

#53892

Box 265

FILE 8

ETRAI ETR FILES

MATERIAL IN THIS FOLDER
MUST NOT BE REMOVED

Return to:

ETR FILES

MATERIAL IN THIS FOLDER
MUST NOT BE REMOVED

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT WHEN ALIGNING INTO LINE 23

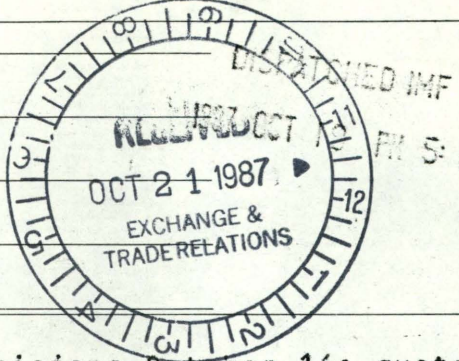
cc: Mr. Kanessa - Anderson

START ADDRESS IN THE BOX

START TEXT HERE

IF REQUIRED INITIAL BELOW

23 Banque Centrale de Tunisie
22 B.P. 369
21 7 Place de la Monnaie
20 Tunis, Tunisia



MARK XX FOR CODE () CODE

18 Executive Board took following decisions October 16: quote

17 A. 1987 Consultation

16 1. The Fund takes this decision in concluding the 1987
15 Article XIV consultation with Tunisia, in the light of
14 the 1987 Article IV consultation with Tunisia conducted
13 under Decision No. 5392-(77/63), adopted April 29, 1977,
12 as amended (Surveillance over Exchange Rate Policies).

11 2. The restrictions on the making of payments and
10 transfers for current international transactions described
9 in EBS/87/200, are maintained by Tunisia in accordance
8 with Article XIV. The Fund is encouraged by the steps
7 already taken to ease these restrictions and urges an
6 early and vigorous implementation of the intention of
5 further liberalization in this area.

4 B. Review under Stand-By Arrangement

3 1. Tunisia has consulted with the Fund in accordance
2 with paragraph 4(c) of the stand-by arrangement for
1 Tunisia (EBS/86/236, Sup. 1) as amended, and paragraph 36

D
O
N
O
T
Y
P
E
H
E
R
E
CC: SEC
MD
DMD
MR. SALEHKHOU
AFR
ETR
FAD
LEG
RES
TRE
MR. H. SIMPSON

SPECIAL INSTRUCTIONS TEXT MUST END HERE

A
B French translation to follow

C TELEX NO.:

DRAFTED BY: *BJ Owen: R Franklin: jrw*

EXT.: 6711 DEPT.: SEC DATE: 10/16/87

E AUTHORIZED BY: *Leo Van Houtven*

AUTHORIZED BY NAME (TYPE):

TYPE ** ON LAST OR ONLY PAGE OF MESSAGE

F Log *A 105 H 3164*

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT
WHEN ALIGNING INTO LINE 23

START ADDRESS IN THE BOX

START TEXT HERE

IF
REQUIRED
INITIAL
BELOW

23 Tunisia

22 Page 2

21

20

19

18 of the Memorandum on the Economic and Financial Policy

17 of the Government of the Republic of Tunisia annexed to

16 the letter of the Minister of Planning and Finance and

15 the Governor of the Central Bank of Tunisia, dated

14 September 25, 1986, in order to review progress under

13 the program and to establish performance criteria for

12 end-September and end-December 1987 with respect to

11 domestic credit and net credit to the Government.

10 2. The letter dated August 20, 1987, from the Minister

9 of Planning and Finance and the Governor of the Central

8 Bank of Tunisia shall be attached to the stand-by

7 arrangement for Tunisia, as amended, and the letter dated

6 September 25, 1986 and its annexed Memorandum on the

5 Economic and Financial Policy of the Government of the

4 Republic of Tunisia, together with the letter dated

3 April 10, 1987, and its annexed table, shall be read as

2 supplemented by the letter of August 20, 1987.

1

SPECIAL INSTRUCTIONS

↑ TEXT MUST END HERE ↓

A

B

C

TELEX NO.:

D

DRAFTED BY
NAME (TYPE): BJOwen:RFranklin:jrw

EXT.:

DEPT.:

DATE:

E

AUTHORIZED BY
NAME (TYPE):

AUTHORIZED BY
NAME (TYPE):

TYPE ** ON LAST OR ONLY PAGE OF MESSAGE

F

Log ASJUS

MARK XX FOR CODE
() CODE

D

O

DISTRIBUTION

N

O

T

T

Y

P

E

H

E

R

E

G

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT
WHEN ALIGNING INTO LINE 23

START ADDRESS IN THE BOX

START TEXT HERE

IF
REQUIRED
INITIAL
BELOW

23 Tunisia
22 Page 3
21
20
19

18 3. Accordingly, the reference in paragraph 4(a) of
17 the stand-by arrangement for Tunisia, as amended, to
16 paragraph 12 of the letter of April 10, 1987, relating
15 to the limits on domestic credit of the banking system
14 and net claims on the Government by the banking system,
13 shall comprehend a reference to paragraph 7 of the
12 letter dated August 20, 1987.
11 4. The reference in paragraph 4(c) of the stand-by
10 arrangement for Tunisia, as amended, to "January 31,
9 1988" shall be to "February 28, 1988."
8 5. The Fund decides that the second review contemplated
7 in paragraph 4(c) of the stand-by arrangement for Tunisia,
6 as amended, is completed. Unquote
5 Van Houtven, Secretary, Interfund
4
3
2
1

MARK XX FOR CODE
() CODE

D
O
N
O
T
T
Y
P
E
H
E
R
E

DISTRIBUTION

SPECIAL INSTRUCTIONS ↑ TEXT MUST END HERE ↓

A
B
C

TELEX NO.:

DRAFTED BY: BJOWen:RFranklin:jrw

EXT.: DEPT.: DATE:

AUTHORIZED BY NAME (TYPE):

AUTHORIZED BY NAME (TYPE):

TYPE ** ON LAST OR ONLY PAGE OF MESSAGE

F Log *[Signature]*

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT
WHEN ALIGNING INTO LINE 23

START ADDRESS IN THE BOX

START TEXT HERE

IF
REQUIRED
INITIAL
BELOW

23 BANQUE CENTRALE DE TUNISIE
22 B.P. 369
21 7 PLACE DE LA MONNAIE
20 TUNIS (TUNISIE)
19

18 LE CONSEIL D'ADMINISTRATION A PRIS LES DECISIONS
17 CI-APRES LE 16 OCTOBRE : CITATION
16 A. CONSULTATIONS DE 1987
15 1. LE FONDS PREND LA PRESENTE DECISION A L'ISSUE DES
14 CONSULTATIONS DE 1987 AU TITRE DE L'ARTICLE XIV AVEC LA
13 TUNISIE, EU EGARD AUX CONSULTATIONS DE 1987 AU TITRE DE
12 L'ARTICLE IV QUI ONT ETE TENUES AVEC LA TUNISIE EN
11 VERTU DE LA DECISION NO. 5392-(77/63) SOUS SA FORME
10 MODIFIEE, ADOPTÉE LE 29 AVRIL 1977 (SURVEILLANCE DES
9 POLITIQUES DE CHANGE).
8 2. LES RESTRICTIONS CONCERNANT LES PAIEMENTS
7 ET TRANSFERTS EFFECTUES AU TITRE DE TRANSACTIONS
6 INTERNATIONALES COURANTES, QUI SONT DECRITES DANS LE
5 DOCUMENT EBS/87/200, SONT APPLIQUEES PAR LA TUNISIE
4 CONFORMÉMENT A L'ARTICLE XIV. LE FONDS JUGE
3 ENCOURAGEANTES LES INITIATIVES QUI ONT DEJA ETE
2
1

MARK XX FOR CODE
() CODE

D
O
N
O
T
T
Y
P
E
H
E
R
E

DISTRIBUTION

SPECIAL INSTRUCTIONS ↑ TEXT MUST END HERE ↓

A _____
B _____

C TELEX NO.:

D DRAFTED BY
NAME (TYPE):

EXT.: DEPT.: DATE:

E AUTHORIZED BY
NAME (TYPE):

AUTHORIZED BY
NAME (TYPE):

TYPE ** ON LAST OR ONLY PAGE OF MESSAGE

F Log A 3164

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT
WHEN ALIGNING INTO LINE 23

23	TUNISIE	
22	PAGE 2	
21		
20		
19		
18	PRISES POUR ASSOULPIR CES RESTRICTIONS ET INVITE	MARK XX FOR CODE () CODE DISTRIBUTION N O T T Y P E H E R E
17	INSTAMMENT LES AUTORITES A PRENDRE RAPIDEMENT DE	
16	NOUVELLES MESURES ENERGIQUES POUR CONTINUER DANS	
15	CETTE VOIE.	
14	B. REVUE AU TITRE DE L'ACCORD DE CONFIRMATION	
13	1. CONFORMEMENT AU PARAGRAPHE 4 C) DE L'ACCORD DE	
12	CONFIRMATION EN FAVEUR DE LA TUNISIE (EBS/86/236,	
11	SUPPLEMENT 1), SOUS SA FORME MODIFIEE, ET AU	
10	PARAGRAPHE 36 DU MEMORANDUM SUR LA POLITIQUE ECONOMIQUE	
9	ET FINANCIERE DU GOUVERNEMENT DE LA REPUBLIQUE	
8	TUNISIENNE JOINT A LA LETTRE DU MINISTRE DU PLAN	
7	ET DES FINANCES ET DU GOUVERNEUR DE LA BANQUE	
6	CENTRALE DE TUNISIE, DATEE DU 25 SEPTEMBRE 1986,	
5	LA TUNISIE A TENU DES CONSULTATIONS AVEC LE FONDS	
4	AFIN D'EXAMINER LES PROGRES ACCOMPLIS DANS	
3	LA MISE EN OEUVRE DE SON PROGRAMME ET DE FIXER LES	
2		
1		
A	SPECIAL INSTRUCTIONS ↑ TEXT MUST END HERE ↓	
B		
C	TELEX NO.:	
D	DRAFTED BY NAME (TYPE): _____	EXT.: DEPT.: DATE:
E	AUTHORIZED BY NAME (TYPE): _____	AUTHORIZED BY NAME (TYPE): _____
F	Log _____	

START ADDRESS IN THE BOX

START TEXT HERE

IF
REQUIRED
INITIAL
BELOW

TYPE ** ON LAST OR ONLY PAGE OF MESSAGE

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT
WHEN ALIGNING INTO LINE 23

START ADDRESS IN THE BOX	23	TUNISIE	D O T T Y P E R E	MARK XX FOR CODE () CODE DISTRIBUTION	
	22	PAGE 3			
	21				
	20				
	19				
	START TEXT HERE	18			CRITERES DE REALISATION POUR LA FIN DE SEPTEMBRE ET
		17			LA FIN DE DECEMBRE 1987, EN CE QUI CONCERNE LE
		16			CREDIT INTERIEUR ET LE CREDIT NET A L'ETAT.
		15			2. LA LETTRE DU MINISTRE DU PLAN ET DES FINANCES ET
		14			DU GOUVERNEUR DE LA BANQUE CENTRALE DE TUNISIE, DATEE
		13			DU 20 AOUT 1987, SERA JOINTE A L'ACCORD DE CONFIRMATION
		12			EN FAVEUR DE LA TUNISIE, TEL QU'IL A ETE MODIFIE, ET LA
		11			LETTRE DATEE DU 25 SEPTEMBRE 1986, AINSI QUE LE
		10			MEMORANDUM SUR LA POLITIQUE ECONOMIQUE ET FINANCIERE DU
		9			GOUVERNEMENT DE LA REPUBLIQUE TUNISIENNE QUI Y EST
		8			ANNEXE ET LA LETTRE DATEE DU 10 AVRIL 1987 AVEC LE
		7			TABLEAU QUI L'ACCOMPAGNE SERONT INTERPRETES COMME
		6			ETANT COMPLETES PAR LA LETTRE DU 20 AOUT 1987.
	5	3. EN CONSEQUENCE, LE PARAGRAPHE 4 A) DE L'ACCORD			
	4	DE CONFIRMATION EN FAVEUR DE LA TUNISIE, DANS SA			
	3	FORME MODIFIEE, FAISANT REFERENCE AU PARAGRAPHE 12			
	2	DE LA LETTRE DU 10 AVRIL 1987 EN CE QUI CONCERNE			
	1				
	SPECIAL INSTRUCTIONS	TEXT MUST END HERE			
A					
B					
C	TELEX NO.:				
D	DRAFTED BY NAME (TYPE):	EXT.: DEPT.: DATE:			
E	AUTHORIZED BY NAME (TYPE):	AUTHORIZED BY NAME (TYPE): ()			
F	Log	TYPE ** ON LAST OR ONLY PAGE OF MESSAGE			

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT
WHEN ALIGNING INTO LINE 23

START ADDRESS IN THE BOX	23	TUNISIE	D O N O T T Y P E H E R E		
	22	PAGE 4			
	21				
	20				
	19				
	START TEXT HERE	18		LA LIMITE RELATIVE AU CREDIT INTERIEUR OCTROYE PAR LE	MARK XX FOR CODE () CODE DISTRIBUTION
		17		SYSTEME BANCAIRE ET LA LIMITE RELATIVE AUX CREANCES	
		16		NETTES DU SYSTEME BANCAIRE SUR L'ETAT, FERA EGALEMENT	
		15		REFERENCE AU PARAGRAPHE 7 DE LA LETTRE DU 20 AOUT 1987.	
		14		4. DANS LE PARAGRAPHE 4 C) DE L'ACCORD DE CONFIRMATION	
		13		EN FAVEUR DE LA TUNISIE, SOUS SA FORME MODIFIEE, LA DATE	
		12		DU "31 JANVIER 1988" SERA DESORMAIS REMPLACEE PAR	
		11		CELLE DU "28 FEVRIER 1988".	
		10		5. LE FONDS DECIDE QUE LA DEUXIEME REVUE VISEE AU	
		9		PARAGRAPHE 4 C) DE L'ACCORD DE CONFIRMATION EN FAVEUR DE	
		8		LA TUNISIE, DANS SA FORME MODIFIEE, EST ACHEVEE.	
		7		FIN DE CITATION	
		6		VAN HOUTVEN,	
		5		SECRETAIRE	
		4		INTERFUND	
		3			
		2			
		1			
IF REQUIRED INITIAL BELOW	A	SPECIAL INSTRUCTIONS	TEXT MUST END HERE		
	B				
	C	TELEX NO.:			
	D	DRAFTED BY NAME (TYPE):	EXT.: DEPT.: DATE:		
	E	AUTHORIZED BY NAME (TYPE):	AUTHORIZED BY NAME (TYPE):		
	F	Log	TYPE ** ON LAST OR ONLY PAGE OF MESSAGE		

SIGNATURE (PLEASE KEEP SIGNATURE IN MESSAGE ALLOWED) SIGNATURE



Office Memorandum

TO: Mr. Bornemann

FROM: S. Kanesa-Thasan *[Signature]*

SUBJECT: Tunisia - Staff Report

September 3, 1987

The report reads well. I have written fairly detailed comments in the attached copy.

1. I would highlight one point here. The consultations report would be the logical place for a revision of the medium-term balance of payments outlook. An additional reason would be the revised outlook for 1987. The reason offered for not revising the May medium-term balance of payments projections (namely, uncertainties) is not convincing; rather, the postponement of the revision to the next review of the stand-by arrangement in early 1988 could be justified in the context of discussions of the 1988 program.

At the same time the report should explain why the old projections are regarded as being substantially valid still.

2. Should there be a mention in the report of Tunisia's interest in having an EFF arrangement with the Fund after the current stand-by?

Attachment

cc: Mr. Anjaria
Ms. Dillon
Mr. Quirk



Office Memorandum

TO: Mr. Kanesa-Thasan (ETR)
Mr. Tanzi (FAD)
Mr. Gianviti (LEG)
Mr. Chandavarkar (TRE)

DATE: August 31, 1987

FROM: E.L. Bornemann *ELB*

SUBJECT: Tunisia - 1987 Article IV Consultation and Review Under Stand-by Arrangement

Attached for your comments and clearance is a draft staff report for the 1987 Article IV consultation and second review under the stand-by arrangement with Tunisia, cleared by Mr. Bhatia before his departure. The report has been drafted on the assumption that the authorities will eliminate the tax on interest charges (TPS) and accelerate the liberalization of imports of capital goods in the last quarter of 1987. It will not be issued until the course of action on these topics has been clarified and the text of the report amended accordingly, if necessary. Subject to consultation with the Tunisian authorities, the report also proposes to postpone the completion of the third review until January-February 1988, mainly to give a better basis for determining the required follow-up to the present stand-by arrangement. This would allow the sixth purchase to be effected on the basis of the end-December performance criteria; the completion of the third review would still govern the last purchase based on end-March data.

*What are
attaches?
related?*

*but not
done*

I would appreciate it if you would give your comments to Mr. Petersen (extension 8390) by close of business, Wednesday, September 2, 1987, with a copy of any written comments to me.

Attachment

cc: MR ANJARIA
MS DILLON
MR QUIRK

Were the modifications?
h

INTERNATIONAL MONETARY FUND

September 3, 1987

Mr. Kanesa-Thanan:

As mentioned, we have only a few comments on the Tunisia staff report, on the interest rate questions.

Attachment



Peter J. Quirk

Comments on Tunisia 1987 Article IV Consultation
and Review Under Stand-By Arrangement

Page 13, 2nd para. It would help to give observations on the real interest rate level to underpin the reference to "interest rate reform."

Page 20. The extent to which the central bank determined money market rate is used at present should be spelled out.

Page 24. The reference to interest rates being significantly positive in the last paragraph should surely be to real interest rates?



Office Memorandum

TO: Mr. Kanesa-Thanan

FROM: G. Begashaw *GB*

SUBJECT: Tunisia--Draft Staff Report

DATE: September 2, 1987

As indicated on pages 21-22 of the draft staff report, the medium-term scenario presented in Table 8 reproduces the one in the first review paper (EBS/87/87) for the period 1988-91. In this same table the revised projection for 1987 (based on information gathered during the recent mission) is presented. I see problems and inconsistencies with the presentation of the medium-term scenario as in Table 8, and I have expressed them to Mr. Bhatia. First, the revised projection for 1987 is substantially different from the initial one, as the current account deficit is now projected to be 5.8 percent of GNP compared to 6.9 percent of GNP, and net capital inflow is now expected to be SDR 530 million against SDR 616 million in the original projection. Even though the expected improvement in the current account deficit in 1987 is partly due to temporary factors such as the sharp increase in agricultural production it also reflects gains in the overall export performance following improved competitiveness of Tunisia's goods and services. Second, the lower net capital inflow (by SDR 86 million) now projected for 1987 has implications for future debt service, indebtedness, and availability of external finance. Moreover, the outlook regarding oil prices, prices of other commodities, world inflation, and LIBOR are now different from the ones assumed in the medium-term scenario of EBS/87/87.

Taking into account the revised outlook for 1987 and the latest WEO assumptions regarding commodity prices, LIBOR, and world inflation, the staff has prepared a revised medium-term scenario (copy attached) which I think should be presented in the draft staff report. This scenario is consistent with the authorities' objective of reducing the current account deficit to 3 percent of GNP by 1991 while achieving the level of gross reserves equivalent to two months' of imports. However, it points to higher levels of financing gaps during 1988-89.

Attachment

9/1/87

Table . Iunisia: Balance of Payments, 1985-87

	1985	1986	1987	1988	1989	1990	1991
	Actual	Est.	Projections				
(In millions of SDRs)							
Current account	-579.8	-600.9	-435.0	-420.5	-390.0	-389.2	-281.8
Trade balance	-828.5	-833.0	-708.2	-726.3	-780.9	-854.6	-847.2
Exports, f.o.b.	1703.1	1507.0	1588.5	1739.5	1829.4	1901.4	2095.9
Energy	712.4	366.0	387.7	377.5	291.1	179.1	170.8
Nonenergy	990.7	1141.0	1200.8	1361.9	1538.3	1722.2	1925.1
Imports, f.o.b.	-2531.6	-2340.0	-2296.7	-2465.7	-2610.4	-2756.0	-2943.1
Energy	-341.4	-202.0	-205.5	-221.7	-195.1	-168.9	-185.6
Nonenergy	-2190.2	-2138.0	-2091.2	-2244.0	-2415.3	-2587.1	-2757.5
Nonfactor services (net)	329.0	285.7	330.0	376.3	461.9	533.5	614.9
Of which: tourism receipts	491.0	414.2	434.9	476.2	551.9	605.5	661.3
Transfers (net)	-80.3	-53.6	-56.8	-70.5	-70.9	-68.0	-49.5
Of which: receipts from							
worker's remittances	266.5	308.2	283.7	305.6	329.0	354.1	381.1
Interest on ext. debt 1/	-252.7	-277.2	-264.8	-309.3	-335.5	-351.0	-351.1
Capital account	319.0	406.0	529.5	337.7	338.7	370.6	405.3
Grants	36.0	34.6	28.4	27.5	26.7	26.0	25.2
Direct and portfolio invest.	137.5	132.2	85.1	96.4	110.3	126.2	144.3
Medium and long term							
borrowing (net) 1/	248.0	144.3	382.9	213.8	201.7	218.5	235.7
Of which: disbursements 2/	640.7	644.1	898.3	700.0	730.0	783.7	800.9
Short-term capital 3/	-103.0	62.4	--	--	--	--	--
Valuation adjustment	58.0	--	--	--	--	--	--
Overall surplus or deficit (-)	-203.0	-194.9	94.6	-82.7	-51.3	-18.5	123.4
Changes in reserves (inc. -)	203.0	194.9	-94.6	-121.4	-109.7	18.5	-123.4
Use of fund resources	--	149.7	41.0	27.6	-18.7	-87.7	-87.0
Other items, net (inc.)	203.0	45.2	-135.6	-149.0	-91.0	106.2	-36.4
Residual financing gap	--	--	--	204.1	161.0	--	--
Memorandum item:							
Current account def. / GNP (%)	-7.2	-7.9	-5.8	-5.3	-4.6	-4.2	-2.8
Gross reserves (in months of							
Imports	1.0	1.3	1.8	2.4	2.7	2.1	2.1
Debt service ratio	21.6	27.9	27.0	26.1	27.0	28.9	26.1

1/ Includes debt service on gap-fill borrowing.

2/ For 1987, projections are based on existing commitments and loans to be

9/1/87

contracted during the year. From 1988 onward, includes expected official capital and suppliers' credits.

3/ Including errors and omissions.

4/ For 1987-91: target increase(-) in reserves.

INTERNATIONAL MONETARY FUND

September 2, 1987

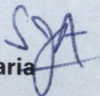
Mr. Kanesa-Thanan:

Tunisia--Comments on Draft
Staff Report

Attached are comments on
the draft staff report for
Tunisia which was reviewed by
Mr. Chopra.

cc: Ms. Dillon
Mr. HIno
Mr. Johnson

Shailendra J. Anjaria



September 2, 1987

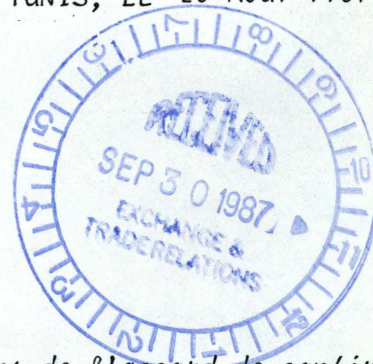
Tunisia--Comments on Draft Staff Report

The draft report is clear and well written. The program remains on track, and performance for 1987 is likely to be as targeted or better. We have no substantive comments on the report.

ORIG: AFR
 CC: MD
 DMD
 MR. SALEHKHOU
 ETR
 FAD
 LEG
 RES
 SEC
 TRE
 MR. R. BROWN

5-100
000868

TUNIS, LE 20 AOUT 1987



Monsieur le Directeur Général,

1- Conformément aux dispositions de l'accord de confirmation pour la Tunisie, les discussions prévues avec les services du Fonds dans le cadre de la deuxième revue du programme d'ajustement viennent d'être achevées. Tous les critères de réalisation et objectifs indicatifs ont été respectés jusqu'à fin Juin 1987, et les objectifs du programme en termes de croissance du PIB, d'inflation et de balance des paiements pour l'année 1987 seraient atteints. Sur la base des résultats enregistrés, le Gouvernement Tunisien se propose de maintenir la présente stratégie d'ajustement avec de légères modifications destinées, d'une part, à stimuler l'activité du secteur privé et, d'autre part, à assurer le financement du budget pour 1987.

2- Les autorités tunisiennes ont poursuivi la mise en oeuvre de la politique de réforme économique conformément au calendrier retenu dans l'accord de confirmation. Ainsi, la troisième phase du processus de libéralisation des prix, qui a touché 10 pour cent des biens industriels, a été introduite en Août 1987, portant à 45 pour cent de la valeur de la production manufacturière la proportion des biens de cette catégorie pour lesquels les prix sont désormais libres. Pour le reste de ces produits, un décret a établi une formule d'ajustement par les entreprises avec un contrôle à postériori par l'administration. La Chambre des Députés a également adopté en juillet le projet du nouveau code des investissements et le projet de loi sur la privatisation des entreprises publiques, les textes législatifs correspondants ayant été promulgués début août. Pour assurer le succès de cette action, l'Etat entend renforcer le marché des valeurs mobilières et réduire l'imposition des bénéfices distribués. Des progrès significatifs ont été accomplis en

RECEIVED
 INTERNATIONAL
 MONETARY FUND

27 SEP 29 PM 5:01

COMMUNICATIONS
 DIVISION

vue d'établir un régime de TVA en 1988. A ce titre, un projet de loi doit être discuté par la Chambre des Députés durant le dernier trimestre de 1987 et la préparation technique de sa mise en oeuvre en 1988 est à un stade avancé. Après la libéralisation en janvier 1987 des importations de matières premières, pièces de rechange, et des produits semi-finis pour les entreprises réalisant au moins 15 pour cent de leur chiffre d'affaires à l'exportation, le Gouvernement a, en juin, accéléré le processus de libéralisation en élargissant le bénéfice de ce dernier avantage à toutes les entreprises exportatrices à concurrence de la valeur de leurs exportations. Les autorités ont mis en oeuvre une politique flexible du taux de change qui a abouti à un niveau actuellement considéré comme adéquat. Cette politique sera poursuivie en vue de préserver la compétitivité de l'économie tunisienne.

