbed 1/3 of state budget

The highest enrollment rate in the Arab World

Education system quality
Availability of the latest technologies
Innovation capacity
Scientific research institutions quality
Largest budget is for R&D
Availability of engineers and scientists
Availability of specialised training and high-level services
Highly skilled and passionate people

97% of youth enrollment

365,000 students, 61% of whom are girls

70,000 new graduates /year

33% of students are oriented towards computer science

30 R&D centers and 28,000 researchers

Scientists and engineers available in job market

Tunisia France Turkey Morocco Egypt Germany R.tcheque Italy

Source: Rapport sur la compétitivité globale 2011-2012, WEF

48% of Tunisian people are under 25 yrs
An open and welcoming country

- 42 double taxation conventions
- 7 million tourists per year (4 to 5 mil. since the revolution)
- 3,100 established foreign companies including 10 Japanese
- Free trade agreements with the EU, Turkey and the Arab countries
- 1st south Med country. « Quality of life index » (according to Int living Mag)
- 1st south Med country. For its pacifist qualities (EIU)
- 1st Arab country for teaching foreign languages (English, German, Italian, Spanish, Russian, ...)

FIPA TUNISIA
NEW TUNISIA
NEW OPPORTUNITIES
Reliable destination for FDI

**FDI inward stock**

- 3,100 international companies
- 332,000 Jobs
- 20,000 Mil US$
- 400 new since 2011

**Sectoral repartition of FDI**

- Manufacturing industry: 62%
- Services: 19.8%
- Agriculture: 13.5%
- Energy: 4.0%
- Tourism: 0.7%
Tunisia welcome Japanese

10 companies (since 1981)

The 10th industrial employer is japanese

Japanese Tourists are back

- 2010: 13,385 japanese visited Tunisia
- 2011: 3,120 japanese visited Tunisia
- 2012: 8,002 japanese visited Tunisia
- 2013: 6,460 japanese visited Tunisia
- Q1 2014: 2,245 japanese visited Tunisia
International confirmed trust
Export Pack (since 1972)

- Tax profit at the reduced rate of 10% since 2014
- Total exemption from income tax in priority areas
- Total franchise from customs duties for imported equipment
- Funds and incentives for investment in priority areas
- Supported by state employer contributions into the social security system

Regions Pack (since 1993)

Soon a new package of incentives in the spirit of Step (new code)
Framework conditions and measure

How easy is it?

Investment is free in major sectors (authorization is the exception)

Recognized ease of business
(WB doing business report)

Dedicated structures for each activity

FIPA, APII, APIA, ONIT, CEPEX

LTD: 2 hours
SA: 12 hours (+1 week publication)

LTD: no min capital
SA: 3,000 US$ in shares

All the procedures under the same roof
Framework conditions et mesures

Who to ask for?

**FIPA:**
Main counterpart for foreign investor Inform, prospect, assist (non profit public institution)

**API:** Agency for the Promotion of Industry

**ONTT:** Tunisian National Tourism Office

**APIA:** Agency for the Promotion Agricultural Investment

**CEPEX:** Center for the Promotion of Exports

Technical structures dedicated for different activities
## Framework conditions and measures

### How much does it cost?

<table>
<thead>
<tr>
<th>Position</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginner Engineer (diploma recognized internationally)</td>
<td>800 US$</td>
</tr>
<tr>
<td>Skilled worker</td>
<td>250 US$</td>
</tr>
<tr>
<td>Senior technician</td>
<td>500 US$</td>
</tr>
</tbody>
</table>

An international quality of work at very competitive costs
## Framework conditions and measures

### What about Taxes and duties?

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISPP</td>
<td>Depending on the salary portion: between 0 and 35% or a package of 20%</td>
</tr>
<tr>
<td>IS</td>
<td>30% in general, 10% agriculture and fishing, 35% for Finances and hydrocarbons</td>
</tr>
<tr>
<td>VAT</td>
<td>18% in general, 6% sensitive products, 12% for products not produced locally</td>
</tr>
<tr>
<td>Customers duties</td>
<td>0% to 36%</td>
</tr>
</tbody>
</table>