3- Sur la base des développements du 1er semestre de 1987, il est attendu que les différents objectifs économiques et financiers du programme pour l'année soient atteints. Les résultats meilleurs enregistrés dans l'agriculture (où la production de céréales a pratiquement triplé pour atteindre 1,75 million de tonnes), dans le tourisme, et dans les secteurs d'exportation ont permis de reviser à la hausse le taux de croissance réelle du PIB qui devrait ainsi atteindre 5 pour cent au lieu de 4,4 pour cent initialement projeté. L'indice des prix à la consommation est en hausse de 2,2 pour cent pour le 1er semestre et le taux d'inflation pour l'année resterait en deça de l'objectif de 8 pour cent établi dans le programme.

Concernant l'exécution du budget pour les six premiers mois de 1987 les dépenses (dans la présentation consolidée du budget) sont estimées à 1241 millions de dinars et les recettes à 1170 millions de dinars entraînant un déficit consolidé de 71 millions de dinars, soit des niveaux proches des objectifs respectifs. Cependant, un manque à gagner est prévu pour les recettes de l'année et serait dû en partie à la volonté des autorités d'accroître les incitations au secteur privé. Du côté des dépenses, le Gouvernement a l'intention de procéder d'une manière plus graduelle à l'augmentation des prix des produits subventionnés du fait de la forte sensibilité sociale actuelle.

Toutefois, certaines augmentations seront effectuées au cours du reste de l'année. Les recettes totales sont maintenant projetées à 2564 millions de dinars et les dépenses à 2902 millions, par comparaison aux objectifs respectifs de 2591 millions et 2913 millions de dinars. Le déficit consolidé est de ce fait estimé à 338 millions de dinars, soit 16 millions de plus que prévu dans le programme. Les ressources de financement attendues seront également inférieures de 17 millions de dinars à leur niveau initialement prévu essentiellement du fait d'un manque de 16 millions de dinars dans le financement extérieur net. Sur la base de ces projections, le besoin de financement par le système bancaire intérieur serait plus élevé que prévu dans le programme.

4- La loi des finances pour 1987 avait prévu l'affectation de 14 millions de dinars à l'élimination des arriérés de l'Etat. Ce montant a été alloué aux différents ministères concernés et est en cours de déboursement. L'examen des arriérés de l'Etat a permis d'actualiser leur montant global à 26 millions de dinars à fin 1986. Néanmoins, les autorités entendent éliminer le reliquat des arriérés dans le cadre du budget pour 1988. En outre, les autorités réaffirment leur intention de réduire les dépenses de la période complémentaire du montant programmé de 15 millions de dinars.

5- Dans le domaine de la monnaie, alors que l'expansion du crédit enregistrée pour le 1er semestre de 1987 a été inférieure au niveau prévu dans le programme (8,2 pour cent au lieu de 10,9 pour cent), l'accroissement de la masse monétaire aura dépassé l'objectif retenu (9,7 pour cent au lieu de 5,7 pour cent). Le faible taux d'expansion du crédit est entièrement imputable au modeste accroissement du crédit au secteur privé (9 pour cent au lieu de 12,6 pour cent dans le programme), alors que la forte expansion de la masse monétaire reflète un impact expansionniste plus fort que prévu de la variation "des autres postes nets" ainsi qu'une baisse des avoirs extérieurs nets significativement plus réduite que celle projetée dans le programme. Cette évolution des avoirs extérieurs nets traduit, à son tour, une meilleure performance

au niveau de la balance des paiements. Pour le 1er semestre de 1987, le déficit de la balance des paiements courants est estimé à 162,8 millions de DTS, soit légèrement plus de la moitié du déficit projeté initialement de 316,7 millions de DTS. Ceci traduit une forte performance des exportations de biens (796 millions de DTS au lieu de l'objectif retenu de 723 millions de DTS), des recettes du tourisme et des transferts des travailleurs à l'étranger, mais aussi un niveau des importations de biens et services inférieur de 86 millions de DTS à celui prévu. Toutefois, cette bonne performance de la balance courante ne se reflète que partiellement au niveau de la balance globale du fait que les entrées nettes de capitaux ont été inférieures de 85 millions de DTS à celles initialement projetées. Néanmoins, les avoirs extérieurs nets qui ont enregistré pour le 1er semestre une baisse saisonnière de 102 millions de DTS, inférieure de 69 millions à celle prévue dans le programme, se sont élevés à -79 millions de DTS à fin juin et les réserves brutes de la Banque Centrale à 132 millions de DTS à la même date. Pour l'ensemble de l'année, le déficit des paiements courants est actuellement projeté à 435 millions de DTS (5,8 pour cent du PNB) comparé au niveau programmé de 522 millions (6,9 pour cent du PNB). Toutefois, l'effet de cette amélioration sera probablement compensé par une baisse correspondante des entrées nettes de capitaux (à la fois concessionnels et non-concessionnels) de telle manière que la projection de 95 millions de DTS pour l'accroissement des avoirs extérieurs nets reste inchangée.

6- Malgré les développements globalement satisfaisants décrits ci-dessus et les progrès encourageants enregistrés par les secteurs exportateurs, l'évolution des secteurs manufacturiers et des services qui dépendent principalement de la demande intérieure, révèle toujours des tendances récessionnistes de nature à aggraver la situation déjà critique du chômage. Etant donné la faible marge de manoeuvre pour une relance de l'activité économique par des moyens budgétaires, le Gouvernement a mis au point un programme de mesures destinées à stimuler

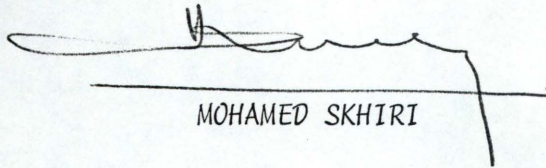
l'investissement privé. Les principaux éléments de ce programme sont le nouveau code des investissements, la loi sur la privatisation des entreprises publiques et la réforme de la fiscalité des valeurs mobilières. De plus, les autorités envisagent d'autres mesures, par exemple, l'élimination de la taxe (TPS) sur les intérêts bancaires débiteurs. De même, étant donné l'amélioration de la balance des paiements, le Gouvernement pourrait envisager la possibilité d'avancer la libéralisation de l'importation de biens d'équipement qui était programmé pour janvier 1988. Par ailleurs, une plus grande flexibilité sera pratiquée dans la détermination du taux du marché monétaire de manière à mieux refléter les conditions de l'offre et de la demande. De plus, la création d'un marché interbancaire pour le début de 1988 est actuellement à l'étude.

7- Les développements et perspectives examinés ci-dessus soulignent l'intérêt de poursuivre la stratégie adoptée dans le programme d'ajustement. Cependant, pour tenir compte de la révision à la baisse des recettes budgétaires et du financement extérieur pour l'ensemble de l'année, nous proposons d'augmenter le plafond pour les créances nettes sur l'Etat pour fin septembre et fin décembre 1987, à, respectivement, 695 et 718 millions de dinars, tout en maintenant les critères de réalisation sur le crédit intérieur établis pour ces dates. Bien que cette révision implique une réduction de 34 millions de dinars dans l'expansion possible du crédit au secteur privé, elle permettrait encore un accroissement de 8 pour cent dans le crédit à ce secteur pour le 2ème semestre. Dans le cas où les concours extérieurs nets dépasseraient le niveau actuellement projeté de 207 millions de dinars, le plafond des créances nettes sur l'Etat serait réduit du montant de ce dépassement au profit des crédits à l'économie. Nous proposons aussi de porter les objectifs indicatifs pour le déficit consolidé, pour les recettes totales et dons et pour les dépenses totales y compris les prêts nets de l'Etat à, respectivement, 125, 1850 et 1975 millions de dinars pour fin septembre, et 338, 2564 et 2902 millions de dinars pour fin décembre. Tous les

autres critères de réalisation et objectifs indicatifs resteraient inchangés par rapport aux niveaux indiqués dans notre lettre du 10 avril 1987. Nous proposons enfin d'établir les critères et objectifs pour la fin mars 1988 lors de la troisième revue à compléter avant fin janvier 1988.

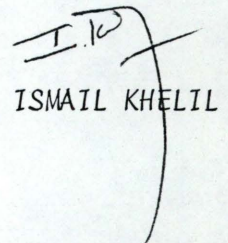
Veillez agréer, Monsieur le Directeur Général, l'expression de notre haute considération.

LE GOUVERNEUR DE LA
BANQUE CENTRALE DE TUNISIE



MOHAMED SKHIRI

LE MINISTRE DU PLAN ET
DES FINANCES



ISMAIL KHELIL

AIDE MEMOIRE

L'objectif indicatif de 338 millions de dinars pour le déficit consolidé du budget 1987 et le plafond de 719 millions de dinars pour les créances nettes sur l'Etat à fin Décembre 1987, mentionnés au paragraphe 7 de la lettre du 20 août 1987, tiennent compte d'une réduction des recettes de 15 millions qui serait due à l'élimination de la TPS sur les intérêts bancaires débiteurs, prévue pour le quatrième trimestre 1987. Dans le cas où le Gouvernement ne procéderait pas à l'élimination de cette taxe, l'objectif indicatif et le critère de réalisation mentionnés ci-dessus seraient réduits chacun de 15 millions de dinars. L'objectif indicatif pour les recettes budgétaires totales en 1987 serait aussi augmenté de 2.564 millions de dinars à 2.579 millions de dinars.

CRITERES DE REALISATIONS ET OBJECTIFS INDICATIFS

DECEMBRE 1986 - DECEMBRE 1987

	1986		1987			
	DEC.	DEC.	AVRIL	JUIN	SEPT.	DEC.
	PROG.	REEL	PROGRAMME			
A- CRITERES DE REALISATION		<u>MILLIONS DE DINARS</u>				
1. Crédits intérieurs	4.348	4.263	4.368	4.480	4.550	4.714
2. Créances nettes sur l'Etat	635	627	653	666	695	718
3. Dette extérieure publique*		<u>MILLIONS DE DTS</u>				
a 0-1 an (encours à l'exclusion des crédits liés aux importations)	120	69	120	120	120	120
3.b Nouveaux emprunts extérieurs non-concessionnels (montants cumulés)						
i)- 1-5 ans	15	14	65	65	65	65
ii)- 1-12 ans	100	68	450	450	450	450
4. Arriérés des paiements extérieurs (encours)	0	0	0	0	0	0
B- OBJECTIFS INDICATIFS		<u>MILLIONS DE DINARS</u>				
1. Déficit budgétaire consolidé	-429	-372	- 72	- 72	-125	-338
-- Total des revenus et dons	2.458	2.448	803	1.228	1.850	2.564
3. Total des dépenses et prêts nets (hors amortissements)	-2.886	-2.820	-880	-1.300	-1.975	-2.902
		<u>MILLIONS DE DTS</u>				
4. Avoirs extérieurs nets du système monétaire	10	39**	-122**	-132**	48**	134**

* Contractée ou garantie par l'Etat

** Aux taux de change fin 1986



Office Memorandum

*bcc: Mr. Anyane
The Director*

TO: Mr. Bhatia

August 14, 1987

FROM: W.A. Beveridge *WAB*


SUBJECT: Tunisia--Second Review of Stand-By Arrangement

I understand that it is proposed to allow somewhat higher domestic bank financing of the budget for 1987 than had been provided for in the original program. At the same time, the targetted fiscal deficit remains unchanged as are the ceilings on total domestic credit. In view of Tunisia's good record and the relatively limited size of the deviation, we have no difficulties in accepting the proposed modification of the Government credit ceilings.

✓

INTERNATIONAL MONETARY FUND

August 14, 1987

Mr. Beveridge: 

Tunisia--Letter of Intent

We are in agreement with the comments given by Stand-By Operations Division.

cc: Mr. Anjaria
Mr. Johnson
Mr. Begashaw



Peter M. Keller

INTERNATIONAL MONETARY FUND

August 14, 1987

Mr. Beveridge

Tunisia--Letter of Intent

Attached are comments on
the letter of intent for Tunisia
which was reviewed by
Mr. Zervoudakis.

cc: Ms. Dillon
Mr. Johnson
Mr. Begashaw

Shailendra J. Anjaria

SJA

August 14, 1987

Tunisia--Comments on the Letter of Intent

The program has been on track so far with policies being implemented as envisaged and with a better than targeted performance (and likely outcome for the year as a whole) on inflation, output, and the external current account. However, foreign financing has been revised downward (for reasons that are unclear) so that the overall balance of payments target has been left unchanged.

The negotiated letter of intent conforms generally with the brief. A relatively small deviation, however, occurred in the fiscal area reflecting in part the expected shortfall in foreign financing. In particular, the ceilings on bank credit to government for end-September and end-December were revised upward so as to allow somewhat higher domestic bank financing of the budget (1.1 percent of GDP for 1987 compared with 0.7 percent of GDP in the original program). The targeted fiscal deficit remains roughly unchanged as are the ceilings on total domestic credit. In view of Tunisia's good performance record and the relatively limited size of this deviation, the proposed modification of the government credit ceilings would seem to be acceptable.

INTERNATIONAL MONETARY FUND

July 13, 1987

Mr. Boorman:

For your information, this draft reply was sent to the Managing Director from Mr. Whittome on the Tunisian proposal concerning debt problems in African countries.

Attachment

Benedicta

B. Vibe Christensen

DRAFT

Dear Mr. Gharbi:

I have read with interest your memorandum of July 6, 1987 in which you set out the proposals to be presented by Tunisia on the debt problems of African countries at the forthcoming summit of the Organization of African Unity in Addis-Ababa.

I share your concerns on the serious debt problems of many African countries and the need for a concerted effort both by those countries themselves and by all external creditors. It was to tackle the problems of the poorest countries that the structural adjustment facility (SAF) was created in March 1986. The SAF ensures close cooperation between the Fund and the World Bank which is crucial because of the macro-economic and structural problems involved. Our experience shows that this facility through highly concessional interest rates and a longer maturity structure is a suitable instrument for the provision of financial assistance to those countries. As you are aware, the heads of state of seven industrial countries welcomed a proposal to triple the resources to the SAF facility at their June meeting in Venice.

With respect to the commercial banks, the Fund has on a case-by-case basis kept in contact with banks to seek to ensure that they make an appropriate contribution to financial packages involving the restructuring of external debt obligations of countries in Africa. Nevertheless, funds on commercial terms may not be in the best interest of the poorest countries.

Concerning your proposal to limit external debt service obligations to 20 percent of a country's export receipts, the Fund has always taken the view that a country must discharge its external debt service obligations and that any lowering in actual payments should come about as a result of debt rescheduling agreed between all the partners. I note also that there is no uniform debt service ratio for developing countries which reflect those countries' capacity to pay; indeed a debt service ratio of 20 percent would be excessive for some of the poorest countries. I believe rather that these problems are still best dealt with on a case-by-case approach, with all elements of the balance of payments, including the availability of external loans and grants, being taken into account. Any unilateral limitation on debt service payments could well reduce the amount of net resources which are available to a country by limiting new inflows of capital.

I share your view that many African countries need balance of payments support on maturities longer than offered under the credit tranche policies of the Fund. In my opinion, support by the Fund to those countries can best be given either in the form of SAF resources or, for countries which are not eligible for the use of SAF resources, in the form of extended fund facility (EFF) arrangements. The EFF was created for the purpose of extending balance of payments support for longer periods and in larger amounts than under the normal credit tranche policies for countries suffering serious payments imbalances relating to structural maladjustments and characterized by slow growth and inherently weak balance of payments position. The Fund has, therefore, the facilities available which meet the needs of Fund members

for longer-term assistance. What is now necessary is a large increase in the resources available through the SAF and a greater willingness on the part of the middle income countries to make use of the Extended Fund Facility when their circumstances make this appropriate.

Yours sincerely,

Michel Camdessus

Mr. Hedi Gharbi
Counsellor for Political Affairs
Embassy of Tunisia
1515 Massachusetts Avenue, N.W.
Washington, D.C. 20005

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT
WHEN ALIGNING INTO LINE 23

START ADDRESS IN THE BOX

23 BANQUE CENTRALE DE TUNISIE
22 B.P. 369
21 7 PLACE DE LA PORRAIE
20 TUNIS
19 TUNISIA

DISPATCHED
EST MAY 22 1987

MARK XX FOR CODE
() CODE

O
DISTRIBUTION

START TEXT HERE

18 EXECUTIVE BOARD ADOPTED FOLLOWING DECISION MAY 22, 1987:
17 QUOTE
16 1. Tunisia has consulted with the Fund in accordance
15 with paragraph 4(c) of the stand-by arrangement for
14 Tunisia (EBS/86/236, Sup. 1) and paragraph 36 of
13 the Memorandum on the Economic and Financial Policy of
12 the Government of the Republic of Tunisia annexed to the
11 Letter of the Minister of Planning and Finance and the
10 Governor of the Central Bank of Tunisia, dated September
9 25, 1986, in order to review progress under the program
8 and establish performance criteria for end-April and
7 end-June 1987, with respect to domestic credit and net
6 credit to the Government.
5
4 2. The letter dated April 10, 1987, and its annexed
3 table from the Minister of Planning and Finance and the
2 Governor of the Central Bank of Tunisia shall be attached
1 to the stand-by arrangement for Tunisia, and the letter
dated September 25, 1986 and its annexed Memorandum on
SPECIAL INSTRUCTIONS TEXT MUST END HERE

N
O
T
Y
P
E
H
E
R
E
CC: SEC
MD
DMD
MR. SALEHKHOU
AFR
ETR
FAD
LEG
RES
TRE
MR. R. BROWN

IF REQUIRED
INITIAL
BELOW

A
B PLEASE TRANSMIT TODAY IN FRENCH
C TELEX NO.:

D DRAFTED BY NAME (TYPE): BJOWEN:SYEAGER EXT.: 6706 DEPT.: SEC DATE: 22MAY1987
E AUTHORIZED BY NAME (TYPE): LEO VAN HOUTVEN AUTHORIZED BY NAME (TYPE):

TYPE ** ON LAST OR ONLY PAGE OF MESSAGE

F Log *AMJ*

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT
WHEN ALIGNING INTO LINE 23

23	PAGE 2	
22	TUNISIA	MARK XX FOR CODE () CODE
21		D
20		O
19		DISTRIBUTION
18	the Economic and Financial Policy of the Government of the	N
17	Republic of Tunisia shall be read as supplemented by the	O
16	Letter of April 10, 1987, and its annexed table.	T
15	3. Subparagraphs 4(a), (b), and (c) of the stand-	T
14	by arrangement for Tunisia are amended to read as follows:	Y
13	"4. ...	P
12	(a) during any period in which the data at the end of	E
11	the preceding period indicate that:	H
10	(i) the limit on domestic credit of the banking	E
9	system described in paragraph 12 of the attached	R
8	letter dated April 10, 1987, and specified in	E
7	the table annexed to that letter; or	H
6	(ii) the limit on net claims on the Government by the	E
5	banking system described in paragraph 12 of the	R
4	attached letter dated April 10, 1987, and the	E
3	table annexed to that letter; or	H
2	(iii) the limits on new nonconcessional foreign	E
1	indebtedness contracted or guaranteed by the	E
A	SPECIAL INSTRUCTIONS	TEXT MUST END HERE
B		
C	TELEX NO.:	
D	DRAFTED BY NAME (TYPE):	EXT.: DEPT.: DATE:
E	AUTHORIZED BY NAME (TYPE):	AUTHORIZED BY NAME (TYPE):
F	Log	TYPE ** ON LAST OR ONLY PAGE OF MESSAGE
G	SIGNATURE	SIGNATURE

START ADDRESS IN THE BOX

START TEXT HERE

IF
REQUIRED
INITIAL
BELOW

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT
WHEN ALIGNING INTO LINE 23

23	PAGE 3	
22	TUNISIA	MARK XX FOR CODE () CODE
21		D
20		O
19		DISTRIBUTION
18	Government described in paragraph 22 of the	N
17	annexed Memorandum to the attached letter	O
16	dated September 25, 1986, are not observed; or	T
15	(b) if there is any accumulation of external payments	T
14	arrears; or	Y
13	(c) after September 30, 1987 and January 31, 1988,	P
12	respectively, until the second and third reviews	E
11	contemplated in paragraph 26 of the annexed Memorandum	H
10	to the attached letter dated September 25, 1986,	E
9	have been completed and suitable performance criteria	R
8	have been established as contemplated in that provi-	E
7	sion, or after such performance criteria having been	H
6	established, while they are not being observed; or	E
5	..."	R
4	4. The Fund decides that the first review contemplated	E
3	in paragraph 4(c) of the stand-by arrangement is completed.	R
2	UNQUOTE	E
1	VAN HOUTVEN, SECRETARY, INTERFUND	
A	SPECIAL INSTRUCTIONS	TEXT MUST END HERE
B		
C	TELEX NO.:	
D	DRAFTED BY NAME (TYPE):	EXT.: DEPT.: DATE:
E	AUTHORIZED BY NAME (TYPE):	AUTHORIZED BY NAME (TYPE):
F	Log	(**) ← TYPE ** ON LAST OR ONLY PAGE OF MESSAGE

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT
WHEN ALIGNING INTO LINE 23

23	BANQUE CENTRALE DE TUNISIE		
22	B.P. 349	DISTRIBUTION MAY 22 1987 31	MARK XX FOR CODE () CODE
21	7 PAGE DE LA MONNAIE		O
20	TUNIS		O
19	TUNISIE		DISTRIBUTION
18	LE CONSEIL D'ADMINISTRATION A ADOPTE LA DECISION		N
17	SUIVANTE LE 22 MAI 1987 :		O
16	CITATION		T
15	1. CONFORMEMENT AU PARAGRAPHE 4 C) DE L'ACCORD		T
14	DE CONFIRMATION EN FAVEUR DE LA TUNISIE (EBS/86/236,		T
13	SUPPLEMENT 1) ET AU PARAGRAPHE 36 DU MEMORANDUM SUR LA		Y
12	POLITIQUE ECONOMIQUE ET FINANCIERE DU GOUVERNEMENT DE		P
11	LA REPUBLIQUE TUNISIENNE JOINT A LA LETTRE DU MINISTRE		E
10	DU PLAN ET DES FINANCES ET DU GOUVERNEUR DE LA BANQUE		H
9	CENTRALE DE TUNISIE. DATEE DU 25 SEPTEMBRE 1986, LA		E
8	TUNISIE A TENU DES CONSULTATIONS AVEC LE FONDS AFIN		R
7	D'EXAMINER LES PROGRES ACCOMPLIS DANS LA MISE EN OEUVRE		E
6	DE SON PROGRAMME ET DE FIXER LES CRITERES DE REALISATION		H
5	POUR LA FIN D'AVRIL ET LA FIN DE JUIN 1987, EN CE QUI		E
4	CONCERNE LE CREDIT INTERIEUR ET LE CREDIT NET A L'ETAT,		R
3	2. LA LETTRE DU MINISTRE DU PLAN ET DES FINANCES		E
2	ET DU GOUVERNEUR DE LA BANQUE CENTRALE DE TUNISIE, DATEE		
1			
A	SPECIAL INSTRUCTIONS		TEXT MUST END HERE
B			
C	TELEX NO.:		
D	DRAFTED BY NAME (TYPE):	EXT.:	DEPT.:
E	AUTHORIZED BY NAME (TYPE):	AUTHORIZED BY NAME (TYPE):	DATE:
F	Log		
G	SIGNATURE (PLEASE KEEP SIGNATURE IN SPACE ALLOWED) SIGNATURE		

START ADDRESS IN THE BOX

START TEXT HERE

IF
REQUIRED
INITIAL
BELOW

TYPE ** ON LAST OR ONLY PAGE OF MESSAGE

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT
WHEN ALIGNING INTO LINE 23

23	TUNISIE	D O T Y P E R E
22	PAGE 2	
21		
20		
19		
18	DU 10 AVRIL 1987. AINSI QUE LE TABLEAU QUI L'ACCOMPAGNE	
17	SERONT JOINTS A L'ACCORD DE CONFIRMATION EN FAVEUR DE LA	N O T Y P E R E
16	TUNISIE, ET LA LETTRE DATEE DU 25 SEPTEMBRE 1986, AINSI	
15	QUE QUE LE MEMORANDUM SUR LA POLITIQUE ECONOMIQUE ET	
14	FINANCIERE DU GOUVERNEMENT DE LA REPUBLIQUE TUNISIENNE	
13	QUI EST ANNEXE, SERONT INTERPRETES COMME ETANT COMPLETES	
12	PAR LA LETTRE DU 10 AVRIL 1987 ET PAR LE TABLEAU QUI	
11	ACCOMPAGNE CELLE-CI.	
10	3. LES ALINEAS 4A), B) ET C) DE L'ACCORD DE	
9	CONFIRMATION EN FAVEUR DE LA TUNISIE ONT ETE MODIFIES	
8	COMME SUIV : "4...	
7		
6	A) PENDANT TOUTE PERIODE POUR LAQUELLE LES DONNEES	
5	RELATIVES A LA FIN DE LA PERIODE PRECEDENTE FONT	
4	APPARAITRE QUE :	
3		
2		
1		

START ADDRESS IN THE BOX

START TEXT HERE

MARK XX FOR CODE
() CODE

DISTRIBUTION

IF REQUIRED
INITIAL
BELOW

SPECIAL INSTRUCTIONS TEXT MUST END HERE

A			
B			
C	TELEX NO.:		
D	DRAFTED BY NAME (TYPE):	EXT.:	DEPT.:
E	AUTHORIZED BY NAME (TYPE):	AUTHORIZED BY NAME (TYPE):	DATE:
F	Log	TYPE ** ON LAST OR ONLY PAGE OF MESSAGE	

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT
WHEN ALIGNING INTO LINE 23

23	TUNISIE	
22	PAGE 3	D O O T T Y P E H E R E
21		
20		
19		DISTRIBUTION
18	I) LA LIMITE RELATIVE AU CREDIT INTERIEUR	N O T T Y P E H E R E
17	OCTROYE PAR LE SYSTEME BANCAIRE DECRITE	
16	AU PARAGRAPHE 12 DE LA LETTRE CI-JOINTE.	
15	DATEE DU 10 AVRIL 1987, ET PRECISEE DANS LE	
14	TABLEAU ANNEXE A CETTE LETTRE, OU	
13	II) LA LIMITE RELATIVE AUX CREANCES METTES DU	
12	SYSTEME BANCAIRE SUR L'ETAT DECRITE AU	
11	PARAGRAPHE 12 DE LA LETTRE CI-JOINTE.	
10	DATEE DU 10 AVRIL 1987, ET DANS LE TABLEAU	
9	ANNEXE A CETTE LETTRE, OU	
8	III) LES LIMITES DECRITES AU PARAGRAPHE 22 DU	
7	MEMORANDUM ANNEXE A LA LETTRE CI-JOINTE.	
6	DATEE DU 25 SEPTEMBRE 1986, CONCERNANT	
5	LES NOUVEAUX EMPRUNTS EXTERIEURS NON	
4	CONCESSSIONNELS CONTRACTES OU GARANTIS	
3	PAR L'ETAT, NE SONT PAS RESPECTEES, OU QUE	
2	B) DES ARRIERES DE PAIEMENTS EXTERIEURS	
1	SONT ACCUMULES, OU	
A	SPECIAL INSTRUCTIONS TEXT MUST END HERE	
B		
C	TELEX NO.:	
D	DRAFTED BY NAME (TYPE):	EXT.: DEPT.: DATE:
E	AUTHORIZED BY NAME (TYPE):	AUTHORIZED BY NAME (TYPE): ()
F	Log _____	
G	TYPE ** ON LAST OR ONLY PAGE OF MESSAGE	

START ADDRESS IN THE BOX

START TEXT HERE

IF REQUIRED INITIAL BELOW

SIGNATURE (PLEASE KEEP SIGNATURE IN SPACE ALLOWED) SIGNATURE

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT
WHEN ALIGNING INTO LINE 23

START ADDRESS IN THE BOX

START TEXT HERE

IF
REQUIRED
INITIAL
BELOW

23 TUNISIE

22 PAGE 1

21

20

19

MARK XX FOR CODE
() CODE

D

O

DISTRIBUTION

N

O

T

T

Y

P

E

H

E

R

E

18 C) APRES LE 30 SEPTEMBRE 1987 ET LE 31 JANVIER

17 1988, RESPECTIVEMENT, TANT QUE LES DEUXIEME ET

16 TROISIEME REVUES ENVISAGEES AU PARAGRAPHE 26

15 DU MEMORANDUM ANNEXE A LA LETTRE CI-JOINTE,

14 DATEE DU 25 SEPTEMBRE 1986, N'AURONT PAS

13 ETE ACHEVEES ET QUE LES CRITERES DE REALISATION

12 APPROPRIEES N'AURONT PAS ETE ETABLIS, COMME

11 LE PREVOIENT LES DISPOSITIONS DUDIT PARAGRAPHE

10 OU, SI DE TELS CRITERES ONT ETE ETABLIS, TANT

9 QU'ILS NE SERONT PAS OBSERVES, QU'

8 ...

7 4. LE FONDS DECIDE QUE LA PREMIERE REVUE ENVISAGEE AU

6 PARAGRAPHE 4 C) DE L'ACCORD DE CONFIRMATION EST ACHEVEE.

5 FIN DE CITATION.

4 VAN HOUTVEN,

3 SECRETAIRE

2 INTERFUND

1

SPECIAL INSTRUCTIONS ↑ TEXT MUST END HERE ↓

A _____

B _____

C _____

JLHirsch:mp

C TELEX NO.: _____

D DRAFTED BY NAME (TYPE): _____ EXT.: _____ DEPT.: _____ DATE: _____

E AUTHORIZED BY NAME (TYPE): _____ AUTHORIZED BY NAME (TYPE): _____

() ←

TYPE ** ON LAST OR ONLY PAGE OF MESSAGE

F Log _____

INTERNATIONAL MONETARY FUND

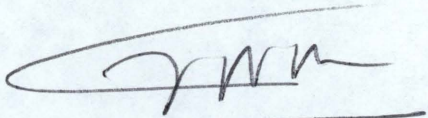
April 15, 1987

Mr. Kanesa-Thanan:

Tunisia--Staff Report

Attached are comments on the draft staff report for Tunisia which was reviewed by me.

cc: Mr. Brachet
Mr. Johnson
Mr. Rodlauer

A handwritten signature in dark ink, appearing to be 'Luis Duran-Downing', written over a horizontal line. The signature is stylized and somewhat cursive.

Luis Duran-Downing

April 15, 1987

Tunisia--Comments on Draft Staff Report

Some aspects of the program for 1987 concerning financing flows warrant some further explanation in this staff report. First, with respect to short-term borrowing, the balance of payments projections for 1987 (Table 5) do not include any net increase in short-term capital. Yet, the performance criteria on external public debt allow for an increase in short-term debt from SDR 69 million as of end-1986 to SDR 120 million as of end-April and end-December 1987 (Table 10). What is the rationale for this? Second, with respect to medium- and long-term borrowing it is noteworthy that these flows have averaged about SDR 260 million in the last three years; yet, in 1987 they increase sharply to almost SDR 440 million. An explanation of these sharp changes seems necessary.

INTERNATIONAL MONETARY FUND

April 15, 1987

Mr. Kanesa-Thanan:

Tunisia--Staff Report

Attached are comments on the draft staff report for Tunisia which I reviewed myself.

cc: Ms. Dillon
Mr. Johnson
Mr. Rodlauer

JF

José Fajgenbaum

April 15, 1987

Tunisia--Comments on Draft Staff Report

Although the report is generally well written, the treatment of some policy aspects may need strengthening or clarification, particularly in regard to interest rate and exchange rate policies.

1. Interest rate policy

The strong influence of the Central Bank on interest rate determination (through the money market rate and the cap on lending rates) is explicitly presented in the staff appraisal but only glossed over in the text. It would seem advisable to also point out clearly this influence when discussing interest policy, rather than simply stating that interest rates are free. We would suggest the following redrafting of the second sentence of the second paragraph of page 18: "In particular, the authorities will adjust the rate on the money market to ensure that the rates on savings deposits, which are determined in relation to that rate, remain positive in real terms." ✓

2. Exchange rate policy

The paragraph on exchange rate policy on page 21 is rather vague while the staff appraisal contains a much more explicit description of the intended policy, particularly when stating that the real level of the dinar would be maintained at least at the end-1986 level. We would suggest to include this description in the text. ✓

3. Expenditure during complementary period

As rightly noted in Mr. Bhatia's debrief, the large increase of this expenditure was a major source of disappointment and concern. This concern should be made explicit in the staff appraisal, page 26, perhaps by redrafting line 7 as follows: "expenditures . . . period became a matter of concern and prompted" ✓

4. Minor presentational aspects

- Page 2, line 13: delete "completing" as only the Board completes the review.

- Page 3, line 2: change "negotiated" for "approved."

- Page 18, lines 20-21: delete "The import liberalization being effected and" because it introduces the uncertainty as to whether the additional reserves would be actually accumulated.



Office Memorandum

TO: Mr. Kanesa-Thasan
Mr. Tanzi (FAD)
Mr. Chandavarkar (TRE)
Mr. Gianviti (LEG)

DATE: April 14, 1987

FROM: Ch. A. François *chtz*

SUBJECT: Tunisia - Letter of Intent for Review of the Stand-by Arrangement

Subsequent to the transmittal of the letter of intent to management, Mr. Bhatia has discussed the changes to the letter with the Tunisian authorities in London. Since the draft letter of intent had already been cleared at the cabinet level, the authorities strongly preferred to prepare a supplementary technical memorandum on the interpretation of paragraphs 9 and 12 rather than changing the letter.

In paragraph 9 (page 6 last line) it had been suggested to insert "against the 1987 appropriations" so that the sentence would read: "Furthermore, in order to allow for the maximum flexibility in starting up the Seventh Development Plan, any commitment authorizations for which payment orders were not issued by December 31, 1986 has been cancelled, on the understanding that new commitments may be opened against the 1987 appropriations for projects whose execution has started. Instead, the authorities will state in the technical memo that actual budgetary expenditures will be limited within the ceiling established for 1987.

As to paragraph 12, rather than adding to the letter the sentence "If the net capital inflow, including grants and the balance of payments exceptional financing, are higher than the SDR 674 million originally expected, the total bank credit ceilings and/or the ceilings on nonconcessional borrowing for end-1987, will be reduced accordingly" (bottom of page 9) the authorities will state in the memo: "If net capital inflow, including grants and the balance of payments exceptional financing, is higher than the SDR 674 million originally expected, the ceiling on external nonconcessional borrowing for end-1987 will be reduced accordingly".

We intend to prepare a memo to management advocating this approach and would appreciate your reaction to this when clearing the draft staff report.

cc: Mr. Artus

p-24

ceiling on net credit to govt or the

SEC-8701959

Changes translated by M. Stimson

Reviewed by J. Merry

Edited by African Department

ORIG: AFR

CC: MD

DMD

MR. SALEHKHOU

ETR

FAD

LEG

RES

SEC

TRE

MR. R. BROWN

Tunis, April 10, 1987

Mr. Michel Camdessus
Managing Director
International Monetary Fund

Dear Mr. Camdessus:

1. Under the provisions of the stand-by arrangement for Tunisia approved by the Fund on November 4, 1986, the first review of the program was scheduled for February 1987. The relevant discussions with the Fund mission have just been completed, and the main conclusions of those discussions are presented below. In the light of the developments and prospects described in this letter, the Government intends to continue its adjustment policy in accordance with the timetable established in the Memorandum on Economic and Financial Policy appended to our letter to you of September 25, 1986.

2. Almost all the economic policy measures have been introduced in accordance with the schedule established in the stand-by arrangement. Thus, by the end of August 1986, the nominal effective exchange rate of the dinar had been depreciated by 22 percent against its end-1985 level, and its real level was maintained thereafter. A substantial liberalization of imports was announced, and implemented in three stages, in August 1986, October 1986 and January 1987. Concurrently, the prices of a range of manufactured products representing around 35 percent of total manufactured production were liberalized in two stages, in September 1986 and January 1987. Similarly, the prices of subsidized products were raised in August and during the last quarter of 1986. In the area of public finance, specific measures were taken regarding revenue and expenditure, with a view to limiting the central government consolidated budget deficit to 6 percent of GNP in 1986. The 1987 budget envisages reducing the consolidated deficit to 4 percent of GNP, and has introduced a modification of customs tariffs as a first step toward the establishment of a reduced and uniform rate of effective protection. Progress has also been made in the preparation of draft laws relating to the value-added tax and to the new Investment Code. In the area of monetary policy, most interest rates were liberalized in January 1987, and Central Bank intervention is currently being channeled mainly through the money market.

3. Economic and financial developments during the second half of 1986, and the updated projections for 1987, are broadly consistent with the program's targets. Indeed, if present trends in certain exogenous factors such as weather conditions and prices of petroleum products continue, some of the program's targets for 1987 may be improved upon. For 1986, the central government consolidated budget deficit at 5.3 percent of GNP was lower than the projected target of 6 percent. The deficit includes expenditures in the complementary period, which are expected to reach D 240 million, compared with D 178 million for the complementary period in 1985. The external current account deficit was 7.9 percent of GNP instead

of 9 percent. The overall balance of payments deficit, and the decline in net external assets of the monetary system, were lower than predicted, and, instead of falling by SDR 58 million, gross external assets of the Central Bank increased in 1986 by SDR 38 million, thus attaining the equivalent of 1.3 months of imports. However, gross domestic product in constant prices contracted by 1 percent instead of increasing by 0.7 percent, as a result of a sharper than anticipated decline in agricultural production.

4. Weather conditions and petroleum prices promise to be more favorable in 1987. Consequently, it is expected that real growth in gross domestic product will exceed 4 percent and that the external current account deficit will be limited to around SDR 520 million, or 6.9 percent of GNP, instead of the SDR 575 million (7.4 percent of GNP) originally projected. Reactions from donor countries and organizations to the adjustment program have been encouraging and positive. Net capital flows are projected at SDR 550 million. Supplementary resources of at least SDR 66 million are expected, to give a projected SDR 95 million balance of payments surplus. These estimates assume drawings on medium-term credit in an amount of SDR 255 million, a level markedly lower than that envisaged in the program, which would improve the debt profile in comparison to initial projections. Taking account of drawings on the International Monetary Fund and the Arab Monetary Fund, Central Bank gross official reserves should reach a level equivalent to 1.8 months imports (compared to an initial target of 1.5 months).

5. The flexible exchange rate policy pursued in 1986 resulted in a real depreciation in the effective rate of the dinar of almost 17 percent against its December 1985 level. The authorities are firmly convinced of the need to continue to pursue a flexible exchange rate policy with a view to safeguarding the program's objectives and to attaining their medium-term balance of payments targets. To this end, they will continue to pursue the flexible exchange rate policy that has been followed since early 1986, with a view to ensuring the competitiveness of the Tunisian economy.

6. Liberalization of imports of raw materials and spare parts has gone ahead as planned, with the announcement of the liberalization of about 1,200 tariff items at the beginning of 1987. In addition, imports of raw materials and semifinished goods by enterprises exporting at least 15 percent of their turnover have been liberalized, and almost 80 enterprises have already benefited from this system. Furthermore, applications submitted by producers for annual import authorizations for 1987 were approved by the Ministry of Industry and Commerce before the end of 1986. Thus, more than 28 percent of imports are now effected freely under the import certificate system. This proportion will increase to about 30 percent with the expected increase in the number of enterprises exporting 15 percent or more of their production, who will be given freedom to import the semifinished goods needed for their activity. The promulgation of the new Investment Code, which is expected shortly, will also give enterprises carrying out in the priority sectors the freedom to import the capital goods they need, whether or not these projects benefit from incentives under the Investment Code.

7. Regarding prices policy, the second phase of liberalization under the program covering around 10 percent of the value of manufactured production was announced and implemented as scheduled in January 1987, which brought the proportion of liberalized products to 35 percent. Furthermore, a draft decree on the prices of products that are to remain subject to more flexible control (Liberté Contrôlée) is in its final phase of approval. This decree will define a formula permitting enterprises to adjust prices according to criteria which take into account cost savings and optimum utilization of production capacity, subject to a posteriori control by the Government. Regarding the operations of the Caisse générale de Compensation, most of the price increases contemplated have been decided on as planned, and the Caisse's expenditures will be reduced by 13 percent in 1987. The Government continues to pursue a policy of reducing the number of subsidized products and the amount of the subsidies, while taking account of the social sensitivity of products.

8. The Government intends to pursue its reform of public enterprises, and to that end has set up a National Rehabilitation and Restructuring Commission, which has already identified a number of public enterprises in the tourism, trade and textiles sectors which could be privatized. These enterprises are attractive to the private sector because of their financial soundness and profitability. Sale of these companies' shares will take place gradually, as soon as a method has been established for valuing the government-held shares. The authorities have also undertaken to rehabilitate certain enterprises in the mining sector, by means of measures including reduction of operating costs. The financial rehabilitation of the main mining enterprise, the Gafsa phosphate company, will be the subject of a program-contract setting out the objectives assigned to the enterprise and the reciprocal obligations of the Government and the enterprise. A similar approach will be followed for the rehabilitation of the other major public enterprises.

9. Despite the fact that government expenditures increased less in 1986 under the program, the amount of expenditures executed in the complementary period increased compared with that of the previous period. This increase is to a large extent due to delays in mid-1986 in the execution of the budget as a result of the preparation of the supplementary Finance Law which was adopted only in September 1986. To correct this situation, the Government has decided to bring forward from December 31 to December 12 the deadline for opening commitment authorizations. Furthermore, it has decided to ensure compliance with the deadline of January 20 for issuance of payment orders for current expenditures during the complementary period; any payment order for Title I expenditures made after that date will be charged to the budget appropriations for the following year. The various government departments have also been urged to begin at once the procedure for execution of the 1987 investment budget, concurrently with liquidation of expenditures of the 1986 complementary period. As a result of these measures, it is expected that for the 1987 fiscal year there will be a reduction in complementary period expenditures of D 15 million compared with the estimated level of D 240 million for the 1986 complementary period. The 1987 Finance Law has also introduced important changes in the

structure of the government budget. Thus, about half the special Treasury funds have been eliminated and all tax revenues of the special funds have been incorporated into the budget. Furthermore, in order to allow for the maximum of flexibility in starting up the Seventh Development Plan, any commitment authorizations for which payment orders were not issued by December 31, 1986 have been canceled, on the understanding that new commitments may be opened for projects whose execution has started.

10. As a result of the promulgation of the 1987 Finance Law, central government consolidated revenue will increase by 5.8 percent to reach D 2,591 million, and consolidated expenditure by 3.3 percent to reach D 2,913 million. Regarding additional net revenues of D 34 million, these have involved an increase in the tax on services, in certain consumption taxes, and in the price of petroleum products; implementation of the first stage of the tariff reform; and the abolition of agricultural taxes. As to expenditures, no general increase in wages is envisaged, and new civil service recruitment is limited to 2 percent of present staffing levels. Budget appropriations earmarked for purchase of goods and services include an amount of D 14 million for the elimination of domestic arrears. A survey carried out at the beginning of the year identified the arrears of most government departments, which were estimated at D 10 million. Current transfers and subsidies would be reduced by means of an increase in the prices of certain consumer and intermediate products, and in charges for certain public services (transport, drinking water, sewerage charges). Capital expenditure and net lending is expected to decline by about 9 percent compared with its 1986 level, following the limitation of most public investment expenditures to ongoing projects. Thus, the central government consolidated deficit is estimated at D 322 million, to be financed by net external resources of D 223 million and net domestic resources of D 99 million, including D 57 million from the monetary system. In accordance with paragraph 34 of the memorandum, in the event of net external assistance exceeding the above-mentioned limit the ceiling on credit to the Government from the monetary system will be reduced by the corresponding amount, to the benefit of credit to the economy.

11. Credit expansion in 1986 remained well below the level projected in the program, and both total domestic credit and credit to the Government remained within the limits. From January 1987, most interest rates were liberalized and the Central Bank began to channel most of its refinancing operations through the money market. Under the new system the Central Bank determines only a limited number of lending rates affecting the priority sectors and the banks are free to fix the rates of other loans subject to a ceiling intended to prevent usurious rates. Apart from the rate for the special savings accounts and convertible dinar deposits, which are determined with reference to the money market rate, all the other borrowing rates are freely determined by the banks. The Central Bank fixes the rate for the money market, to which it is prepared to offer its refinancing facilities. On the side of demand for liquidity, the banks' access to the money market at the announced rate is limited to a maximum derived by applying a refinancing ratio to their deposits. In November 1986 this ratio was reduced in two stages from 15 percent to

14 percent, and has remained unchanged since, in view of the satisfactory evolution of credit. Any demand exceeding this limit is satisfied at a penalty rate. The interest rate of the money market has also been maintained at 10 percent since January 1987. In determining the refinancing ratio and the rate of the money market, the Central Bank takes account of the volume of the banks' demand in comparison with the total amount of its projected intervention, which is itself determined by reference to targets regarding the evolution of credit, and to developments in prices and the balance of payments, bearing in mind the need to maintain positive real interest rates for savings deposits.

12. In line with the balance of payments and budget policy described above, we are maintaining the end-1987 ceilings on total bank credit, and on net credit to the Government, which were fixed by mutual understanding last September at D 4,714 million and D 684 million respectively. Thus, total domestic credit may increase by 10.6 percent in 1987, compared with an initial projection of 8.4 percent. This higher rate of credit growth remains compatible with balance of payment targets, since the demand is likely to increase as a result of the grain and olive harvest, which promises to be very good, and the increase in economic activity to which this should lead. Taking into account the projected increase in net foreign assets, the growth in credit will be accompanied by a 10 percent growth in the money supply, compared with a 12.5 percent increase in nominal GNP. We propose that the quarterly performance criteria and indicative targets for monitoring the execution of the program over the remainder of 1987 be established in accordance with the table appended.

Sincerely yours,

/s/

Mohamed SKHIRI
Governor
Central Bank of Tunisia

/s/

Ismail KHELIL
Minister of
Planning and Finance

Performance Criteria and Indicative Targets

December 1986-December 1987

	1986		1987			
	Dec. Prog.	Dec. Actual	April	June	Sept. Program	Dec.
<u>(In millions of dinars)</u>						
A. Performance criteria						
1. Domestic credit	4,348	4,263	4,368	4,480	4,550	4,714
2. Net claims on the Government	635	627	653	666	675	684
<u>(In millions of SDRs)</u>						
3. External public debt <u>1/</u>						
3.a 0-1 year (amount outstanding, ex- cluding import- related credit)	120	69	120	120	120	120
3.b New nonconcessional external borrow- ing (cumulative)						
(i) 1-5 years	15	14	65	65	65	65
(ii) 1-12 years	100	68	450	450	450	450
4. External payments arrears (outstanding)	0	0	0	0	0	0
<u>(In millions of dinars)</u>						
B. Indicative targets						
1. Consolidated budget deficit <u>2/</u>	-429	-372	-77	-72	-97	-322
2. Total revenue and grants <u>2/</u>	2,458	2,448	803	1,228	1,885	2,591
3. Total expenditures and net lending (excluding amortization) <u>2/</u>	-2,886	-2,820	-880	-1,300	-1,982	-2,913
<u>(In millions of SDRs)</u>						
4. Net foreign assets of the monetary system	10	39	-122	-132	48	134

1/ Contracted or guaranteed by the Government.

2/ Cumulative amounts for the fiscal year.

12-518

502714

THE ORIGINAL IS BEING TRANSLATED

502714

Tunisia

ORIG: AFR
CC: MD
DMD
MR. SALEHKHOU
ETR
FAD
LEG
RES
SEC
TRE MR. R. BROWN

Tunis, le 10 Avril 1987.

Monsieur le Directeur Général,

1- Conformément aux dispositions de l'accord de confirmation pour la Tunisie approuvé par le Fonds le 4 Novembre 1986, une première revue du programme était prévue pour Février 1987. Dans ce cadre, les discussions avec la mission du Fonds viennent d'être achevées et les principales conclusions de ces discussions sont présentées ci-après. Au vu de l'évolution et des perspectives décrites dans la présente lettre, le Gouvernement entend poursuivre sa politique d'ajustement conformément au calendrier défini dans le memorandum sur la Politique Economique et Financière annexé à la lettre que nous vous avons adressée en date du 25 Septembre 1986.

2- La quasi totalité des mesures de politique économique ont été introduites conformément au calendrier retenu dans l'accord de confirmation. Ainsi, le taux de change effectif nominal du dinar a été déprécié à fin-Août 1986 de 22 pour cent par rapport à son niveau de fin 1985 et son niveau réel a été maintenu par la suite. Une libéralisation substantielle des importations a été annoncée et appliquée en trois étapes, Août 1986, Octobre 1986 et Janvier 1987. Parallèlement, les prix de produits manufacturés représentant 35 pour cent environ de la production manufacturière totale ont été libérés en deux étapes, en Septembre 1986 et en Janvier 1987. De même les prix des produits subventionnés ont été relevés en Août et au cours du dernier trimestre de 1986. Au niveau des finances publiques, des mesures spécifiques ont été prises en matière de revenus et de dépenses en vue de limiter le déficit budgétaire consolidé de l'Administration Centrale à 6 pour cent du PNB en 1986. Le budget 1987 envisage une réduction du déficit consolidé à 4 pour cent du PNB et a introduit une modification du tarif douanier comme première étape vers l'instauration d'un taux réduit et uniforme de protection effective. Des progrès ont été également accomplis en matière de préparation des projets de loi relatifs à la taxe sur la valeur ajoutée au nouveau Code des Investissements. En matière de politique monétaire

.../...

RECEIVED
INTERNATIONAL
MONETARY FUND
APR 16 PM 5:11
COMMUNICATIONS
DIVISION

la plupart des taux d'intérêt ont été libéralisés en Janvier 1987 et l'intervention de la Banque Centrale est actuellement canalisée essentiellement à travers le marché monétaire.

3- L'évolution des principaux agrégats économiques et financiers au cours du second semestre de 1986, ainsi que les prévisions actualisées pour 1987 sont dans l'ensemble en conformité avec les objectifs du programme. En fait, si les tendances actuelles au niveau de certains facteurs exogènes tels que le climat et les prix des produits pétroliers se confirment, certains des objectifs du programme pour 1987 peuvent être dépassés. Pour 1986, le déficit budgétaire consolidé de l'Administration Centrale qui s'est établi à 3,5 pour cent du PNB, était en retrait par rapport à la limite de 6 pour cent projetée. Ce déficit inclut les dépenses réalisées dans la période complémentaire qui atteindraient 240 millions de dinars contre 178 millions de dinars pour la période complémentaire de 1985. Le déficit du compte courant extérieur a atteint 7,9 pour cent du PNB au lieu de 9 pour cent. Le déficit global de la balance des paiements ainsi que la baisse des avoirs extérieurs nets du système monétaire ont été inférieurs aux prévisions et les avoirs extérieurs bruts de la Banque Centrale ont augmenté de 38 millions de DTS en 1986 au lieu de baisser de 58 millions de DTS, atteignant ainsi l'équivalent de 1,3 mois d'importations. Toutefois, le produit intérieur brut en prix constant s'est contracté de 1 pour cent au lieu d'augmenter de 0,7 pour cent, en raison d'une plus forte baisse enregistrée par le secteur agricole.