**To note:**
- The exporting company pays 10% on the profits (to life).
- Reinvested benefits are free of tax.
## BENEFITS OF INVESTMENT IN TUNISIA

### Deduction of business revenue
- **Priority Area**: 100% during the first 10 years, no more than 50% over another 10 years
- **2nd Group**: 100% for the 10 years
- **1st Group**: 100% for the 5 years

### Coverage of employer’s to social security
- **Priority Area**: 100% for the first 10 years
- **2nd Group**: 100% for 5 years and decreasing for the following 5 years
- **1st Group**: 100% for 5 years

### Financial benefits in the from of subsidies
- **Priority Area**: 25% up to a maximum of 1.5 MTND
- **2nd Group**: 15% up to a maximum of 1 MTND
- **1st Group**: 8% up to a maximum of 0.5 MTND

### Coverage of infrastructure costs
- **Priority Area**: 85%
- **2nd Group**: 75%
- **1st Group**: 25%
Framework conditions and measures
where to invest?

- 9 international airports
- 7 commercial sea ports
- 9 existing poles of competitiveness and 14 planned
- 100 industrial zones and two operational competitive parks
- Service facilities at competitive rental costs
- 9 International airports
- 7 commercial sea ports
<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Place</th>
<th>Industry</th>
<th>Memo</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 SE Bordnetze Tunisia</td>
<td>Bousalem</td>
<td>Wireharness</td>
<td>Bousalem factory open 2011</td>
</tr>
<tr>
<td>(Sumitomo Electric)</td>
<td>Bizerte</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Yazaki Tunisia S.A.R.L.</td>
<td>Gafsa</td>
<td>Wireharness</td>
<td>Established2009</td>
</tr>
<tr>
<td>3 YKK Tunisia S.A.R.L.</td>
<td>Sousse</td>
<td>Fastening</td>
<td>Established1997</td>
</tr>
<tr>
<td>4 Carthago Power Company</td>
<td>Rades</td>
<td>Generate electric</td>
<td>Marubeni Corp 40%</td>
</tr>
<tr>
<td>S.A.R.L.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Mitsubishi Corporation</td>
<td>Tunis</td>
<td>Trading</td>
<td>Liaison Office</td>
</tr>
<tr>
<td>6 Itochu Corporation</td>
<td>Tunis</td>
<td>Trading</td>
<td>Liaison Office</td>
</tr>
<tr>
<td>7 Toyota Tsusho Corporation</td>
<td>Tunis</td>
<td>Trading</td>
<td>Liaison Office</td>
</tr>
<tr>
<td>8 NEC Corporation</td>
<td>Tunis</td>
<td>Telecommunication</td>
<td>Liaison Office</td>
</tr>
<tr>
<td>9 Japan Tobacco</td>
<td>Tunis</td>
<td>Tobacco</td>
<td>temporary closed</td>
</tr>
<tr>
<td>10 Maruha Nichiro</td>
<td>Tunis</td>
<td>Trading</td>
<td>Cultivation Tuna fish</td>
</tr>
<tr>
<td>11 Tokushukai Medical</td>
<td>Tunis</td>
<td>Hospital</td>
<td>Check situation.</td>
</tr>
<tr>
<td>Corporation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Yamaichi Electric</td>
<td>Tunis</td>
<td>Electric manufacture</td>
<td>R&amp;D Center for Solar (PV: Photovoltaic)</td>
</tr>
</tbody>
</table>
Framework conditions and measures
What about the first step?

- FIPA your partner, provides you with credible information on investment environment
- FIPA your partner, assists you to better know Tunisia: partners, incentives, procedures
- FIPA your partner, Grants you necessary after care services
Thank You for Your Attention

www.investintunisia.tn