4- Les conditions climatiques, ainsi que les cours du pétrole, s'annoncent plus favorables en 1987. En conséquence, il est prévu que la croissance réelle du produit intérieur brut dépasse 4 pour cent et que le déficit du compte courant extérieur se limite à environ 520 millions de DTS ou 6,9 pour cent du PNB, au lieu de 575 millions de DTS (7,4 pour cent du PNB) initialement prévu. La réaction des pays et organismes donateurs vis-à-vis du programme d'ajustement a été encourageante et positive. Les flux nets de capitaux sont projetés au niveau de 550 millions de DTS. Des ressources supplémentaires équivalentes à au moins 66 millions de DTS sont attendues, de sorte qu'un excédent de 95 millions de DTS est projeté pour la

balance des paiements. Ces estimations supposent des tirages sur les crédits à moyen terme d'un montant de 255 millions de DTS, soit un niveau nettement inférieur à celui prévu dans le programme, ce qui aboutit à améliorer le profil de la dette par rapport aux hypothèses initiales. En tenant compte des tirages sur le Fonds Monétaire International et le Fonds Monétaire Arabe, les avoirs extérieurs bruts de la Banque Centrale devraient atteindre un niveau équivalent à 1,8 mois d'importations (comparé à un objectif initial de 1,5 mois).

5- La politique flexible du taux de change suivie en 1986 a abouti à une dépréciation réelle du taux effectif du dinar de près de 17 pour cent par rapport à son niveau de Décembre 1985. Les autorités sont pleinement convaincues de la nécessité de poursuivre une politique flexible du taux de change en vue de sauvegarder les objectifs du programme et d'atteindre leurs objectifs à moyen terme en matière de balance des paiements. A cette fin, elles continueront à suivre leur politique flexible du taux de change adoptée depuis le début de 1986 en vue d'assurer la compétitivité de l'économie tunisienne.

6- La libéralisation des importations de matières premières et de pièces de rechange a été effectuée comme prévu avec la libéralisation d'environ 1200 positions tarifaires annoncée au début de 1987. En outre, les importations de matières premières et demi-produits par les entreprises exportant au moins 15 pour cent de leur chiffre d'affaires ont été libérées et près de 80 entreprises ont déjà bénéficié de ce régime. De plus les demandes d'autorisations annuelles d'importation pour l'année 1987 présentées par les entreprises de production ont été approuvées par le Ministère de l'Industrie et du Commerce avant la fin de 1986. Ainsi, plus de 28 pour cent des importations sont actuellement effectuées librement sous le régime de certificat d'importation. Cette proportion augmentera à environ 30 pour cent du fait de l'augmentation attendue du nombre d'entreprises exportant 15 pour cent et plus de leur production qui seront autorisées à importer librement les demi-produits nécessaires à leur activité. La promulgation du nouveau Code des Investissements prévue prochainement permettra également aux entreprises réalisant des projets considérés comme prioritaires d'importer librement les biens d'équipement nécessaires, que ces projets bénéficient ou non des avantages du Code des Investissements.

7- En matière de politique des prix, la deuxième phase du programme de libéralisation couvrant environ 10 pour cent de la valeur de la production manufacturière a été annoncée et appliquée comme prévu en Janvier 1987, ce qui a porté la proportion des produits libérés à 35 pour cent. En plus, un projet de décret relatif aux prix des produits qui resteront soumis au régime de la liberté contrôlée est dans sa phase finale d'approbation. Ce décret définira la formule permettant aux entreprises d'ajuster les prix selon des critères prenant en considération l'économie des frais et l'utilisation optimale de la capacité de production, sous réserve d'un contrôle à posteriori par l'Administration. Au niveau des opérations de la Caisse générale de compensation, la plupart des augmentations de prix envisagées ont été décidées comme prévu et les dépenses de la Caisse seront réduites de 13 pour cent en 1987. Le Gouvernement continue à poursuivre une politique de réduction du nombre de produits bénéficiant de subventions et du montant des subventions en tenant compte de la sensibilité des produits sur le plan social.

8- Le Gouvernement entend poursuivre la réforme des entreprises publiques et a créé à cet effet une Commission nationale d'assainissement et de restructuration qui a déjà identifié un certain nombre d'entreprises publiques relevant des secteurs du tourisme, du commerce et des textiles qui pourront être cédées au secteur privé. Ces entreprises présentent un attrait pour le secteur privé en raison de leur santé financière et de leur rentabilité. La cession des actions de ces sociétés sera effectuée graduellement aussitôt que seront arrêtées les modalités d'évaluation des actions détenues par l'Etat. En outre, les autorités ont entrepris une action d'assainissement au niveau de certaines entreprises du secteur minier en procédant notamment à la réduction de certains coûts d'exploitation de ces entreprises. L'assainissement financier de la principale entreprise minière, la Compagnie des phosphates de Gafsa, fera l'objet d'un contrat programme précisant les objectifs assignés à cette entreprise ainsi que les obligations réciproques de l'Etat et de l'Entreprise. Une démarche similaire sera suivie pour les principales autres entreprises publiques.

9- Malgré le fait que la progression des dépenses publiques en 1986 a été plus modérée dans le programme, les dépenses exécutées dans la période complémentaire ont subi une augmentation par rapport à leur niveau

de la période précédente. Cette augmentation est due dans une large mesure aux retards enregistrés au milieu de 1986 dans l'exécution du budget en raison de la préparation de la loi de Finances complémentaire qui n'a été adoptée qu'en Septembre 1986. Pour remédier à cette situation le Gouvernement a décidé de ramener du 31 Décembre au 12 Décembre la date limite d'ouverture des crédits d'engagement. En outre, il a décidé de veiller au respect de la date limite du 20 Janvier pour l'ordonnancement des dépenses de fonctionnement au titre de la période complémentaire ; tout ordonnancement du Titre I effectué après cette date devant être imputé sur les crédits du budget de l'année suivante. Par ailleurs, les diverses administrations ont été invitées à entamer immédiatement la procédure d'exécution du budget d'équipement de 1987 parallèlement à la liquidation des dépenses de la période complémentaire de 1986. Grâce à ces mesures, on s'attend à une réduction des dépenses de la période complémentaire pour l'exercice budgétaire 1987 d'un montant de 15 millions de dinars par rapport au niveau estimé à 240 millions de dinars pour la période complémentaire 1986. La loi de Finances de 1987 a par ailleurs apporté des changements importants dans la structure du budget de l'Etat. C'est ainsi que la moitié environ des fonds spéciaux du Trésor ont été éliminés et la totalité des recettes fiscales des fonds spéciaux ont été budgétisées. En outre et en vue de permettre le démarrage du septième Plan de Développement avec le maximum de souplesse, les crédits d'engagement non ordonnancés au 31 Décembre 1986 ont été annulés, étant entendu que de nouveaux engagements pourront être ouverts pour les projets ayant connu un début d'exécution.

10- Par suite de la promulgation de la loi de Finances de 1987, les recettes consolidées de l'Administration Centrale augmenteront de 5,8 pour cent pour atteindre 2.591 millions de dinars et les dépenses consolidées 3,3 pour cent pour s'élever à 2.913 millions de dinars. Au niveau des ressources additionnelles nettes de 34 millions de dinars, elles ont concerné le relèvement de la taxe sur les prestations de services, l'augmentation de certains droits à la consommation et des prix des produits pétroliers, ainsi que la mise en oeuvre de la première phase de la réforme tarifaire et la suppression des impôts agricoles. Au niveau des dépenses, il n'est pas prévu d'augmentation générale des salaires et les nouveaux recrutements de

l'Administration sont limités à 2 pour cent des effectifs actuels. Les crédits budgétaires affectés à l'achat de biens et services comprennent une dotation de 14 millions de dinars pour l'élimination des arriérés intérieurs. Un recensement effectué en début d'année a permis d'identifier les arriérés de la plupart des administrations, évalués à 10 millions de dinars. Les subventions et transferts courants seraient réduits au moyen de l'augmentation des prix de certains produits de consommation et produits intermédiaires, ainsi que des tarifs de certains services publics (transports, eau potable, redevances d'assainissement). Les dépenses en capital et prêts nets diminueraient d'environ 9 pour cent par rapport à leur niveau atteint en 1986, suite à la limitation de l'essentiel des dépenses d'investissement public aux projets en continuation. Ainsi le déficit consolidé de l'Administration Centrale est estimé à 322 millions de dinars et serait financé au moyen de ressources extérieures nettes de 223 millions de dinars et de ressources intérieures nettes de 99 millions de dinars, dont 57 millions de dinars en provenance du système monétaire. Conformément au paragraphe 34 du memorandum, au cas où les concours extérieurs nets dépassent le niveau indiqué ci-dessus, le plafond du crédit du système monétaire au Gouvernement sera réduit du montant de ce dépassement au profit des crédits à l'économie.

11- L'évolution du crédit en 1986 s'est située bien en retrait par rapport à la croissance prévue dans le programme et, aussi bien le crédit intérieur total que le crédit au Gouvernement sont restés en deça des limites. A compter de Janvier 1987, la plupart des taux d'intérêt ont été libéralisés et la Banque Centrale a commencé à canaliser l'essentiel de ses opérations de refinancement à travers le marché monétaire. Dans le cadre du nouveau système la Banque Centrale ne détermine qu'un nombre réduit de taux débiteurs concernant les secteurs prioritaires et les banques fixent librement les taux des autres crédits dans la limite d'un plafond destiné à éviter les taux d'usure. En dehors du taux servi aux comptes spéciaux d'épargne et aux dépôts en dinars convertibles qui sont déterminés en fonction du taux du marché monétaire, tous les autres taux créditeurs sont déterminés librement par les banques.

La Banque Centrale fixe le taux du marché monétaire auquel elle est prête à offrir ses facilités de refinancement.

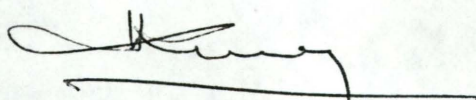
Du côté de la demande de liquidité, l'accès des banques au marché monétaire au taux du jour est limité à un maximum découlant de l'application d'un ratio de refinancement calculé sur les dépôts des banques. Ce ratio a été réduit en 2 étapes de 15 pour cent à 14 pour cent en Novembre 1986 et demeure inchangé depuis en raison de l'évolution satisfaisante du crédit. Toute demande dépassant ce plafond est satisfaite par application d'un taux de pénalisation. Le taux du marché monétaire a été également maintenu à 10 pour cent depuis Janvier 1987. Pour déterminer le ratio de refinancement et le taux du marché monétaire, la Banque Centrale prend en considération le volume de la demande des banques en comparaison avec le montant total de son intervention projetée qui est lui-même déterminé par référence aux objectifs en matière d'évolution du crédit, ainsi qu'à l'évolution en matière de prix et de balance des paiements, en tenant compte de la nécessité de maintenir des taux d'intérêt réels positifs pour les dépôts d'épargne.

12- En conformité avec les objectifs de balance des paiements et la politique budgétaire décrits ci-dessus, nous maintenons les limites du crédit bancaire total et des créances nettes sur l'Etat arrêtées conjointement en Septembre dernier à 4.714 millions de dinars et 684 millions de dinars respectivement pour la fin de 1987. Ainsi, l'augmentation du crédit intérieur total pourra atteindre 10,6 pour cent en 1987, à comparer à une prévision initiale de 8,4 pour cent. Ce taux d'accroissement plus élevé du crédit demeure cohérent avec les objectifs en matière de balance des paiements du fait que la demande augmentera probablement sous l'effet des récoltes de céréales et d'olives qui s'annoncent sous de très bons auspices, et de l'augmentation du niveau d'activité économique qui devrait en découler. En tenant compte de l'augmentation projetée des avoirs extérieurs nets, cette croissance du crédit s'accompagnera d'un

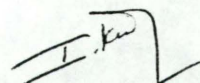
accroissement de la masse monétaire de 10 pour cent, à comparer à une croissance du P.N.B. nominal de 12,3 pour cent.

Nous proposons que les critères de réalisation et les objectifs indicatifs trimestriels pour suivre l'exécution du programme au cours de la période restante de 1987 soient établis conformément au tableau annexé.

Veillez agréer, Monsieur le Directeur Général, l'expression de notre haute considération.



Mohamed SKHIRI
Gouverneur
Banque Centrale de Tunisie



Ismail KHELIL
Ministre du Plan
et des Finances

Monsieur Michel CAMDESSUS
Directeur Général
Fonds Monétaire International
700 19th Street, N.W
Washington D.C. 20 431

U. S. A.

CRITERES DE REALISATION ET OBJECTIFS INDICATIFS

DECEMBRE 1986 - DECEMBRE 1987

	1 9 8 6		1 9 8 7			
	DEC.	DEC.	AVRIL	JUIN	SEPT.	DEC.
	PROG.	REAL	PROGRAMME			
A-CRITERES DE REALISATION			<u>MILLIONS DE DINARS</u>			
1- Crédits intérieurs	4.348	4.263	4.368	4.480	4.550	4.714
2- Créances nettes sur l'Etat.	635	627	653	666	675	684
3- Dette extérieure publique ⁽¹⁾			<u>MILLIONS DE D.T.S.</u>			
3.a 0-1 an (encours à l'exclusion des crédits liés aux importations).	120	69	120	120	120	120
3.b Nouveaux emprunts extérieurs non-concessionnels (montants cumulés)						
i) 1-5 ans	15	14	65	65	65	65
ii) 1 - 12 ans	100	68	450	450	450	450
4- Arriérés des paiements externes (encours)	0	0	0	0	0	0
B- OBJECTIFS INDICATIFS			<u>MILLIONS DE DINARS</u>			
1-DEFICIT BUDGETAIRE CONSOLIDE ⁽²⁾	-429	-372	- 72	-72	-97	-322
2-Total des revenus et dons	2.458	2.448	803	1.228	1.885	2.591
3-Total des dépenses et prêts nets (hors amortissements) ⁽²⁾	-2.886	-2.820	- 880	-1.300	-1.982	-2.913
			<u>MILLIONS DE D.T.S.</u>			
4- Avoirs extérieurs nets du système monétaire.	10	39	-122	-132	48	134

(1) Contractée ou garantie par l'Etat

(2) Montants cumulés pour l'exercice

INTERNATIONAL MONETARY FUND

April 1, 1987

Mr. Kanesa-Thanan:

Tunisia--Debrief and
Letter of Intent

Attached are comments on
the debrief and letter of intent
for Tunisia which I reviewed
myself.

cc: Ms. Dillon
Mr. Johnson
Mr. Rodlauer

JF

José Fajgenbaum

April 1, 1987

Tunisia--Comments on Debrief and Draft Letter of Intent

We have no major comments on the draft letter of intent as the authorities have implemented most of the intended policies and, in general, performance has been better than expected. However, we would like to underscore some developments that require close monitoring as they may indicate deviations from program understandings.

1. Expenditure during complementary period

As the debrief notes, the increase of this expenditure is disappointing because it may effectively involve an accumulation of domestic arrears; had this increase been paid, the ceiling on net bank credit to the Government would have been observed. In this context, we welcome the projected reduction in complementary period expenditure during 1987 but it seems to us that the envisaged amount is rather small. ✓

2. Interest rate policy

While paragraph 2 indicates that most interest rates were liberalized in January 1987, in line with the program, lending rates are subject to a ceiling intended to prevent usurious rates (paragraph 11). As this ceiling is 3 percentage points above the money market rate which stands at about 10 percent and is controlled by the Central Bank, one wonders whether the liberalization is really effective. Moreover, as the ceiling on lending rates actually limits the whole structure of interest rates, deposit rates may very well be negative in real terms given the acceleration of inflation that is expected in 1987. The deterioration of deposit rates in real terms may result in a sharper acceleration of velocity than programmed, risking attainment of the reserve target and/or additional inflationary pressures. A substantial raising of the ceiling or its removal seems advisable.

3. Import liberalization

As in the case of interest rates, paragraph 6 indicates that 28 percent of imports are now imported freely. However, applications for import authorizations must be submitted for approval by the Ministry of Industry and Commerce. To the extent that this requirement is not just a formality, the wording of paragraph 6, line 10 should be changed, avoiding conveying the impression that these imports are "imported freely."

4. Presentational aspects

The justification for the increase in domestic credit in paragraph 12 seems confusing, as money demand is expected to grow by less than nominal GDP. It would appear that the third sentence in that paragraph ("This higher rate . . .") could be removed altogether.

Page 3, last line. It would seem that "they" should be replaced by "we."

Page 4, last line. Rather than using a contradicting expression such as "liberalized control," we would suggest "control ex post."

INTERNATIONAL MONETARY FUND

April 1, 1987

Mr. Kanesa-Thanan:

Tunisia--Comments on Letter
of Intent

Attached are comments on the draft Letter of Intent which was reviewed by Ms. Xafa.

Attachment

cc: Mr. Brachet
Mr. Johnson
Mr. Rodlauer

K. Burke Dillon *KBD*

April 1, 1987

Tunisia: Comments on Letter of Intent

1. External debt ceilings

The Letter states (page 2) that economic performance in 1986 was better than expected as far as the external current account deficit is concerned, and that if present favorable trends continue, some of the program's targets for 1987 may be exceeded. Nevertheless, the performance criteria for 1987 include a substantial increase in both short- and medium/long-term external debt. Short-term debt would be allowed to increase by SDR 51 million and nonconcessional debt in the 1-5 year maturity range by SDR 515 million. It is difficult to see the need for such increase, given the very positive indications for concessional flows in the February 26 donors meeting which would leave an unfinanced gap of only \$200 million (SDR 160 million) in 1987, according to Mr. Bhatia's February 26 back-to-office report on the donors' meeting. It is also difficult to judge its sustainability in the absence of a medium-term scenario. These figures would need to be explained and justified, and the Letter should contain a discussion of gapfill sources, particularly since it will be discussed by the Board before the April meeting with commercial banks.

2. Mr. Bhatia's February 26 back-to-office report on the donors' meeting mentions that creditors questioned the scale of the reserve buildup under the program (page 1). The staff's reply that the buildup was dictated by the programmed import liberalization suggests that reserves may be drawn down in the not-too-distant future. An alternative means of countering the impact on the BOP of the liberalization would have been to allow for a more rapid depreciation in the exchange rate. Although the real exchange rate has depreciated substantially since 1985, this in large part simply counters its previous appreciation and recent terms of trade losses.



Office Memorandum

M. Kaura-Pesca

TO: Mr. Bhatia

FROM: Markus Rodlauer *MR.*

SUBJECT: Tunisia--Effective and Bilateral
Exchange Rate Indicators

February 27, 1987

Please find attached an update of the various indicators of effective and bilateral exchange rates of the Tunisian dinar. Data in Table 1 correspond to Charts 1 and 2 (effective exchange rates); Chart 3 and 4 show bilateral real rates with major industrialized countries and competitor countries, respectively.

The data show that the Tunisian authorities have maintained the real effective value of the dinar at about its end-August level, in consonance with their commitment under the program. At the same time, however, the WPI-based index of the real effective exchange rate in December 1986 was only 16.7 percent below its December 1985 level, rather than the 20 percent real depreciation that had been assumed in the program. ^{1/} Furthermore, the informal understanding you reached with the authorities last September envisaged a further depreciation of the dinar by some 3 percent, over and above the then assumed 20 percent real depreciation.

It thus appears that, while the letter of the program has been fulfilled, the question is whether its spirit has. In other words, the forthcoming mission will have to determine whether recent developments warrant a departure from our earlier (last September's) assessment which had called for a depreciation in real effective terms by some 6 percent more than what has hitherto been implemented.

The two charts on bilateral real rates show that there has been a significant real depreciation relative to all major competitors and trading partners, including those against which Tunisia's competitive position had been progressively deteriorating until last year (e.g., Turkey, Morocco, and the United States.)

For the purpose of reviewing exchange rate policy under the program, I propose, for your consideration, to change the chart that has been traditionally included in staff papers; the new chart (Chart 2

^{1/} The program estimates made last September of the real effective value of the dinar at the beginning of the program was based in part on projections of relative prices for most recent months, which were subsequently revised.

attached) would show monthly data for the last two years or so, in addition to the quarterly figures for the period 1980-86 depicted in the "old" chart (Chart 1 attached).

Attachments

cc: Mr. Kanesa-Thasan ✓
Mr. Johnson
Mr. François
Mr. Dairi
Mr. Petersen

tbtun01
2/27/87

Table 1. Tunisia: Effective Exchange Rates, 1987-87 1/

(1980 = 100; period average)

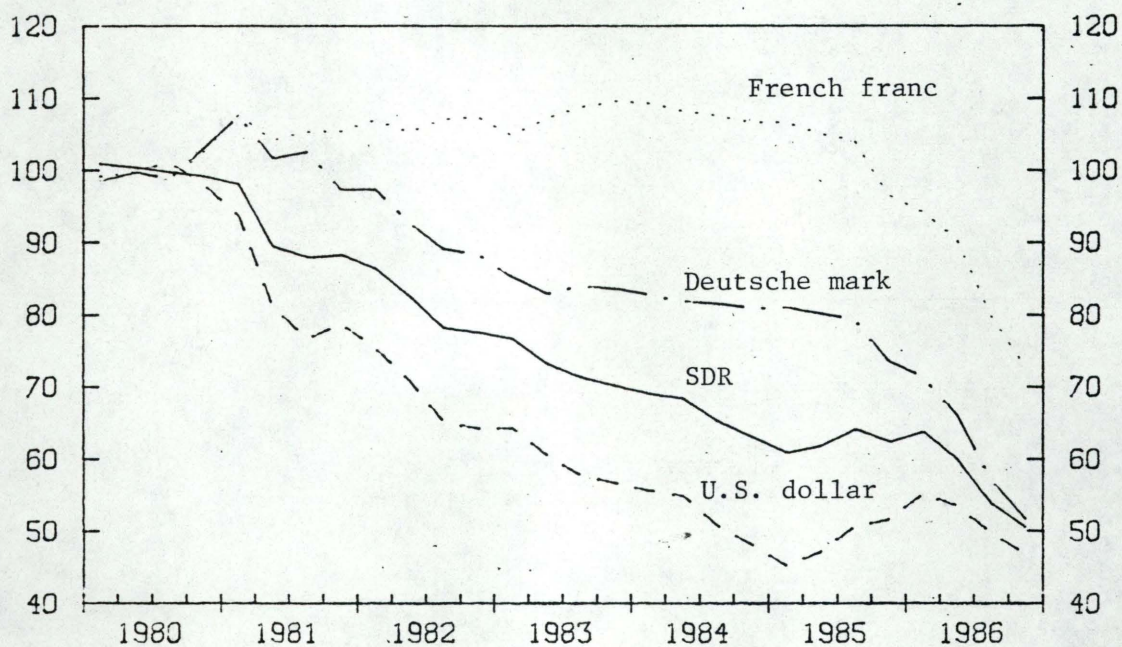
	Nominal Effective Exchange Rate	Real Effective Exchange Rate	
		CPI-based	WPI-based
<u>1985</u>			
December	96.0	93.2	102.7
<u>1986</u>			
January	96.0	92.9	104.3
February	95.2	92.5	103.4
March	93.7	91.6	101.5
April	91.8	90.1	100.2
May	90.2	88.4	98.7
June	87.3	85.3	95.7
July	85.1	82.6	94.5
August	79.1	77.0	90.1 ^{2/}
September	73.9	72.4	85.6
October	71.9	71.0	83.9
November	73.7	73.1	85.9
December	74.0	73.2	85.6
<u>1987</u>			
January	73.3	72.6	...

Source:

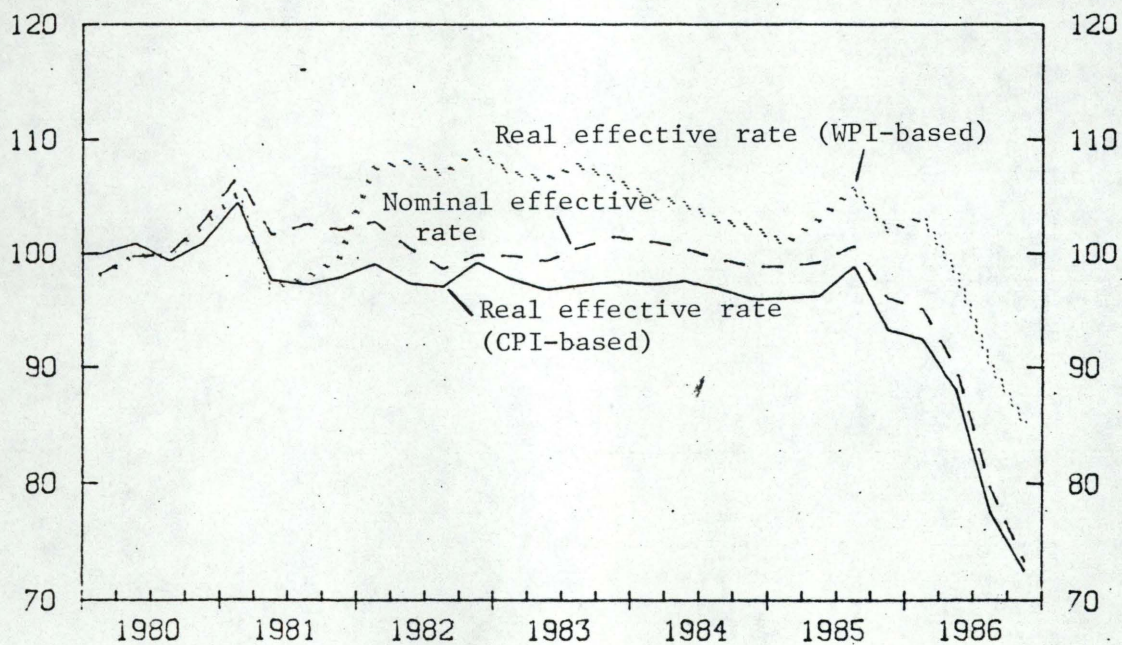
1/ Weighted by total trade (excluding petroleum) plus tourism in 17 trading partners.

2/ End-August: 84.5.

Chart 1
TUNISIA
INDICES OF SELECTED EXCHANGE RATES, 1980-86
(1980=100; foreign currency per Tunisia dinar)
Bilateral Nominal Rates



Effective Exchange Rates 1/



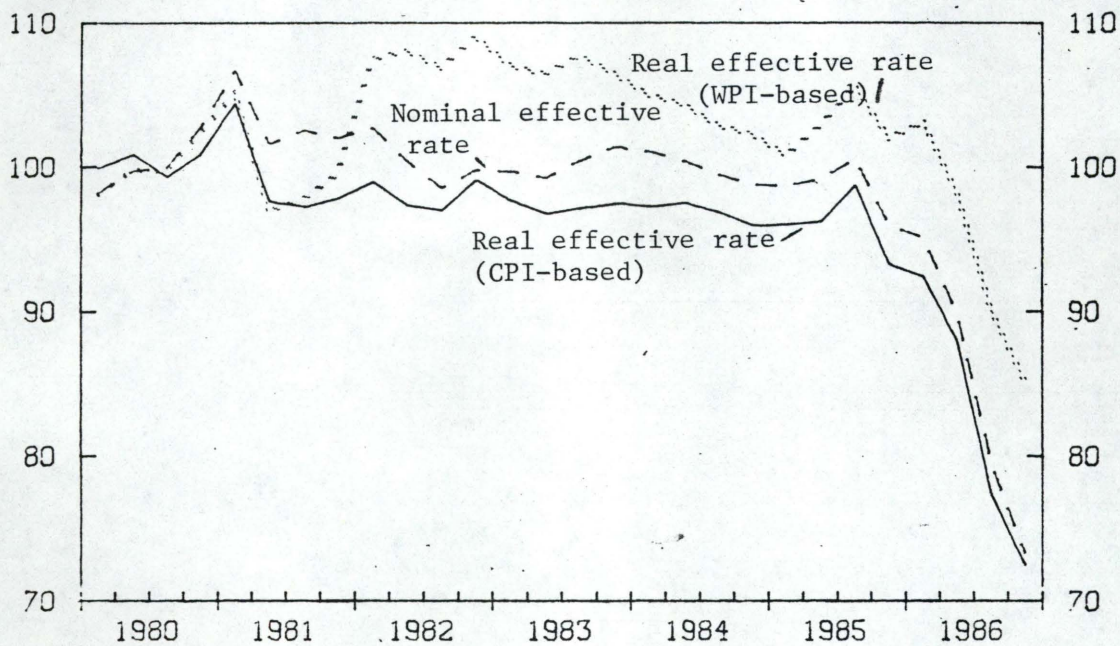
Source: IMF Data Fund.

1/ Weighted by total trade (excluding petroleum) plus tourism in 17 trading partners.

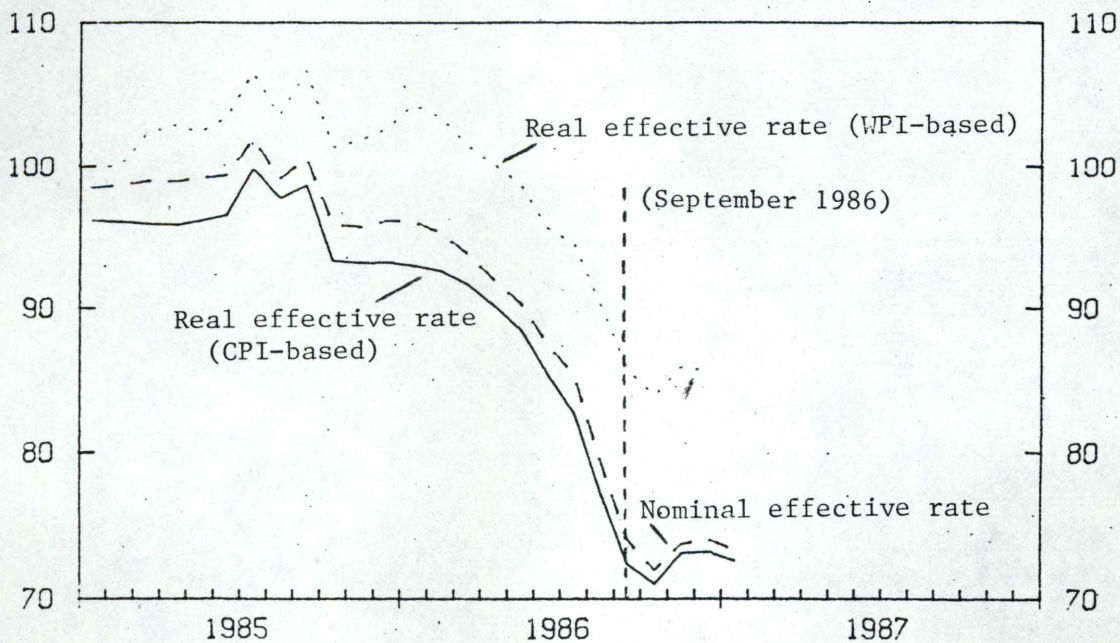
Chart 2

TUNISIA
NOMINAL AND REAL EFFECTIVE EXCHANGE RATES, 1980-86
(1980=100; foreign currency per Tunisia dinar)

Quarterly Averages



Monthly Averages



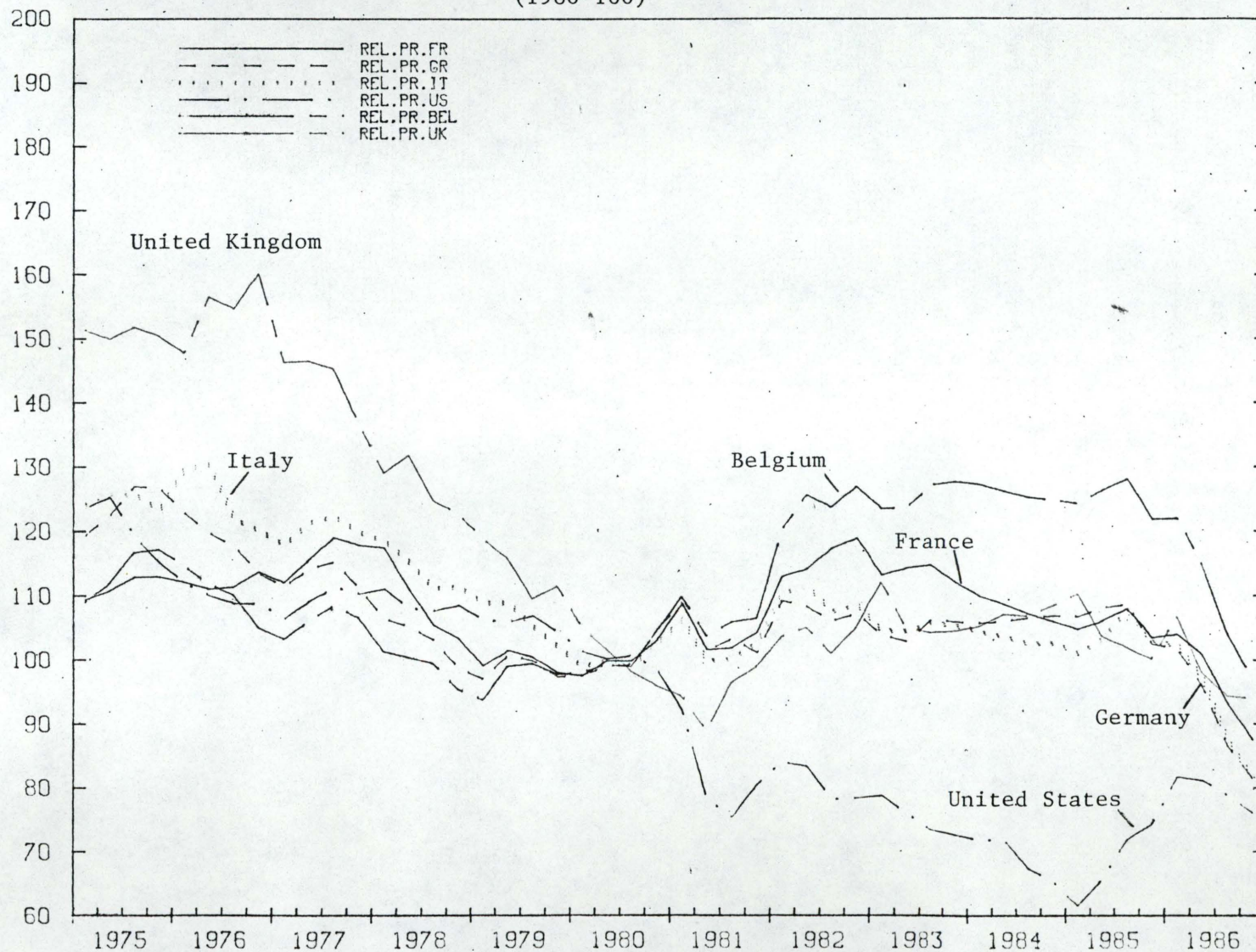
Source: IMF data Fund.

1/ Weighted by total trade (excluding petroleum) plus tourism with 17 trading partners.

Chart 3
Tunisia

Bilateral Real Exchange Rates with Major Industrialized Countries, 1975-86 ^{1/}

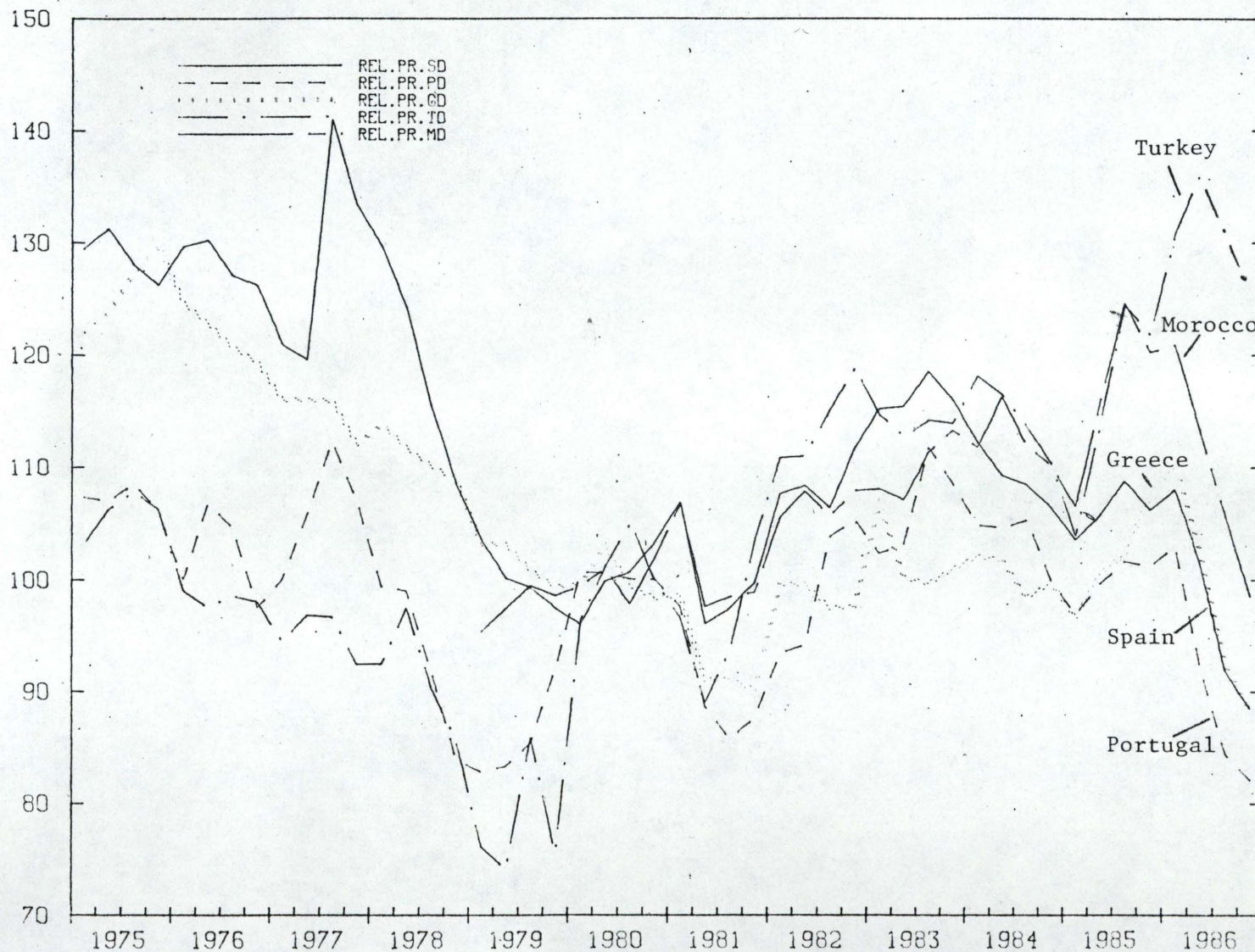
(1980=100)



^{1/} Based on relative wholesale prices (seasonally adjusted); downward movement indicates depreciation.

Chart 4
Tunisia

Bilateral Real Exchange Rates with Major Competitor Countries, 1975-86 ^{1/}
(1980=100)



^{1/} Based on relative wholesale prices (seasonally adjusted); downward movement indicates depreciation.



5-100

Rcv: @IIM/6.01747 Line: 6
MICRONET
MICR2382 SRCA0730
RCAINB
.RCASAF
.SUBDTG: 02261300
.SUBSEQ: IMF0730
.SUBAAB: 13309 BCT C TN
.TEXT:
248331 IMF UR
13309 BCT C TN
248331 IMF UR 6733

THE ORIGINAL IS BEING TRANSLATED

RECEIVED
IMF CABLE ROOM

756796

1987 FEB 26 PM 2:14

ORIG: TRE
CC: MD

DMD
MR. SALEH KHOU

AFR
ETR

FAD
LEG

RES
SEC

MR. R. BROWN

MONSIEUR LE TRESORIER INTERFUND
WASHIGNTONDC

NO 1
1- EN QUALITE D'AGENT FINANCIER DU GOUVERNEMENT
TUNISIEN , DESIRONS ACHETER AU FONDS
MONETAIRE INTERNATIONAL 9.000.000 DE DTS
CONFORMEMENT AUX DISPOSITIONS DE L'ARTICLE V , SECTION
3 ET 4 DES STATUTS ET A CELLES DE L'ACCORD
DE CONFIRMATION ENTRE EN VIGUEUR LE 5 NOVEMBRE
1986 .
2-DECLARONS PAR LE PRESENT TELEGRAMME
QUE CET ACHAT EST NECESSAIRE AUX TERMES
DES STATUTS DU FONDS .
3-VEUILLEZ CREDITER COMPTE DTS DE LA TUNISIE DE 9.000.000
DE DTS , DATE VLAEUR DE L'ACHAT
4-MONTANT EQUIVALENT A CELUI DE L'ACHAT
SOUAEEEE SOUHAITE SOIT 7.877.599,608
DINARS TUNSIENS , SERA CREDITE AU COMPTE NO1 DU FONDS
OUVERT DANS NOS LIVRES , DATE DE VALEUR DE
L'ACHAT .
5- EN CE QUI CONCERNE LA COMMISSION DE TIRAGE
VEUILLEZ DEBITER COMPTE DTS DE LA TUNISIE DE 45.000 DTS ,
DATE DE VALEUR DE L'ACHAT .
SALUTATIONS DISTINGUEES

MOHAMED SKHIRI GOUVERNEUR

BANCENTUN

TEST [REDACTED] ONTOTAL 25.922.599

BANCENTUN

COL OK+

LE 26.02

I
N
C
O
M
I
N
G

C
A
B
L
E
/
T
E
L
E
X

TEST NUMBER:
 CHECKS
 DOES NOT CHECK, IT HAD
BEEN SERVICED.
B
CABLE ROOM



INTERNATIONAL MONETARY FUND
WASHINGTON, D. C. 20431

cc: Mr. Kewesa-
Thasar

DEPUTY MANAGING DIRECTOR

CABLE ADDRESS
INTERFUND

January 28, 1987

MEMORANDUM FOR FILES

Subject: Visit of Ambassador of Tunisia

This afternoon, Ambassador Ben Yahia of Tunisia called on me to make the following points:

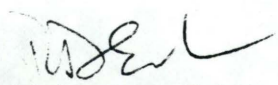
1. He hoped that in our presentations to donors that we would emphasize the need for concessional resources. In this connection, he said that the usual per capita criteria were not valid because of the wide fluctuations of the dollar and because Tunisia was again trying to put its house in order.

2. Out of the US\$1,500 million needed to close the gap, \$1,050 million had been secured. In this connection, however, he said that many of the bilateral commitments included projects with long disbursement periods. They were making an effort to convince donors to switch from project to program financing for the coming year, and would like our assistance in this effort.

3. He also indicated that the Tunisian Government looks forward to a continued productive relationship with the Fund under the new Managing Director.

I responded that we were pleased with the commitment of the Government to economic reforms. I said that we will make every effort to persuade donors to provide additional resources in a timely manner and in a form that would meet Tunisia's financing requirements.

I indicated that the new Managing Director was taking a strong personal interest in Tunisia and that he would chair the meeting of Executive Directors tomorrow. I also indicated that Fund staff would be participating in the consultative group meeting and bilateral meetings with donors.


Richard D. Erb

cc: Managing Director
Mr. Ouattara
✓ Mr. Beveridge



Office Memorandum

1/28/87 ETR
@ 5:20 pm.

TO: The Managing Director
The Deputy Managing Director

January 27, 1987

FROM: A.D. Ouattara *[Signature]*

SUBJECT: Tunisia - Meeting with Executive Directors Concerning
the Financing of the 1987 Balance of Payments Gap

Following my memorandum of January 21, please find attached a memorandum under your signature to the Executive Directors concerning a meeting on Tunisia on Wednesday, January 28, at 5:00 p.m. I am also attaching for your information a background note on the implementation of the program; this note will be used by the staff in briefing the Executive Directors at the meeting.

Attachments

cc: SEC
ETR ✓
Mr. Brown

Bhatia
we can now report of part in
1986; have to report on 2
branches of measures of Jan;
also more up to date for 1987



INTERNATIONAL MONETARY FUND
WASHINGTON, D. C. 20431

MANAGING DIRECTOR

CABLE ADDRESS
INTERFUND

January 27, 1987

TO: Mr. Salehkhoul
Mr. Dallara
Mr. Grosche
Mr. de Groot
Mr. Finaish
Mr. Lankester
Mr. Lundstrom
Mr. Masse
Mr. Nimatallah
Mme. Ploix
Mr. Posthumus
Mr. Yamazaki
Mr. Zecchini

FROM: The Managing Director L

SUBJECT: Tunisia

Under the existing stand-by arrangement, the first review of the program could only be completed if, inter alia, the projected external financing gap for 1987 is fully covered. In the attached tables, the staff projects this gap (after taking into account assistance that has been secured or is under an advanced stage of negotiation) at about US\$450 million.

At the request of the Tunisian authorities, the World Bank, in close cooperation with the staff of the Fund, has scheduled a donors' meeting in Paris on February 19-20. The authorities have also requested my intervention to solicit the required financing. Accordingly, I propose that we meet informally, in my conference room (12-300C) on Thursday January 29 at 4.30 pm, to discuss the financing of the 1987 gap.

attachment

cc: The Deputy Managing Director
ETR
SEC
Mr. Brown

Table 1. Tunisia: Balance of Payments, 1985-1987

23-Jan

	(in millions of SDRs)			in millions US\$		
	1985	1986		1987		1987
	Actual	IMF Prog	Revis.	IMF Prog	Revis.	Revis.
Trade balance	-828.5	-916.9	-815.4	-881.1	-770.2	-941.2
Exports	1703.1	1456.8	1504.3	1519.6	1530.7	1870.6
energy	712.4	321.9	364.3	269.6	327.3	400.0
non-energy	990.7	1134.9	1140.0	1250.0	1203.4	1470.6
Imports fob	2531.6	2373.7	2319.7	2400.7	2300.9	2811.8
energy	341.4	185.3	190.0	171.9	187.3	228.9
non-energy	2190.2	2188.4	2129.7	2228.8	2113.6	2582.9
Services and transfers	245.7	207.4	151.1	306.5	201.3	246.6
Non-factor services	329.0	272.8	215.4	355.4	279.2	341.2
Tourism	366.7	316.5	310.7	375.0	361.0	441.2
credit	491.0	436.5	412.5	487.7	462.1	564.7
debit	124.3	120.0	101.8	112.7	101.1	123.5
Other nonfactor serv.	-37.7	-43.7	-95.4	-19.6	-81.8	-100.0
credit	463.1	463.8	402.9	495.1	423.6	517.6
debit	502.8	507.5	498.2	514.7	505.4	617.6
Current transfers	-80.3	-65.4	-64.3	-48.9	-77.4	-94.6
Workers rem. (credit)	266.5	229.2	257.1	245.2	250.3	305.9
Interest debits	252.7	251.0	257.1	274.5	279.6	341.5
Other	-94.1	-43.6	-64.3	-19.6	-48.1	-58.8
credit	67.5	71.0	53.6	68.6	48.1	58.8
debit	161.6	114.6	117.9	88.2	96.3	117.6
Current account	-579.8	-709.5	-664.3	-574.6	-568.4	-694.6
Total account	376.8	406.5	506.2	47.6	154.0	188.2
Grants	36.0	32.7	37.5	19.6	28.9	35.3
Direct Investment (net)	137.5	141.9	117.8	117.7	96.3	117.6
Medium- and long term	248.0	231.9	321.5	-89.7	28.9	35.3
Disbursements	640.8	652.1	734.0	400.5	510.2	623.5
Long term	341.9	350.3	342.9	350.0	433.2	529.4
Medium term	298.9	301.8	391.1	50.5	77.0	94.1
Amortization	392.8	420.2	412.5	490.2	481.4	588.2
Short-term capital and errors and omissions	-44.7	0.0	29.4	0.0	0.0	0.0
OVERALL BALANCE	-203.0	-303.0	-158.1	-527.0	-414.3	-506.3
(Current account def/GNP)	-7.2%	-9.0%	-8.8%	-7.4%	-7.5%	-7.5%
Gross res. and per.	213.4	160.0	210.0	300.0	354.4	433.1
(In months of imports)	1.0	0.8	1.1	1.5	1.8	1.8
Gap (-) before Fund resources		-244.6	-149.7	-667.0	-558.7	-682.8
Dinar per U.S.\$	0.8545	0.7322	0.7950	0.8700	0.9500	
Dinar per SDR	0.8473	0.9163	0.9333	1.0500	1.0337	

Table 2 . Tunisia: Sources and Uses of Foreign Exchange

23-Jan

Page 1

	1986		1987			1986		1987	
	Actual	Rev 1/	Actual	Prog	Rev 1/	Actual	Rev 1/	Actual	Rev 1/
	(millions of Dinars)		(millions of SDRs)			(millions of US\$)			
A. Uses of Foreign Exchange	1030.0	1115.5	1103.6	1089.3	1073.9	1295.6	1312.3		
Current account deficit	620.0	590.4	664.3	574.6	568.4	777.9	694.6		
of which: Interest payments	240.0	290.4	257.1	274.5	279.6	301.8	341.7		
Official	199.4	238.9	213.6	224.0	230.0	250.8	291.1		
Commercial Banks	40.6	51.5	43.5	50.5	49.6	51.1	60.6		
Amortization payments	385.0	500.0	412.5	490.2	481.4	484.3	589.3		
Official	340.3	450.0	364.6	441.2	433.3	428.1	529.4		
Commercial Banks	44.7	50.0	47.9	49.0	48.1	56.2	59.9		
Direct investment (debits)	25.0	25.0	26.8	24.5	24.1	31.5	29.5		
B. Increase in gross reserves 2/ (flows, excl valuation changes)	-7.8	150.0	-8.4	140.0	144.4	-9.9	175.5		
C. Sources of Foreign Exchange	882.5	685.1	945.5	562.3	659.6	1110.0	906.1		
Grants and dir. investment	170.0	155.2	182.1	161.8	149.4	213.8	182.6		
Long term loans committed 1/66	320.0	450.0 1/	342.9	350.0	433.2 1/	402.6	529.4 1/		
Multilateral	...	...	...	...	...	...	...
Bilateral	...	...	...	...	...	...	...
Medium term loans committed	371.3	80.0 1/	397.8	50.5	77.0 1/	467.0	94.1 1/		
Bilateral	277.3	80.0	297.1	50.5	77.0	348.8	94.1		
cereal	...	30.0	...	...	28.9	...	35.3		
other	...	50.0	...	...	48.1	...	58.8		
Commercial Banks	94.0	0.0	100.7	0.0	0.0	118.2	0.0		
Short term & err. acc.	21.2	0.0	22.7	...	...	26.7	0.0		
D. Gap (bet Fund res), (+) 3/	139.7	580.3	149.7	667.0	558.7	175.7	682.8		

1/ Includes projected disbursements from additional external commitments through end-1986 received after the negotiations on the program were concluded.

2/ SDR flows converted at average exchange rate, therefore different from monetary survey.

3/ A + B - C

Table 2 . Tunisia: Sources and Uses of Foreign Exchange(cont'd)

23-Jan

Page 2

	1986	1987	1986			1987	
	Actual	Rev	Actual	Prog	Rev	Actual	Rev
	(billions of Dinars)		(billions of SDRs)			(billions of US\$)	
D. Financing gap	139.7	530.3	149.7	667.0	558.7	175.7	682.8
IMF	139.7	42.3	149.7	41.0	41.0	175.7	49.3
E. Residual gap	0.0	538.0	0.0	626.0	517.7	0.0	533.0
E. Gap fill:							
Identified		155.5 1/	250.0	149.7 1/		182.9 1/	
Long term		155.5	250.0	149.7		182.9	
ISRD ITPAL		127.5			122.7	150.0	
Spain		10.0			9.6	11.8	
W. Germany exception assist.		10.0			9.6	11.8	
USA (PL 480)		8.0			7.7	9.4	
Medium term		0		0.0	0.0	0.0	
NEW PACKAGE		382.5		376.0	368.3	450.0	

Memorandum items:

Debt ceilings

(0-1 years) stock outstanding	120.0	120.0
(1-5 years) contracting cumulative starting Sept.1, 1985	15.0	35.0
(1-12 years) contracting cumulative starting Sept.1, 1985	100.0	450.0

1/ Commitments signed since the negotiations of the stand-by arrangement through end-1986 have been included in capital accounts above.

Tunisia - Background Briefing

Implementation of the stand-by arrangement and balance of payments outlook for 1987

On November 4, 1986, the Executive Board approved an 18-month stand-by arrangement with Tunisia in an amount of SDR 103.65 million together with a CFF purchase of SDR 114.71 million. The stand-by arrangement was in support of an adjustment program covering the period July 1986-December 1987 within the context of the medium-term objectives of the Seventh Development Plan (1987-91).

The specific objectives for the program period (July 1986-December 1987) are (1) a growth rate in real GDP of 1 percent in 1986 and 3.5 percent in 1987; (2) limiting the inflation rate to 5 percent in 1986 and 8.7 percent in 1987 (when the full effects of the exchange rate depreciation and price liberalization should be felt); and (3) containing the current account deficit in the balance of payments to 9 percent of GNP in 1986 and reducing it to 7.4 percent in 1987. In support of the above targets, the authorities intend to follow a tight demand-management policy, improve the external competitiveness of the economy and undertake a major reorientation of policies toward a market-oriented economy. In particular, the authorities are liberalizing prices, investments and imports according to a specific timetable and are following a flexible exchange rate policy, as well as liberalizing interest rates. They also intend to reduce the role of the state and public enterprises in production and marketing activities, and to introduce a major tax reform, including VAT and tariff modification. Furthermore,

they have agreed on a widespread structural reform in the agricultural, industrial, and trade policy sectors under two loans being granted by the World Bank.

1. Developments in 1986

Real GDP is now estimated to have declined by 1 percent in 1986 mainly due to a larger-than-expected decline in agriculture. However, inflation, as measured by the GDP deflator, is lower (3.9 percent as against a projected 5 percent) with the increase in the CPI amounting to less than 6 percent (8 percent in 1985). The overall budgetary deficit, at 6 percent of GNP, turned out to be in conformity with the program's target, with both government revenue and expenditure slightly below the program's targets. Total bank credit as well as net credit to the Government at end-1986 were also within the program's performance criteria, and money supply (M2) is estimated to increase moderately (5 percent) as programmed.

The external current account deficit is estimated at the equivalent of 8.8 percent of GNP, somewhat below the programmed 9 percent. This better outcome reflected a lower than expected trade deficit, which more than offset a lower net surplus on services and transfers. Taking into account net capital inflows including amounts arising from the authorities' efforts to fill the balance of payments gap estimated under the program, the overall balance of payments deficit is now estimated at SDR 158 million. At end-1986 gross official reserves, at SDR 210 million, were the equivalent of 1.1 months of imports, i.e., SDR 50 million above the program's target of SDR 160 million.

2. Balance of payments outlook for 1987

At the time of the approval of the stand-by arrangement, the Executive Board determined that while the balance of payments gap for 1986 appeared to be fully covered, that for 1987 was yet to be filled. Accordingly, the stand-by arrangement provides that the completion of the first review of the program in early 1987 would be dependent, inter alia, on the 1987 gap being fully financed. For this purpose, at the request of the Tunisian authorities, the World Bank, in conjunction with the Fund, has scheduled an informal aid donors' meeting in Paris on February 19-20. Prior to that meeting, bilateral contacts are being scheduled with some donor countries.

On the basis of the latest information available to the staff, balance of payments developments in 1987 are likely to correspond broadly with those envisaged in the program. Thus, the current account deficit is likely to be reduced to about SDR 570 million from the estimated SDR 664 million in 1986. The Tunisian authorities have also received commitments and positive indications of additional assistance that would suggest a likely overall balance of payments deficit of about SDR 264 million. 1/ In addition, the staff believes, and the authorities agree, that a further reconstitution of external reserves in an amount of SDR 144 million is necessary to underpin the more recent, and planned, moves toward liberalization of the economy, including investment decisions and pricing and import regimes. Taking this into

264
144
408
368
44
Pa.

1/ This amount corresponds to the overall balance of payments deficit of SDR 414 million (Table 1) less SDR 150 million of additional assistance already identified.

account, as well as the projected purchases from the Fund, the staff estimates the financing gap still remaining to be filled at SDR 368 million, or US\$450 million.

Program limits

The staff expects that a significant part of this gap could be filled through additional medium-term suppliers' credits as well as new borrowing from the international financial markets. However, given the program's target to stabilize the debt service ratio at its present level of around 26 percent, the authorities would wish to keep their recourse to medium-term credits to a minimum. In line with this target, the staff estimates that the required additional assistance (over and above the new medium-term credits that may be forthcoming) from the aid donors' meeting would amount to about US\$230 million.

The authorities are in touch with commercial banks and expect to have a meeting with them soon after the aid donors' meeting. The staff will begin conducting a review of the program after the results of the two meetings are known. It may be mentioned that virtually all the intended policies, including the second round of liberalization of prices and imports, under the program so far have been implemented by the authorities.

Looking to the medium-term prospects, the authorities' new Development Plan foresees fairly significant, though decreasing, amounts of financing gaps. However, unlike in the first two years of the Plan, it is expected that private (equity) capital inflows will increase substantially in response to the policies under the program that encourage market forces to play their role through increased privatization and liberalization of the Tunisian economy. Accordingly, the staff expects

*Is this staff
is shown
in staff
report?*

that the call on official donor assistance, in the form of exceptional
balance of payments support, would decline progressively through the end
of the Plan in 1991.

Table 1. Tunisia: Balance of Payments, 1985-1987

23-Jan

	(in millions of SDRs)			in millions US\$		
	1985	1986	1987	1987		
	Actual	IMF Prog	Revis.	IMF Prog	Revis.	Revis.
Trade balance	-828.5	-916.9	-815.4	-881.1	-770.2	-941.2
Exports	1703.1	1456.8	1504.3	1519.6	1530.7	1870.6
energy	712.4	321.9	364.3	269.6	327.3	400.0
non-energy	990.7	1134.9	1140.0	1250.0	1203.4	1470.6
Imports fob	2531.6	2373.7	2319.7	2400.7	2300.9	2811.8
energy	341.4	185.3	170.0	171.9	187.3	228.9
non-energy	2190.2	2188.4	2129.7	2228.8	2113.6	2582.9
Incomes and transfers	245.7	207.4	151.1	306.5	201.8	246.6
non-factor services	329.0	272.8	215.4	355.4	279.2	341.2
Tourism	366.7	316.5	310.7	375.0	361.0	441.2
credit	491.0	436.5	412.5	487.7	462.1	564.7
debit	124.3	120.0	101.8	112.7	101.1	123.5
Other nonfactor serv.	-37.7	-43.7	-95.4	-19.6	-61.8	-100.0
credit	465.1	463.8	402.9	495.1	423.6	517.6
debit	502.8	507.5	498.2	514.7	505.4	617.6
Current transfers	-80.3	-65.4	-64.3	-48.9	-77.4	-74.6
Workers rem. (credit)	266.5	229.2	257.1	245.2	250.3	305.9
Interest debits	252.7	251.0	257.1	274.5	279.6	341.6
Other	-94.1	-43.6	-64.3	-19.6	-48.1	-58.3
credit	67.5	71.0	53.6	68.6	48.1	58.8
debit	161.6	114.6	117.9	88.2	96.3	117.6
Current account	-579.8	-709.5	-664.3	-574.6	-568.4	-694.6
Total account	376.8	406.5	506.2	47.6	154.0	188.2
Grants	36.0	32.7	37.5	19.6	28.9	35.3
Direct Investment (net)	137.5	141.9	117.3	117.7	76.3	117.6
Medium- and long term	248.0	231.9	321.5	-89.7	25.9	35.3
Disbursements	640.8	632.1	734.0	400.5	510.2	623.5
Long term	341.9	350.3	342.9	350.0	435.2	529.4
Medium term	298.9	301.8	391.1	50.5	77.0	94.1
Amortization	392.8	420.2	412.5	490.2	481.4	588.2
Short-term capital and errors and omissions	-44.7	0.0	29.4	0.0	0.0	0.0
OVERALL BALANCE	-203.0	-303.0	-158.1	-527.0	-414.3	-506.3
(Current account def/GNP)	-7.2%	-9.0%	-6.6%	-7.4%	-7.3%	-7.5%
Gross res. and per.	218.4	160.0	210.0	300.0	354.4	433.1
(In months of imports)	1.0	0.8	1.1	1.5	1.8	1.9
Gap (-) before Fund resources		-244.6	-149.7	-657.0	-558.7	-682.8
Dinar per U.S.\$	0.8345	0.7322	0.7950	0.8700	0.8500	
Dinar per SDR	0.8473	0.9163	0.9333	1.0500	1.0337	

Some flexibilities
 Lowest revenue increase
 every increase in oil price by a \$ will improve budget by \$9 m

Table 2. Tunisia: Sources and Uses of Foreign Exchange

23-Jan

Page 1

	1986	1987	1986	1987		1986	1987
	Actual	Rev 1/	Actual	Prog	Rev 1/	Actual	Rev 1/
	(millions of Dinars)		(millions of SDRs)			(millions of US\$)	
A. Uses of Foreign Exchange	1030.0	1115.5	1103.6	1089.3	1073.9	1295.6	1312.3
Current account deficit	620.0	590.4	664.3	574.6	568.4	779.9	694.6
of which: Interest payments	240.0	290.4	257.1	274.5	279.6	301.8	341.7
Official	199.4	238.9	213.6	224.0	230.0	250.8	291.1
Commercial Banks	40.6	51.5	43.5	50.5	49.6	51.1	60.6
Capitalization payments	385.0	500.0	412.5	490.2	481.4	484.3	509.3
Official	340.3	450.0	364.6	441.2	433.3	428.1	529.4
Commercial Banks	44.7	50.0	47.9	49.0	48.1	56.2	58.8
Direct investment (debits)	25.0	25.0	26.8	24.5	24.1	31.5	29.5
B. Increase in cross reserves 2/ (flows, excl valuation changes)	-7.8	150.0	-8.4	140.0	144.4	-9.9	175.5
C. Sources of Foreign Exchange	882.5	625.1	945.5	562.3	659.6	1110.0	806.1
Grants and dir. investment	170.0	155.2	182.1	161.8	149.4	213.3	182.6
Long term loans committed 1/66	320.0	450.0 1/	342.9	330.0	433.2 1/	402.6	529.4 1/
Multilateral	...	...	...	...	...	...	...
Bilateral	...	...	...	...	...	...	...
Medium term loans committed	371.3	80.0 1/	397.8	50.5	77.0 1/	457.0	94.1 1/
Bilateral	277.3	80.0	297.1	50.5	77.0	348.8	94.1
cereal	...	30.0	...	...	28.9	...	35.3
other	...	50.0	...	...	48.1	...	58.8
Commercial Banks	94.0	0.0	100.7	0.0	0.0	118.2	0.0
Short term & err. acc.	21.2	0.0	22.7	...	...	26.7	0.0
D. Gap (bet Fund res), (+) 3/	139.7	590.3	149.7	667.0	558.7	175.7	682.8

*Crossed
W/E not
to maintain
surplus
40
with reserve
not too
high
26%
Monetary Policy
but was
sufficient*

1/ Includes projected disbursements from additional external commitments through end-1986 received after the negotiations on the program were concluded.
2/ SDR flows converted at average exchange rate. Therefore different from monetary survey.
3/ A + B - C

*Plata
1) Food aid
20 million SDRs
GAP credit*

*WB
1987 = 400
vs average 120 p.a
more p.a
1987 is
special effort
which cannot
be repeated
in next FY Plan
average 300 p.a*

Table 2 . Tunisia: Sources and Uses of Foreign Exchange(cont'd)

23-Jan

Page 2

	1986	1987	1986	1987	1986	1987	
	Actual	Rev	Actual	Prog	Rev	Actual	Rev
	(billions of Dinars)		(billions of SDRs)			(billions of US\$)	
D. Financing gap	139.7	530.3	149.7	667.0	552.7	175.7	682.8
IMF	139.7	42.3	149.7	41.0	41.0	175.7	49.3
Residual gap	0.0	538.0	0.0	526.0	517.7	0.0	533.0
E. Gap fill:							
Identified		155.5 1/	250.0	149.7 1/		182.9 1/	
Long term		155.5	250.0	149.7		182.9	
IFRD ITPAL		127.5			122.7	150.0	
Spain		10.0			9.6	11.8	
W.Germany exception assist.		10.0			9.6	11.8	
USA (PL 480)		8.0			7.7	9.4	
Medium term		0	0.0	0.0		0.0	
NEW PACKAGE		382.5	376.0	363.3		450.0	
Memorandum items:							
Debt ceilings							
(0-1 years) stock outstanding			120.0	120.0			
(1-5 years) contracting cumulative starting Sept.1, 1986			15.0	65.0			
(1-12 years) contracting cumulative starting Sept.1, 1985			100.0	450.0			

1/ Commitments signed since the negotiations of the stand-by arrangement through end-1986 have been included in capital accounts above.

Bkatic
 1/2 ODA
 1/2 loan
 2 borrowing



Office Memorandum

cc. Mr. Ransom Nassu
Mr. Brau

OK
DDE
Jan 27 1987

January 23, 1987

TO: The Deputy Managing Director
(cleared with Administration) *W*

FROM: A.D. Ouattara *A. Ouattara*

SUBJECT: Modifications to Mission Schedule

1. Guinea

The Guinean authorities have requested to visit the Fund next week to review the various key elements of the program prior to a review of the stand-by arrangement that will be conducted by a mission that will visit Guinea early in March. As matters that will be discussed could be substantive, I propose that Mr. Daniel, our Resident Advisor in Conakry, accompany the delegation and participate in the discussions.

2. Liberia

Management approved a mission that would discuss the Currency Study with the Liberian authorities. This study, which was cleared by management, has since been presented to the Liberian authorities who have requested that a mission arrive in Monrovia on Tuesday, January 27 to discuss its recommendations. As originally approved, this mission was to have been headed by Mr. Mehran, who is now unable to participate. It is now proposed that Mr. Brau, who along with Mr. Calamitsis (currently on a mission to Ghana) played a leading role in the formulation of these recommendations, head the mission.

3. Tunisia

A Consultative Group Meeting on Tunisia is scheduled to take place in Paris on February 19 and 20 instead of Geneva in March. In view of the large amount that has to be raised, it has been arranged that, prior to these meetings, bilateral contacts be undertaken with authorities in Belgium, France, Germany, Italy, The Netherlands, and the E.E.C. The Fund and the Bank have been requested to participate and the Bank has agreed to do so. I recommend that the Fund also participate in these discussions as they are critical to the success of our program in Tunisia. It is therefore proposed that Mr. Dairi, Desk Economist for Tunisia, participate in the discussions in these countries between January 28 and February 2. Mr. Bhatia who, as already approved, will represent the Fund at the Consultative Group Meetings, will participate in the bilateral discussions with the French authorities on February 17.

I should be grateful for management approval of these modifications to the approved November 1-April 30 mission schedule.

cc: ETR

OFFICE OF THE
DEPUTY MANAGING DIRECTOR

Program # 412
Mission #
87203200

Program # 413
Mission #
87203300
Belgium
87203301
France
87203302
Germany
87203303
Italy
87203304
Netherl.



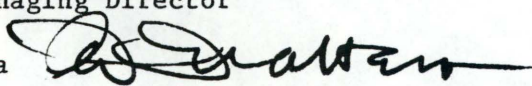
✓ BIF

Office Memorandum

Mrs Kanasa-Jhasan

TO: The Managing Director
The Deputy Managing Director

January 21, 1987

FROM: A. D. Ouattara 

SUBJECT: Tunisia - Financing of the External Gap 1987

You may recall that when the present stand-by arrangement with Tunisia was approved by the Executive Board, it was determined that while the estimated external gap for 1986 appeared to be covered by external commitments (including use of Fund resources), that for 1987 remained to be filled in early 1987. Accordingly, the completion of the first review and purchases under the stand-by arrangements after the second purchase were subject, inter alia, to the Fund being satisfied that the needed financing for 1987 was secured. In response to the request from the Tunisian authorities, the World Bank agreed to convene an informal donors' meeting and the Managing Director agreed to inter-vene with donor countries to assure a positive response.

The donors' meeting is now scheduled for February 17-18. For this purpose, a Tunisian delegation visited Washington last week to discuss with the staff the latest developments and the likely outlook for the balance of payments. The delegation was confident that the end-1986 performance criteria would have been met. The staff was informed that most intended policy measures have been introduced, including liberalization of credit policy and the second round of import and price liberalization in early January. The announced 1987 budget is also in conformity with the intentions under the program. According to the latest information available to the staff, the balance of payments' outcome for 1986 has turned out to be better than programmed; the current account deficit, at SDR 664 million, is about SDR 45 million lower than targeted (Tables 1 and 2), and the end-1986 gross reserves of the monetary authorities amounted to SDR 210 million (compared to the program's target of SDR 160 million), thus showing a smaller decline over the entire year than programmed. The first formal review of the program is now planned for late March after the results of the gap-fill exercise (including with commercial banks) are known.

For 1987 the external current account deficit is projected to be SDR 568 million (slightly lower than the initial target). On the basis of present commitments, net capital inflow would amount to SDR 154 million, resulting in an overall balance of payments deficit of SDR 415 million. In addition, after taking into account the Deputy Managing Director's comments on the program, the authorities have now agreed to raise the reserve target for the year to the equivalent of 1.8 months of imports (instead of 1.5 months) implying an increase of SDR 144 million, thus raising the financing requirements to SDR 559 million. Against this, identified potential inflows (including scheduled

purchases of SDR 41 million under the stand-by arrangement and disbursements of US\$100 million under an IBRD program loan of US\$150 million) amount to only SDR 150 million. Thus, the financing gap that still remains to be filled, and which will be presented to donors, is estimated at SDR 409 million, or US\$500 million.

It is not intended to request ODA assistance to cover this entire amount. Rather, it may be expected that normal suppliers' and trade credits (over and above those for which commitments have already been obtained) could bring in about US\$120 million, and that commercial banks may be asked to provide about US\$100 million as new credits (total payments to commercial banks would amount to about US\$120 million, of which US\$60 million in principal repayments). On these assumptions, the donors will be asked to provide US\$280 million in new disbursements.

The World Bank staff regard this amount to be large enough to require intense pre-meeting efforts if the outcome is to be successful. For this purpose, the World Bank staff has planned a series of bilateral meetings with major donor countries' officials in their respective capitals and are expecting our participation in these meetings. In addition, as you indicated to the Tunisian delegation at the Annual Meetings, we propose that you call at the earliest an informal meeting of the Executive Directors concerned to brief them on this issue and to seek their intervention with their respective authorities. A draft memorandum on this subject is attached for your approval. The staff is preparing a background note for the Directors.

Attachments: (3)

Table 1. Tunisia: Balance of Payments, 1985-1987

21-Jan

	(in millions of SDRs)						in millions US\$	
	1985			1986			1987	
	Actual	IMF Prog	Rev	IMF Prog	Rev	Rev		
Trade balance	-828.5	-916.9	-815.4	-881.1	-770.2	-941.2		
Exports	1703.1	1456.8	1504.3	1519.6	1530.7	1870.6		
energy	712.4	321.9	364.3	269.6	327.3	400.0		
non-energy	990.7	1134.9	1140.0	1250.0	1203.4	1470.6		
Imports fob	2531.6	2373.7	2319.7	2400.7	2300.9	2811.8		
energy	341.4	185.3	190.0	171.9	187.3	228.9		
non-energy	2190.2	2188.4	2129.7	2228.8	2113.6	2582.9		
Services and transfers	248.7	207.4	151.1	306.5	201.8	246.6		
Non-factor services	329.0	272.8	215.4	355.4	279.2	341.2		
Tourism	366.7	316.5	310.7	375.0	361.0	441.2		
credit	491.0	436.5	412.5	487.7	462.1	564.7		
debit	124.3	120.0	101.8	112.7	101.1	123.5		
Other nonfactor serv.	-37.7	-43.7	-95.4	-19.6	-81.8	-100.0		
credit	465.1	463.8	402.9	495.1	423.6	517.6		
debit	502.8	507.5	498.2	514.7	505.4	617.6		
Current transfers	-80.3	-65.4	-64.3	-48.9	-77.4	-94.6		
Workers rem. (credit)	266.5	229.2	257.1	245.2	250.3	305.9		
Interest debits	252.7	251.0	257.1	274.5	279.6	341.6		
Other	-94.1	-43.6	-64.3	-19.6	-48.1	-58.8		
credit	67.5	71.0	53.6	68.6	48.1	58.8		
debit	161.6	114.6	117.9	88.2	96.3	117.6		
Current account	-579.8	-709.5	-664.3	-574.6	-568.4	-694.6		
Capital account	376.8	406.5	506.2	47.6	154.0	188.2		
Grants	36.0	32.7	37.5	19.6	28.9	35.3		
Direct Investment (net)	137.5	141.9	117.8	117.7	96.3	117.6		
Medium- and long term	248.0	231.9	321.5	-89.7	28.9	35.3		
Disbursements	640.8	652.1	734.0	400.5	510.2	623.5		
Long term	341.9	350.3	342.9	350.0	433.2	529.4		
Medium term	298.9	301.8	391.1	50.5	77.0	94.1		
Amortization	392.8	420.2	412.5	490.2	481.4	588.2		
Short-term capital and errors and omissions	-44.7	0.0	29.4	0.0	0.0	0.0		
OVERALL BALANCE	-203.0	-303.0	-158.1	-527.0	-414.3	-506.3		
(Current account def/GNP)	-7.2%	-9.0%	-8.7%	-7.5%	-7.4%			
Gross res. end per.	218.4	160.0	210.0	300.0	354.4	433.1		
Gap (-) before Fund resources		-244.6	-149.7	-667.0	-558.7	-682.8		
Dinar per U.S.\$	0.8345	0.7822	0.7950	0.8700	0.8500			
Dinar per SDR	0.8473	0.9163	0.9333	1.0500	1.0387			

Table 2 . Tunisia: Sources and Uses of Foreign Exchange

21-Jan

Page 1

	1986	1987	21-Jan			1986	1987
	Actual	Rev 1/	Actual	Prog	Rev 1/	Actual	Rev 1/
	(millions of Dinars)		(millions of SDRs)			(millions of US\$)	
A. Uses of Foreign Exchange	1030.0	1115.5	1103.6	1089.3	1073.9	1295.6	1312.3
Current account deficit	620.0	590.4	664.3	574.6	568.4	779.9	694.6
of which: Interest payments	240.0	290.4	257.1	274.5	279.6	301.8	341.7
Official	199.4	238.9	213.6	224.0	230.0	250.8	281.1
Commercial Banks	40.6	51.5	43.5	50.5	49.6	51.1	60.6
Amortization payments	385.0	500.0	412.5	490.2	481.4	484.3	588.3
Official	340.3	450.0	364.6	441.2	433.3	428.1	529.4
Commercial Banks	44.7	50.0	47.9	49.0	48.1	56.2	58.8
Direct investment (debits)	25.0	25.0	26.8	24.5	24.1	31.5	29.5
B. Increase in gross reserves 2/ (flows, excl valuation changes)	-7.8	150.0	-8.4	140.0	144.4	-9.9	176.5
C. Sources of Foreign Exchange	882.5	685.1	945.5	562.3	659.6	1110.0	806.1
Grants and dir. investment	170.0	155.2	182.1	161.8	149.4	213.8	182.6
Long term loans committed /86	320.0	450.0 1/	342.9	350.0	433.2 1/	402.6	529.4 1/
Multilateral	...	...	...	...	...	...	...
Bilateral	...	...	...	...	...	...	...
Medium term loans committed	371.3	80.0 1/	397.8	50.5	77.0 1/	467.0	94.1 1/
Bilateral	277.3	80.0	297.1	50.5	77.0	348.8	94.1
cereal	...	30.0	...	...	28.9	...	35.3
other	...	50.0	...	...	48.1	...	58.8
Commercial Banks	94.0	0.0	100.7	0.0	0.0	118.2	0.0
Short term & err. om.	21.2	0.0	22.7	...	...	26.7	0.0
D. Financing gap, (+) 3/	139.7	580.3	149.7	667.0	558.7	175.7	682.8

1/ Includes projected disbursements from additional external commitments through end-1986 received after the negotiation on the program were concluded.

2/ SDR flows converted at average exchange rate. Therefore different from monetary survey.

4/ A + B - C

Table 2 . Tunisia: Sources and Uses of Foreign Exchange(cont'd)

21-Jan

Page 2

	1986	1987	21-Jan			1986	1987
	Actual	Rev	Actual	Prog	Rev	Actual	Rev
	(millions of Dinars)		(millions of SDRs)			(millions of US\$)	
D. Financing gap	139.7	580.3	149.7	667.0	558.7	175.7	682.8
IMF	139.7	42.3	149.7	41.0	41.0	175.7	49.8
E. Residual gap	0.0	538.0	0.0	626.0	517.7	0.0	633.0
E. Gap fill:							
Identified		113.0 1/		250.0	108.8 1/		132.9 1/
Long term		113.0		250.0	108.8		132.9
IBRD ITPAL		85.0			81.8		100.0
Spain		10.0			9.6		11.8
W.Germany exception assist.		10.0			9.6		11.8
USA(PL 480)		8.0			7.7		9.4
Medium term		0		0.0	0.0		0.0
NEW PACKAGE		425.0		376.0	409.2		500.0

Memorandum items:

t ceilings		
(0-1 years) stock outstanding	120.0	120.0
(1-5 years) contracting cumulative starting Sept.1, 1986	15.0	65.0
(1-12 years) contracting cumulative starting Sept.1, 1986	100.0	450.0

1/ Commitments signed since the negotiations of the stand-by arrangement through end-1986 have been included in capital accounts above.

TO: Mr. Salehkhou
Mr. Dallara
Mr. Grosche
Mr. de Groote
Mr. Finaish
Mr. Lankester
Mr. Lundstrom
Mr. Masse
Mr. Nimatallah
Mme. Ploix
Mr. Posthumus
Mr. Yamazaki

January 21, 1987

FROM: The Managing Director

SUBJECT: Tunisia

Under the existing stand-by arrangement, the first review of the program could only be completed if, inter alia, the projected external financing gap for 1987 is fully covered. In the attached table, the staff projects this gap (after taking into account assistance that has been secured or is under an advanced stage of negotiation) at about US\$500 million.

At the request of the Tunisian authorities, the World Bank, in close cooperation with the staff of the Fund, has scheduled a donors' meeting in Paris on February 17-18. The authorities have also requested my intervention to solicit the required financing. Accordingly, I propose that we meet informally, on -----, to discuss the financing of the 1987 gap.

Attachment



Office Memorandum

October 27, 1986

MEMORANDUM FOR FILES

Subject: Tunisia - Request for Waiver of Circulation Period

At EBM/86/173 (10/24/86), Mr. Msadek requested that the staff papers on Tunisia's requests for a stand-by arrangement and a compensatory financing drawing (EBS/86/236, 10/22/86; and EBS/86/238, 10/23/86) be taken up together with the staff report for the 1986 Article IV consultation (SM/86/237, 9/10/86), which is scheduled for discussion on November 5.

Executive Directors agreed to the request and to the waiver of the four-week circulation period.

A handwritten signature in cursive script, reading "B. J. Owen", is positioned above the typed name.

Barbara J. Owen

cc: The Secretary
Treasurer
Director, African Department
Director, Exchange and Trade Relations Department ✓
Director, Fiscal Affairs Department
Director, Legal Department
Director, Research Department
Mr. Brown
Miss Jacob
Mrs. Letts

500323

RECEIVED
INTERNATIONAL
MONETARY FUND

500323

1986 OCT -3 AM 11:18
THE ORIGINAL IS BEING TRANSLATED
COMMUNICATIONS
DIVISIONMONSIEUR JACQUES DE LAROSIERE
DIRECTEUR GENERAL
DU FONDS MONETAIRE INTERNATIONAL

TUNIS, le 25 septembre 1986

ORIG: AFR
CC: MD
DMD
MR. SALEHKHOU
ETR
FAD
LEG
RES
SEC
TRE
MR. R. BROWN

Monsieur Le Directeur Général,

La Tunisie a connu, comme vous le savez, un développement économique soutenu tout au long des années soixante dix, et a pu, de ce fait, enregistrer de nombreux et appréciables acquis et accéder à de nouveaux paliers de développement.

Depuis le début des années quatre vingt, des facteurs défavorables pour la plupart exogènes sont cependant apparus et ont contrarié la réalisation des objectifs assignés dans le cadre de nos plans de développement.

Pour faire face à cette situation, nous avons adopté dans le cadre du VIème Plan une stratégie basée sur la recherche d'une croissance rapide des exportations et d'une maîtrise de la demande intérieure de façon à poursuivre la croissance et les créations d'emplois dans le cadre d'équilibres financiers soutenables et tolérables.

Les mesures mises en oeuvre tout au long des quatre dernières années (1982-85) ont permis, de ce fait et malgré les difficultés et les obstacles rencontrés, de préserver la dynamique de développement et de poursuivre l'effort de croissance et de création d'emploi tout en contenant les pressions sur la balance des paiements et les finances publiques comme en témoignent les résultats enregistrés durant cette période, à savoir :

- une croissance du PIB à prix constants atteignant, après la stagnation de 1982, un taux moyen de 5 % par an durant la période 1983-85 ;
- des créations d'emploi de 169.000 pour l'ensemble de cette période permettant d'absorber 75 % de la demande additionnelle ;

- un déficit budgétaire consolidé de l'administration centrale se ramenant de 8,1 % du PIB en 1983 à 4,6 % en 1985 ;
- et un déficit courant de la balance des paiements se limitant à 7,2 % du PNB en 1985 contre 9,4 % en 1982

Pour l'année 1986, les prévisions initialement arrêtées se réfèrent, comme vous le savez, à un renforcement de l'action d'ajustement de façon à consolider le redressement amorcé en 1985 et réunir les conditions d'une croissance plus équilibrée pour le prochain Plan.

Cependant la dégradation inattendue des termes de l'échange au début de 1986, en particulier à la suite de l'effondrement des prix du pétrole, de la stagnation du tourisme en raison de la situation prévalant dans le bassin méditerranéen et les conditions climatiques défavorables ont abouti à une détérioration sensible de la situation économique et financière et ne permettent plus la réalisation des objectifs arrêtés dans le cadre du Budget Economique.

Cette évolution a amené le Gouvernement à accélérer la mise en oeuvre du programme d'ajustement structurel pour adapter l'économie au nouveau contexte et à prendre des mesures supplémentaires pour renforcer la promotion de l'exportation et la maîtrise de la demande intérieure.

Ce programme, dont le détail figure dans le memorandum ci-joint, vise à assurer pour la période du VII^e Plan une croissance réelle du PIB de 3,5 à 4 %, des créations d'emploi couvrant les trois quarts de la demande additionnelle, une résorption graduelle du déficit budgétaire net, une réduction sensible du déficit courant de la balance des paiements et une limitation du service de la dette extérieure.

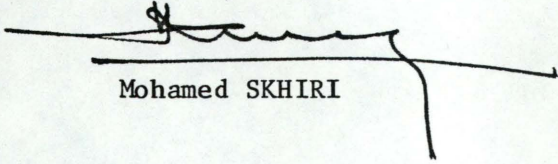
Pour réaliser ces différents objectifs, nous comptons accélérer la libéralisation graduelle de l'économie et poursuivre avec vigueur les politiques se rapportant à la maîtrise de la demande intérieure et à la promotion de l'exportation.

Nous souhaitons obtenir, à ce niveau, l'appui du Fonds Monétaire International dans le cadre d'un accord de confirmation portant sur une période de dix huit mois et pour un montant de 103,65 millions de DTS de façon à nous permettre d'exécuter ce programme conformément au calendrier établi et sans recourir aux mesures conservatoires à caractère temporaire.

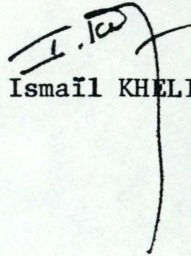
Le Gouvernement tunisien estime que les politiques décrites dans le memorandum devraient permettre d'atteindre les objectifs du programme pour 1986 et 1987. Il prendra, si besoin est, toute mesure additionnelle pour concrétiser les objectifs arrêtés et il consultera, évidemment, le Fonds durant la période de l'accord de confirmation conformément aux politiques de l'institution.

Veillez agréer, Monsieur le Directeur Général, l'expression de notre haute considération.

LE GOUVERNEUR DE LA
BANQUE CENTRALE DE TUNISIE


Mohamed SKHIRI

LE MINISTRE
DU PLAN ET DES FINANCES


Ismaïl KHELIL

Memorandum sur la politique économique et financière
du Gouvernement de la République Tunisienne

I. Introduction

1. Durant la décennie 1970 et jusqu'au début des années 1980, la Tunisie a enregistré une croissance relativement rapide de son économie tout en préservant les équilibres financiers interne et externe. Au cours de cette période le taux annuel de croissance du produit intérieur brut (PIB) réel s'est situé entre 6-8 pour cent et la balance des paiements, grâce à une évolution favorable des termes de l'échange, a enregistré des excédents importants qui se sont traduits par une amélioration substantielle du niveau des avoirs extérieurs qui ont atteint 540 millions de dollars à fin 1981. Cependant, depuis 1982, et bien que la Tunisie ait continué à enregistrer un rythme de croissance relativement satisfaisant pour l'ensemble de la période du VIe Plan (1982-86), l'équilibre financier a été soumis à de vives pressions sous les effets de la demande interne, des conditions climatiques défavorables, de la stagnation de la production pétrolière et de la baisse des prix de certains de ses produits d'exportation. Pour faire face à ces pressions, le Gouvernement a renforcé sa politique de rationalisation des investissements, de maîtrise de la consommation et d'encadrement sélectif des importations. Entretemps, la dégradation s'est poursuivie, se traduisant par une accentuation des déséquilibres financiers, principalement au niveau de l'épargne, des finances publiques et des comptes extérieurs, ce qui a engendré un accroissement des emprunts extérieurs et une baisse des avoirs extérieurs. La dégradation s'est, à cet égard, particulièrement accentuée en 1986 du fait des facteurs

2

défavorables intervenus au début de l'année, en l'occurrence l'effondrement du prix du pétrole, la baisse des recettes touristiques et la diminution de la récolte céréalière, ce qui a occasionné, au regard des prévisions du budget économique, une moins-value des ressources en devises de quelque 300 millions de dollars E.U. et une baisse des recettes budgétaires d'environ 200 millions de dinars. De la sorte, il est estimé qu'en l'absence des mesures d'ajustement supplémentaires décidées dans la Loi des Finances complémentaire adoptée récemment, le déficit budgétaire aurait atteint l'équivalent d'environ 7 pour cent du produit national brut (PNB) et le déficit du compte courant de la balance des paiements pourrait s'élever à 750 millions de DTS (9,7 pour cent du PNB).

II. Programme d'ajustement

2. Face à cette situation, le Gouvernement a décidé de mettre en oeuvre un programme d'ajustement global et cohérent comportant à la fois des actions à court et moyen terme visant la rationalisation de la demande interne et la relance des exportations et des actions structurelles destinées à améliorer l'efficacité du système productif dans le cadre d'une libéralisation progressive de l'économie portant essentiellement sur les prix, les taux d'intérêt, les investissements et les importations ainsi qu'une plus grande ouverture sur les marchés extérieurs. Les orientations générales de ce programme ainsi que les objectifs et mesures correspondantes seront incorporés dans le VIIe Plan de développement (1987-91).

42

3. Les objectifs spécifiques à moyen terme du programme comprennent la réalisation d'un taux de croissance annuel moyen de 3,5 à 4 pour cent, le ralentissement de l'inflation et la réduction progressive du déficit du compte courant de la balance des paiements à environ 3 pour cent du PNB à la fin du VIIe Plan. Ces objectifs qui seront recherchés notamment à travers le renforcement de l'exportation, la maîtrise de la consommation et la rationalisation de l'investissement devraient permettre une amélioration rapide de l'épargne et la reconstitution des réserves de change à un niveau équivalent à environ deux mois d'importation et la limitation du ratio du service de la dette à environ 28 pour cent en moyenne sur la durée du VIIe Plan, ainsi que pour la dernière année du Plan (1991). Dans ce contexte, le programme adopté pour la période 1986-87 a pour objectifs d'assurer la poursuite de la croissance du PIB à un niveau légèrement inférieur à 1 pour cent en 1986 (malgré la conjoncture défavorable mentionnée ci-dessus) et à environ 3,5 pour cent en 1987. Simultanément, le déficit du compte courant de la balance des paiements sera contenu à 710 millions de DTS en 1986 (équivalent à 9,0 pour cent du PNB) et à 575 millions de DTS (7,4 pour cent du PNB) en 1987. Le taux d'inflation implicite au niveau du PIB s'élèverait à 5 pour cent en 1986 et à environ 8,5 pour cent en 1987.

a. Libéralisation des prix

4. Depuis plusieurs années, les autorités ont entamé une politique progressive de libéralisation des prix à la production agricole. L'ensemble des produits agricoles, à l'exception des céréales et de quelques autres produits, sont actuellement libres de tout

contrôle administratif. C'est le cas également de la quasi-totalité des prix des services. Les autorités sont déterminées à poursuivre cette politique et à l'étendre au secteur manufacturier. L'objectif du Gouvernement à l'horizon de 1991 est d'éliminer les contrôles de prix sur pratiquement tous les produits (à l'exception d'un nombre limité). Ainsi le Gouvernement entend libéraliser sur la période 1986-88, conformément au calendrier ci-joint, les prix de tous les produits manufacturés pour lesquels il existe une concurrence suffisante soit en raison du nombre de producteurs, soit du fait que l'importation de produits similaires est effectuée librement. Les produits dont les prix seront libéralisés au cours de cette période représentent, d'après les données disponibles, les deux tiers environ de la production manufacturière commercialisée sur le marché intérieur. Entretemps, pour les produits qui resteront soumis au contrôle administratif, une plus grande flexibilité sera introduite au niveau de la nouvelle formule de fixation des prix qui sera arrêtée à fin 1986 de façon à amener les entreprises à maîtriser leurs coûts et à utiliser plus rationnellement leur capacité de production. A la lumière de l'expérience acquise au cours de la phase initiale de libéralisation, le Gouvernement examinera la possibilité d'accélérer la mise en oeuvre de ce programme.

5. En vue d'encourager la production agricole, notamment dans le secteur céréalier où il existe un déficit important, le Gouvernement a procédé depuis 1980 à des augmentations régulières des prix à la production. Ces augmentations ont amélioré sensiblement les termes de l'échange du secteur sans toutefois que ces prix n'atteignent le niveau international. En juillet 1986, les prix aux producteurs ont été de

4

nouveau augmentés de 6 à 16 pour cent environ. En outre, une formule de révision des prix aux producteurs a été récemment arrêtée en concertation avec la Banque mondiale. Cette formule sera utilisée pour effectuer des ajustements de prix permettant d'atteindre les prix internationaux d'ici 1988.

6. En ce qui concerne les produits subventionnés, le Gouvernement a procédé au cours des dernières années (y compris en 1986) à des ajustements réguliers des prix de certains produits et à l'élimination d'un certain nombre d'entre eux, ce qui a réduit le total des subventions à ce titre. Les autorités sont déterminées à poursuivre la politique de réduction aussi bien du nombre de produits bénéficiant des subventions que du montant des subventions, en tenant compte de la sensibilité de ces produits sur le plan social. L'objectif du Gouvernement à moyen terme est de limiter les subventions à la consommation aux produits à forte sensibilité (céréales et huiles alimentaires) et d'ajuster graduellement leur prix de manière à ramener la couverture de leurs coûts au niveau des ressources propres de la Caisse Générale de Compensation (CGC). En outre, conformément à l'accord avec la Banque mondiale dans le cadre du prêt sectoriel agricole, le Gouvernement éliminera totalement les subventions existant actuellement pour les intrants agricoles selon un calendrier déjà retenu.

b. La libéralisation des investissements et
la réforme des entreprises publiques

7. Le Gouvernement envisage de supprimer la procédure de l'agrément pour tous les projets ne demandant pas d'avantages



particuliers à l'Etat. De plus, il entend introduire une plus grande sélectivité dans l'octroi des avantages en fonction de critères spécifiques tels que l'exportation, le niveau d'intégration, le développement régional et le transfert de technologie. A cet effet, un nouveau Code des Investissements est en cours de préparation et sera discuté avec la Banque mondiale au cours des prochains mois, dans le contexte des négociations du prêt sectoriel industriel. En outre, les autorités envisagent dans le nouveau Code de ne pas faire de différenciation entre les investissements de création, d'extension ou de renouvellement pour l'octroi de l'aide de l'Etat. Le nouveau Code des Investissements entrera en application au début de 1987.

8. Un autre domaine d'action structurelle concerne la réforme du secteur des entreprises publiques. Sur un nombre d'environ 550 entreprises publiques, le Gouvernement a déjà décidé de limiter son contrôle direct à environ 160 entreprises et de mettre les entreprises restantes sous la responsabilité de leurs actionnaires. Le Gouvernement entend également céder au secteur privé les entreprises qui ne sont pas en situation de monopole sur la base d'une appréciation objective de leurs actifs nets. Pour les entreprises où l'Etat détient moins de 34 pour cent de participation, les actions de l'Etat seront progressivement vendues en bourse. Pour les entreprises qui resteront dans le secteur public, le Gouvernement entend entreprendre des programmes d'action en vue d'améliorer leur gestion et leur rentabilité.

En outre, avant la fin de 1986, le Gouvernement aura arrêté un calendrier des actions à entreprendre tendant à la réduction de la dimension du secteur des entreprises publiques et à sa réforme. Ce

42

calendrier sera discuté avec le Fonds lors de la première revue du programme. En attendant l'aboutissement de cette réforme, le Gouvernement n'entend pas augmenter la participation de l'Etat dans les entreprises existantes dans le secteur concurrentiel.

c. Libéralisation des importations

9. Les autorités tunisiennes, conscientes qu'un système de restriction des importations ne favorise pas--en raison des coûts excessifs qu'il engendre--la compétitivité recherchée de l'économie, réaffirment leur volonté de libéraliser progressivement les importations par une réduction graduelle des restrictions quantitatives et une rationalisation des droits à l'importation. Le Gouvernement a pour objectif à moyen terme de libéraliser au cours des années 1986-88 toutes les importations de matières premières, de demi-produits, des parties et pièces de rechange et des biens d'équipement, à l'exception d'une liste de produits destinés exclusivement aux unités faiblement intégrées. A partir de 1989, un programme sera mis en place pour supprimer à l'horizon de 1991 les restrictions restantes, à l'exception des biens de consommation de luxe.

10. Conformément à ce plan, les autorités tunisiennes ont éliminé au courant du mois d'août 1986 les restrictions à l'importation des matières premières et demi-produits destinés aux entreprises exportant au moins 25 pour cent de leur chiffre d'affaires, aussi bien que des parties et pièces de rechange destinées à être intégrées dans des ensembles utilisés par les agriculteurs, les établissements hospitaliers et les prestataires de services, étant précisé que les industriels et les hôteliers bénéficient déjà de cette liberté. Elles comptent

42

supprimer également avant la fin de septembre 1986 les restrictions à l'importation des biens d'équipement destinés aux projets nouvellement agréés et des matières premières destinées à la fabrication de médicaments. Il est estimé que ces mesures vont aboutir à une augmentation de la valeur des importations réalisées selon le certificat d'importation de 18 pour cent à 31 pour cent et de celles réalisées dans le cadre de l'ensemble des procédures libérales (certificat d'importation-agrément, admission temporaire et certificat d'importation) de 27 à 42 pour cent des importations prévues pour 1986.

11. Les autorités comptent également supprimer, au début de janvier 1987 au plus tard, les restrictions se rapportant à toutes les autres pièces de rechange et matières premières, aux demi-produits destinés aux entreprises exportant au moins 15 pour cent de leur chiffre d'affaires et à celles qui sont raisonnablement intégrées. Elles espèrent réduire davantage la limite de 15 pour cent sus-visée à la lumière de l'expérience de la première phase de libéralisation. En outre, et après l'entrée en vigueur du nouveau Code des Investissements, les autorités envisagent de libéraliser les importations des biens d'équipement des projets ne bénéficiant pas de l'aide de l'Etat mais approuvés par la Commission d'investissements comme des projets à priorité intermédiaire. En plus, le nouveau système (IMEX) en cours de mise en place permettra aux entreprises d'importer librement des matières premières et demi-produits supplémentaires à concurrence du montant de leurs exportations. Le programme d'importation pour 1987 sera établi, et celui concernant le secteur productif annoncé avant la

fin de 1986 en vue de permettre aux importateurs de disposer du temps nécessaire pour effectuer leurs opérations.

12. Les autorités envisagent de lever au 1er janvier 1988 au plus tard les restrictions à l'importation pour les biens d'équipement et les demi-produits, à l'exception d'une liste de produits destinés exclusivement aux unités faiblement intégrées. En tenant compte des produits à libérer en 1987 et au début de l'année 1988, la valeur des importations réalisées selon le régime du certificat d'importation sera d'environ 60 pour cent.

13. Parallèlement à cette politique de libéralisation des importations, et pour répondre à la préoccupation de promotion de l'exportation et assurer une meilleure allocation des ressources, les autorités tunisiennes se proposent de réduire graduellement les droits à l'importation et d'atténuer les disparités dans la protection effective des différents secteurs de l'économie, l'objectif étant de parvenir en 1991 à un taux de protection effective raisonnablement uniforme aux alentours de 25 pour cent. Dans le cadre de cette réforme du tarif douanier, les autorités envisagent d'introduire le 1er janvier 1987, dans le cadre de la Loi des Finances de 1987, une révision du tarif douanier qui consiste à :

- relever le droit minimum à au moins 15 pour cent (y compris la taxe de formalité douanière) ;

- réduire tous les droits de douane à l'importation à un maximum de 50 pour cent ;

- réduire de six points les droits compris entre 26 pour cent et 55 pour cent, le minimum étant toutefois fixé à 25 pour cent.

4

14. Elles conviennent, par ailleurs, de poursuivre ce processus en opérant le 1er janvier 1988 une nouvelle réduction des droits à l'importation de neuf points pour les droits se situant entre 26 pour cent et 50 pour cent (avec un minimum de 25 pour cent). Elles comptent, enfin, préparer avant la fin 1988 un programme additionnel de réduction graduelle des droits à l'importation pour atteindre avant la fin 1991 l'objectif sus-visé de réduction du taux de protection effective, avec l'éventualité d'assurer à terme une intégration de la taxe de formalité douanière dans les droits de douane de façon à simplifier le système d'imposition.

d. Politique de change et du commerce extérieur

15. Pendant ces dernières années, le taux de change du dinar a enregistré une appréciation plus ou moins importante essentiellement vis-à-vis des monnaies des pays concurrents, ce qui a réduit sensiblement la compétitivité des exportations. En plus, comme mentionné ci-dessus, les termes de l'échange se sont sensiblement dégradés. Ces considérations ont amené les autorités à résorber la réévaluation des dernières années et en même temps à compenser la détérioration des termes de l'échange. Les autorités entendent poursuivre la politique de flexibilité du taux de change du dinar en vue de maintenir sa valeur effective en termes réels et d'assurer la compétitivité internationale de l'économie tunisienne.

16. Conscientes que le taux de change constitue un des instruments de régulation du commerce extérieur, les autorités tunisiennes ont dévalué le dinar le 19 août de 9 pour cent, ce qui porte la dépréciation totale du dinar au cours des huit premiers mois de 1986 à 22 pour cent

en termes nominaux. Les autorités tunisiennes considèrent que le taux actuel correspond aux besoins de la balance des paiements. Au cours de la période du programme, les autorités maintiendront la valeur du taux effectif en termes réels au moins au niveau atteint après la dernière dévaluation du dinar en août 1986. La politique du taux de change constituera, à cet égard, un des éléments de discussion lors des revues périodiques du programme prévues avec le Fonds. Ce réexamen tiendra compte notamment de l'évolution du compte courant de la balance des paiements ainsi que du niveau des avoirs extérieurs nets du système monétaire par rapport aux objectifs indicatifs mentionnés ci-dessus.

17. Tenant compte de cette politique du taux de change, de la libéralisation des importations et des objectifs extérieurs mentionnés ci-dessus, les autorités s'attendent à une augmentation de plus de 6 pour cent du volume d'exportation (plus de 14 pour cent pour les exportations hors énergie) en 1986 et 6,5 pour cent (10,8 pour cent hors énergie) en 1987. En termes de DTS, la valeur des exportations, hors énergie, augmenterait de plus de 15 pour cent en 1986 (contre une réduction de presque 14 pour cent pour l'ensemble des exportations du fait de la réduction des prix de l'énergie de plus de 52 pour cent en 1986) et de 10 pour cent en 1987 (4 pour cent pour l'ensemble des exportations et ce malgré une réduction prévue de 8 pour cent pour les prix moyens du pétrole). Du côté des importations, les prévisions ne comprennent qu'une légère augmentation des importations hors énergie en termes de DTS en 1986 et 1987, en raison de la réduction sensible prévue pour les importations de biens d'équipement (reflétant la rationalisation de l'investissement).

4

18. Les autorités s'attendent à un apport net de capitaux (sur la base des seuls engagements déjà signés) de 330 millions de DTS en 1986 et de 48 millions de DTS en 1987, sachant que les charges d'amortissement sont de 420 millions de DTS en 1986 et de 490 millions de DTS en 1987. En outre, pour soutenir la nouvelle politique de libéralisation des importations, les autorités se sont fixées comme objectif de reconstituer les avoirs extérieurs bruts de la Banque centrale à l'équivalent de 160 millions de DTS à fin 1986 (contre environ 30 millions de DTS à fin août 1986) et à 300 millions de DTS à fin 1987, soit l'équivalent d'un mois et demi d'importation. Conformément à ces objectifs, et en tenant compte des variations saisonnières, les autorités ont fixé comme objectifs indicatifs de maintenir les avoirs extérieurs nets du système monétaire, estimés à environ moins 29 millions de DTS à fin septembre 1986, à 10 millions de DTS à fin décembre 1986, à moins 147 millions de DTS à fin mars 1987, à moins 167 millions de DTS à fin juin 1987 et à 109 millions de DTS à fin décembre 1987. Ces objectifs seront réexaminés au cours de la première revue du programme.

19. Tenant compte de tous ces éléments, les autorités estiment qu'il reste un gap de financement de 321 millions de DTS en 1986 et de 667 millions de DTS en 1987. Elles ont déjà reçu des indications sur une aide supplémentaire d'environ 170 millions de DTS en 1986 et d'environ 250 millions de DTS en 1987. Elles sont confiantes qu'avec l'appui du Fonds Monétaire International le gap restant sera entièrement couvert. Le financement du gap sera parmi les sujets couverts par la première revue du programme avec le FMI.

f

20. Malgré les pressions croissantes sur la balance des paiements, la Tunisie n'a aucun arriéré de paiement externe. Les autorités reconforment leur détermination de ne pas accumuler d'arriérés de paiement au cours du programme. En plus, c'est bien entendu l'intention du Gouvernement de ne pas imposer ou d'intensifier les restrictions sur les paiements et transferts relatifs aux transactions internationales courantes, ni d'imposer ou d'intensifier les restrictions aux importations pour des raisons de balance des paiements. Il n'introduira pas, ou ne modifiera pas, de pratiques de taux de change multiples et ne conclura pas d'accords bilatéraux de paiements avec les pays membres du Fonds.

21. Par ailleurs, le Gouvernement est déterminé à poursuivre sa politique prudente en matière d'endettement extérieur et de maintenir son niveau dans des limites tolérables. Il se propose, comme objectif à moyen terme, de réduire graduellement le recours du pays à des emprunts extérieurs et de maintenir un profil approprié de la dette extérieure. Il est prévu que cette politique limitera l'endettement extérieur du pays à un niveau équivalent à 55 pour cent du PNB en 1991 et le service de la dette à 28 pour cent des recettes courantes.

22. Le montant des emprunts non concessionnels contractés ou garantis par l'Etat dont les échéances se situent de un à douze ans ne dépassera pas 100 millions de DTS pendant la période du 1er septembre 1986 jusqu'au 31 décembre 1986, dont un maximum de 15 millions de DTS pour les échéances allant de un à cinq ans et 450 millions de DTS pendant la période du 1er septembre 1986 jusqu'au 31 décembre 1987, dont un maximum de 65 millions de DTS pour les échéances de un à cinq ans.

47

Pendant toute la période du programme, l'encours des emprunts extérieurs de l'Etat et de la Banque centrale à court terme (jusqu'à un an), à l'exception des crédits de financement à l'importation, ne dépassera pas 120 millions de DTS (c'est-à-dire approximativement leur niveau actuel). Ces limites en matière de dette extérieure constituent des critères de réalisation du programme.

e. Finances publiques

23. Après avoir atteint un niveau élevé de 8,1 pour cent du PNB en 1983, le déficit budgétaire consolidé a été ramené, grâce aux mesures introduites par le Gouvernement, à un niveau de 4,6 pour cent du PNB seulement en 1985. En anticipant une dégradation de la conjoncture en 1986, la Loi des finances de 1986 avait comme objectif de réduire le déficit consolidé de l'administration centrale à 238 millions de dinars (3,3 pour cent du PNB). Dans le cadre de cette loi, le Gouvernement avait introduit des mesures fiscales dont le rendement avait été estimé à l'équivalent de 1,4 pour cent du PNB et avait limité l'accroissement des dépenses de l'Etat à 3 pour cent.

24. Cependant, la conjoncture s'est détériorée davantage que prévu produisant une moins-value des recettes et une augmentation des dépenses équivalentes à 3,3 pour cent du PNB par rapport aux prévisions du budget, ce qui aurait abouti, en l'absence de nouvelles mesures, à une augmentation du déficit budgétaire consolidé à un niveau de 475 millions de dinars, soit 6,6 pour cent du PNB. Dans le cadre du programme du Gouvernement, la Chambre des députés a adopté en août dernier une Loi des finances complémentaire introduisant de nouvelles mesures produisant un gain net correspondant à environ 0,7 pour cent du PNB. Ces mesures

42

comprennent, entre autres, une majoration du taux de la taxe sur les prestations de services (TPS) et l'augmentation des impôts sur l'alcool et le tabac. En outre, les dépenses d'investissement ont été réduites. Ainsi, le déficit budgétaire consolidé pour l'année 1986 sera limité à 429 millions de dinars, soit l'équivalent d'environ 6 pour cent du PNB. Le déficit sera financé au moyen de concours extérieurs nets de 282 millions de dinars et de concours intérieurs nets de 147 millions de dinars, dont 81 millions de dinars de crédit bancaire net.

25. Pour 1987, et alors que le projet de la Loi des Finances est encore dans une phase préparatoire, le Gouvernement a l'intention de réduire le déficit consolidé de l'administration centrale (sur la base des autorisations de paiement) au maximum de 318 millions de dinars équivalent à 3,9 pour du PIB, soit une réduction de plus de deux points de pourcentage du PNB. Pour atteindre cet objectif, le Gouvernement compte adopter des mesures nouvelles qui permettraient d'obtenir 50 millions de dinars de recettes additionnelles et renouvelables. Ceci implique que le taux d'accroissement des dépenses consolidées de l'Etat, sur la base d'engagement, sera limité au-dessous de 3 pour cent nécessitant une limitation de l'augmentation des dépenses courantes au-dessous de 8 pour cent et une réduction supplémentaire des subventions et transferts en capital. Les autorités ont l'intention de continuer leur politique de modération en matière de traitements et salaires, et notamment par la limitation des nouveaux recrutements dans les services publics à 2 pour cent des effectifs actuels. Une nouvelle réduction des subventions et transferts courants sera effectuée (y compris la

42

réduction des charges de la compensation et une compression des subventions et prêts effectués sur les Fonds Spéciaux).

26. Le Gouvernement considère que les dépenses prévues seront suffisantes pour permettre une augmentation sensible des dépenses au titre des achats de biens et services à un niveau compatible avec la bonne marche de l'administration, et pour maintenir en termes nominaux les dépenses d'investissement à leur niveau estimé pour 1986. Toutefois, le Gouvernement va examiner les prévisions budgétaires avec une mission du Fonds en novembre 1986, en conformité avec les objectifs préliminaires du programme pour 1987 mentionnés ci-dessus.

27. Pour assurer une meilleure gestion des finances publiques, le suivi des recettes et des dépenses consolidées de l'Etat sera informatisé à compter du 1er janvier 1987 au niveau du Centre Informatique du Ministère du Plan et des Finances et des procédures seront introduites permettant au Ministère de suivre tous les décaissements de la dette extérieure et ainsi le montant des dépenses hors budget financées de l'extérieur. En outre, au début de 1987, les autorités prévoient d'annuler tous les crédits d'engagement du Titre II non utilisés à la fin de l'exercice budgétaire 1986. Le Gouvernement affirme qu'il n'y aura aucune accumulation d'arriérés de paiement pendant la période du programme. Dans le passé, le montant de ces arriérés était d'ailleurs minime (15,4 millions de DT à la fin de 1983 et 15,6 millions de dinars à fin 1984). Les chiffres à fin 1985 ne sont pas encore disponibles, mais les estimations préliminaires les situent autour de 20 millions de DT. Des dispositions seront prises

4

pour en assurer l'apurement dès le début de la gestion de l'année prochaine.

28. Le Gouvernement a entamé une réforme fiscale avec l'objectif d'améliorer l'élasticité des recettes fiscales en élargissant l'assiette imposable et en réduisant la dépendance sur les importations. Dans ce contexte, le Gouvernement a annoncé en août 1986 qu'il introduira une taxe sur la valeur ajoutée (TVA) à partir du premier janvier 1988. Un avant-projet de cette réforme est déjà préparé et fait actuellement l'objet de discussions. Le projet de loi sera soumis à la Chambre des députés au cours du premier trimestre 1987. En même temps, des études seront poursuivies sur l'unification des impôts sur le revenu et les bénéfices. Le progrès réalisé vers l'introduction de la TVA et l'établissement d'un calendrier pour l'unification des impôts sur le revenu et les bénéfices feront l'objet de discussions avec le Fonds à l'occasion de la deuxième revue du programme avant fin septembre 1987.

f. La politique des salaires

29. Conscientes du fait qu'une politique des salaires modérée joue un rôle déterminant pour la maîtrise de la demande intérieure, l'amélioration de la compétitivité sur le plan international et l'accélération des créations d'emplois, les autorités ont décidé en 1983 de désindexer les salaires. En conséquence, le salaire minimum n'a pas connu d'augmentation pendant trois ans et demi, de janvier 1983 à juillet 1986, et les salaires moyens ont diminué de 15 pour cent en termes réels durant cette période. Les autorités ont l'intention de poursuivre cette politique en liant l'augmentation des salaires à l'accroissement de la productivité et à la situation financière de chaque entreprise.

7

En juillet 1986, les autorités tunisiennes ont augmenté le salaire minimum de 10 pour cent mais elles ne comptent pas, en tout cas pendant la période 1986-87, augmenter en moyenne le salaire minimum de plus que le taux d'inflation. Durant le reste du VIIe Plan, les autorités ont l'intention de poursuivre une politique de salaire minimum qui permette de contenir l'augmentation de la masse salariale dans la limite de celle du PIB à prix courants.

g. Politique monétaire et du crédit

30. Dans le cadre de la politique de compression de la demande intérieure, les autorités envisagent d'adapter la politique monétaire et du crédit aux nouvelles exigences de l'économie. En conséquence, elles entendent ramener le taux de croissance de la masse monétaire (M2), qui se situait auparavant à des niveaux supérieurs à ceux du PNB nominal, à un niveau compatible avec les objectifs de croissance et de balance des paiements, en limitant l'expansion des liquidités dans l'économie.

31. De plus, en conformité avec la politique de libéralisation de l'économie et pour assurer une meilleure allocation des ressources financières, le Gouvernement est en train de modifier les instruments de la politique monétaire et du crédit avec comme objectifs :

(i) de libérer les taux d'intérêt et de simplifier leur structure ;

(ii) de contrôler le crédit à travers le recours aux instruments globaux. Ainsi, à compter du 1er janvier 1987, les taux d'intérêts débiteurs rentreront dans l'une des deux principales catégories :

(i) les taux d'intérêt préférentiels pour les secteurs prioritaires (activités exportatrices, agriculture, petites et moyennes entreprises et économie d'énergie) qui continueront à être administrés par la Banque

centrale, (ii) les autres taux d'intérêt qui seront déterminés librement par les banques en fonction des lois du marché (sous réserve d'un plafond destiné à éviter les taux d'usure variant en fonction de la situation monétaire). A compter de la même date, les taux créditeurs seront négociés librement entre les banques et les déposants, sauf pour les comptes spéciaux d'épargne pour lesquels la Banque centrale fixera les taux de rémunération par référence au taux du marché monétaire et pour les dépôts en dinars convertibles des Tunisiens à l'étranger pour lesquels la Banque centrale fixera un taux minimum par référence également au taux du marché monétaire.

32. En outre, la Banque centrale canalisera l'essentiel de ses interventions en faveur des banques à travers le marché monétaire. Le réescompte à taux fixe ne concernera plus que les crédits accordés aux secteurs prioritaires sus-visés, l'essentiel du refinancement des banques s'effectuera sur le marché monétaire. Le refinancement de chaque banque au taux du jour sur le marché monétaire sera aussi plafonné par référence aux dépôts des banques et les demandes de liquidités excédant ces plafonds pourront être satisfaites à des taux de pénalisation. Les autorités influenceront sur l'offre du crédit des banques par la manipulation à la hausse ou à la baisse des plafonds de refinancement, en fonction de l'évolution du crédit bancaire et de la masse monétaire par rapport aux objectifs arrêtés par les autorités monétaires et tout en tenant compte de l'objectif d'assurer pour les dépôts à terme des taux d'intérêt réels positifs. En même temps que seront renforcés les instruments de contrôle global et la responsabilisation des banques, les autorités monétaires porteront de 1 million

f

à 5 millions de dinars la limite de crédit au-delà de laquelle l'autorisation préalable de la Banque centrale est requise.

33. Le rythme d'expansion de la masse monétaire des dernières années s'est poursuivi au cours du premier semestre 1986 et la masse monétaire à fin juin 1986 avait augmenté de plus de 8 pour cent par rapport au niveau de juin 1985. Au cours de la même période, les crédits intérieurs ont augmenté de près de 13 pour cent. Dans le cadre du programme 1986-87, les autorités envisagent une décélération importante de la croissance monétaire et du crédit. Ainsi l'accroissement de la masse monétaire envisagé pour 1986 est équivalent à celui du PNB nominal (5,7 pour cent). Pour atteindre cet objectif, et compte tenu des objectifs de balance des paiements, le total des crédits intérieurs, qui s'élevait à 4.036 millions de dinars à fin juin 1986, est projeté à 4.028 millions de dinars à fin septembre 1986 et ne devrait pas dépasser la limite de 4.348 millions de dinars à fin décembre 1986. A l'intérieur de cette limite, les créances nettes sur l'Etat, qui s'élevaient à 598 millions de dinars à fin juin 1986, sont projetées à 508 millions de dinars à fin septembre 1986 et ne devraient pas dépasser 635 millions de dinars à fin décembre 1986. Les plafonds des crédits intérieurs et des créances nettes sur l'Etat pour fin décembre 1986 constituent des critères de réalisation du programme.

34. Pour 1987, le Gouvernement a pour objectif de limiter l'accroissement de la masse monétaire à 9 pour cent, soit un niveau bien inférieur au taux de croissance du PNB nominal (12,4 pour cent). Dans ce but, les autorités monétaires comptent limiter les crédits intérieurs à 4.714 millions de dinars et les créances nettes sur l'Etat à

f

684 millions de dinars à fin 1987, avec comme objectifs intermédiaires 4.334 millions de dinars à fin mars 1987 et 4.502 millions de dinars à fin juin 1987 pour les crédits intérieurs, et 606 millions de dinars à fin mars 1987 et 666 millions de dinars à fin juin 1987 pour les créances nettes sur l'Etat. Les plafonds des crédits intérieurs et des créances nettes sur l'Etat pour fin décembre 1987 constituent des critères de réalisation du programme. La limite des créances nettes sur l'Etat pour fin décembre 1987 mentionnée ci-dessus suppose un montant de concours extérieurs nets à l'Etat de 223 millions de dinars en 1987 (en tenant compte des indications reçues sur l'aide supplémentaire mentionnées au paragraphe 19 ci-dessus). En cas de dépassement de ces concours, la limite sur les créances nettes sur l'Etat sera réduite d'autant au bénéfice des concours à l'économie.

III. Critères de réalisation et objectifs indicatifs

35. Le Gouvernement suivra l'exécution du programme par référence à des critères de réalisation et des objectifs indicatifs trimestriels tels que présentés dans le tableau en annexe. Les critères de réalisation conditionneront les achats auprès du Fonds au titre de l'accord de confirmation alors que la non-réalisation des objectifs en matière de déficit budgétaire et d'avoirs extérieurs nets du système monétaire nécessitera des consultations avec le Directeur général du Fonds en vue de déterminer les causes de la non-réalisation et d'arrêter les mesures qui s'avèreraient nécessaires.

36. En plus des critères de réalisation mentionnés ci-dessus, il est prévu d'effectuer trois revues du programme à compléter avant fin février 1987, fin septembre 1987 (prévue en même temps que la mission de

consultations pour 1987) et fin janvier 1988 qui constitueront également des critères de réalisation. La première revue sera consacrée principalement au budget de 1987, au taux de change, aux progrès en matière de libéralisation des importations et des prix, aux efforts fournis en vue d'assurer le financement du gap extérieur pour 1987 ainsi qu'à l'établissement des critères de réalisation de mars et de juin concernant les crédits intérieurs et les créances nettes sur l'Etat, et des objectifs indicatifs, y compris ceux pour septembre 1987. La deuxième revue sera consacrée principalement à la politique du taux de change, à l'examen des progrès en matière de réforme fiscale, en particulier en vue d'assurer l'introduction de la TVA au début de 1988, à l'établissement des critères de réalisation concernant les crédits intérieurs et les créances nettes sur l'Etat pour septembre 1987 ainsi que des objectifs indicatifs pour décembre 1987 et mars 1988. La troisième revue sera consacrée à l'ensemble de la politique économique et financière pour 1988 et à l'établissement des critères de réalisation concernant les crédits intérieurs, les créances nettes sur l'Etat et la dette extérieure pour mars 1988.

4

Tableau. Tunisie : Critères de réalisation et objectifs indicatifs 1/

	1986		1987		
	Sept.	Déc.	Mars	Juin	Déc.
(En millions de dinars)					
A. Critères de réalisation					
1. Crédits intérieurs	4.028 <u>2/</u>	4.348	4.334 <u>3/</u>	4.502 <u>3/</u>	4.714
2. Créances nettes sur l'Etat	508 <u>2/</u>	635	606 <u>3/</u>	666 <u>3/</u>	684
(En millions de DTS)					
3. Dette extérieure publique <u>4/</u>					
3.a 0-1 an (encours à l'exclusion des crédits liés aux importations)	120	120	120	120	120
3.b Nouveaux emprunts extérieurs non concessionnels (montant cumulé)					
(i) 1-5 ans	...	15	65	65	65
(ii) 1-12 ans	...	100	450	450	450
4. Arriérés des paiements externes (encours)	--	--	--	--	--
B. Objectifs indicatifs <u>5/</u>					
(En millions de dinars)					
1. Déficit budgétaire consolidé <u>6/</u>	...	429	... <u>7/</u>	... <u>7/</u>	318
2. Total des revenus et dons <u>6/</u>	...	2.458	... <u>7/</u>	... <u>7/</u>	... <u>7/</u>
3. Total des dépenses et prêts nets (hors amortissement) <u>6/</u>	...	2.886	... <u>7/</u>	... <u>7/</u>	... <u>7/</u>
(En millions de DTS)					
4. Avoirs extérieurs nets du système monétaire	-29	10	-147	-167	109

1/ Les critères de réalisation et objectifs indicatifs pour septembre 1987 et mars 1988 seront établis au cours des revues mentionnées dans le Mémoire.

2/ Ne constitue pas un critère de réalisation.

3/ Objectifs indicatifs qui seront revus et établis en tant que critères de réalisation au cours des revues mentionnées dans le Mémoire. Les plafonds sur les créances nettes sur l'Etat seront diminués conformément au paragraphe 34 du Mémoire.

4/ Contractée ou garantie par l'Etat.

5/ Ces objectifs pour 1987 seront révisés, si nécessaire, au cours de la première revue du programme.

6/ Montant cumulé pour l'exercice.

7/ Objectifs à établir au cours de la première revue du programme.

f

Tunisie : Calendrier de libéralisation
du contrôle des prix

1er septembre 1986

- * Matériaux de construction à l'exclusion de la chaux, du ciment et des articles sanitaires.
- * Textiles à l'exception des sous-vêtements et des articles en jute.
- * I.M.E
 - Composants auto y compris accumulateurs
 - quincaillerie
 - Antennes TV et accessoires
- * Conserves et semi-conserves de sardines et sardinelles
- * Divers
 - Articles en plastique
 - Arts graphiques
 - Horlogerie
 - Menuiserie
 - Articles en liège
 - Lustrerie
 - Chaussures et accessoires
 - Tannerie
 - Articles d'emballage en papier et carton
 - Imprimerie
 - Mercerie

2 janvier 1987

- * I.M.E
 - Matériel de coupure et connexions électriques
 - Câbleries
 - Réfrigérateurs et cuisinières
 - Chaudronnerie
- * Charpenterie
- * Colle
- * Encre
- * Détergents liquides
- * Pneus et ouvrages en caoutchouc

1er juillet 1987

- * Savon sauf savon de ménage
- * Produits agro-alimentaires
 - Conserves et semi-conserves de thon
 - Conserves et semi-conserves de tomate
 - Conserves et semi-conserves d'harissa
 - Yaourt
 - Fromage à l'exception du fromage à tartiner
 - Boissons

f

Tunisie : Calendrier de libéralisation
du contrôle des prix (fin)

- * Ameublement
- * Engrais
 - Acide phosphorique
 - Hyper phosphate
 - SPS, SPT
 - Phosphate bicalcique
 - MAP, TPP
 - Engrais composés

2 janvier 1988

- * I.M.E
 - Matériel de sonorisation et accessoires
 - Robinetterie
 - Cycles et cyclomoteurs
 - Batteries et divers
- * Aliments de bétail
- * Parachimie
 - Peinture, vernis
 - Savon de ménage
 - Détergents
 - Huiles essentielles
 - Huile de lin
 - Parfums
 - Insecticides et pesticides

1er juillet 1988

- * Articles de ménage en inox et aluminium
- * Articles en cuivre
- * Menuiserie aluminium
- * Moteurs et transformateurs électriques
- * Concentré de tomate
- * Conserves et semi-conserves de légumes et de fruits


47



Office Memorandum

cc. MR BRACHET
MS DILLON
BLUE FOLDER
LEIR FILES

TO: Mr. Bhatia

FROM: S. Kanasa-Thasan 

SUBJECT: Tunisia - Letter of Intent

September 24, 1986

The policy paper appears to be generally in accord with the mission's brief. I have, however, a few questions:

(1) The brief called for prior action in regard to producer prices, taking into account the exchange rate actions of July/August. This is not, however, included in the program. A similar question applies to the prices of subsidized commodities. How will the fiscal cost of the subsidies be contained at the same level as in 1985, if there is no price adjustment corresponding to the exchange rate change?

(2) In regard to import liberalization, I am surprised that even by end-1987, despite the measures outlined, the ratio of imports under general license would be only 40 percent vs. 31 percent by end-1986.

(3) The description of the balance of payments situation foreseen for 1986 and 1987 in the policy document is not clear. First, the capital inflow referred to in paragraph 18 apparently includes borrowings which would meet part of the "financing gap" referred to in paragraph 19. Second, the relationship between the gross and net reserve targets and between the latter and the balance of payments presentation (in the table attached to the program paper) is not clear. Thirdly, the sharp drop in net reserves targeted for March and June 1987 could unduly weaken the program for 1987.

(4) There is no clear indication as to how the financing gaps in 1986 and 1987 will be met. The financing gap for 1986 is now much larger, but I understand that a financing package is feasible. This is not yet the case for 1987. The mission's brief, however, said that even in regard to 1987 "firm indications should be available to the staff before the stand-by arrangement could be approved."

(5) In paragraph 27, I presume there is a commitment to liquidate outstanding domestic arrears in 1986.

(6) The last sentence of paragraph 29 seems to indicate an indirect restoration of the link between wages and prices, which would be unwise.

(7) On credit policy, the brief called for prior actions by way of reduction in preferential interest rates, and an increase in all time deposit rates with a view to making them positive in real terms. This is not included in the program. Also there is no mention of a freeze in 1987 on budget allocation for subsidized credit by FSDSA.

(8) The lower gross reserve increase programmed (to 1 1/2 months of imports) by end-1987 compared to what the Deputy Managing Director suggested (2 month's imports) should be brought to the attention of the management.

(9) If the stand-by arrangement is to be for 18 months from November 1986, it will continue until May 1987. According to the guidelines on phasing and performance criteria 1/ this will require a

1/ Namely, that the dates of the last performance test and of the last purchases be not earlier than four and two months, respectively from the end of the arrangement

performance test for end-March 1988. Alternatively, the last test date can remain at December 1987 and the amount of the stand-by be reduced to SDR 90 million (50 percent annual access) and the last purchase also be reduced by a corresponding amount.

cc:



Office Memorandum

cc: ✓ BLUE FOLDER

J

nb

TO: Mr. Bhatia

FROM: S. Kanesa-Thasan ~~_____~~

SUBJECT: Tunisia - Brief

August 28, 1986

B

In addition to the general comments below, more detailed comments are given in the attached copy of the brief:

(1) The "background" section largely follows the presentation in the consultation report and should be reduced.

(2) The proposed program seems to be based on a modest domestic savings target. In page 8, it is said that in order to reduce the current account deficit/GDP target over the medium-term, the domestic savings ratio would rise from 19 percent in 1985 to (only) 21 percent in 1990, whereas the investment ratio would decline from 26 percent in 1985 to 21 percent in 1990. In fact, during 1986/87 the gross domestic savings ratio is projected to decline by 2.5 percentage points, with the Government current surplus also declining by 1.9 percentage points. While the suggested reduction in investment in public sector does not present any difficulty, given the evident need for greater selectivity, the savings target is troubling in the case of a country which has obviously supported consumption beyond its income in the past. (The brief notes that even in 1986, consumption would increase by 9 percent compared with a 5 percent increase in GNP.)

(3) It appears to me that fiscal adjustment should be larger than proposed. The decline in government savings ratio underscores this need. Even though the budget for 1987 will be the best opportunity for progress on the fiscal front, the proposed annual rate of adjustment for 1987 would be less (and not more as stated in page 12) than in the balance of 1986. I believe a credible adjustment program will require more fiscal effort in 1987 on all fronts--revenues and current outlays. In particular, I would question the adequacy of the revenue effort and the proposals for (i) further increase of 2 percent in net employment and 5 percent in general wage increase (which along with normal wage draft will add 10 percent to the total wage bill) and (ii) to maintain the subsidy bill (which currently equals 3.8 percent of GDP) at the same level as in 1986. Additional action on these fronts in 1987 would set more securely the level and pattern of adjustment.

Also, in regard to the fiscal area, are there problems of investment appropriation overhang and domestic arrears as in Morocco?

(4) The medium-term balance of payments presentation in Table 3 should be presented clearly as the intended adjustment path for Tunisia. While the proposed reduction in the current account deficit up to 1991 appears substantial (after adjustment for the impact of the

exchange rate change on the deficit/GDP ratio in 1986/87), the targeted large increase in the debt service ratio from 22 percent in 1985 to 28 percent in 1991 would be better avoided.

(The presentation of capital inflows (which shows flows on only existing commitments for 1986 and 1987 and total estimated flows beyond) gives a misleading impression, especially with the resulting elimination of financing gaps beyond 1987. The presentation should be on as uniform a basis as possible. Clearly there will be financing gaps beyond 1987. The brief should also give more information on the financing which is seen in prospect for 1986/87.

(Incidentally the projections of tourism receipts and workers' remittances for 1986 and 1987 seem rather low, given the exchange rate action taken and the experience of Morocco.)

5. The section on exchange rate policy should reflect the recent exchange rate action and include an explanation of the target changes in the exchange rate. Moreover, understandings on exchange rate policy should be part of the first review as well, since that review will set the program for 1987.

(6) The paper rightly emphasizes the need for structural changes. However, in order to make the program's structural objectives credible more action should be sought during 1986 and 1987. For example, the target set for import liberalization (30 percent of imports by early 1987), for price decontrol (20 percent of value of products now controlled for 1987), and for investment decontrol appear modest. (Moreover, in the case of imports the meaning of "liberalization" is not clear; it appears that individual licensing will continue even on "liberalized" items.) In regard to investment controls, it would be a good signal of the change in policy intentions toward the private sector if all controls, except for those requesting special incentives, were eliminated immediately rather than the limited action proposed in the brief.

(7) Given the rapid build up of liquidity over the past several years, the target growth of 10 percent in liquidity in 1987 appears excessive. I would think that a tighter monetary and fiscal policy in the initial phase of adjustment would be more appropriate. Also, the proposed increase in interest rates should cover deposits of all maturities (below 18 months) on which negative interest rates now apply. Moreover, given the projected acceleration in prices (9 percent in 1987 vs. 4 percent in 1986 and 5 percent in 1985) the suggested increase of only 1-2 percentage points appears inadequate (p. 15).

(8) The required increase in agricultural producer prices for 1986/87 crop year appears to be more than the minimum 10 percent mentioned (p. 17).

(9) Our comments on external borrowing policy are contained in the attached note.

(10) The performance criterion on credit should apply to the whole banking system (as in the subceiling) and not only to the central bank. Also, the end-1986 review should include performance criteria for the whole of 1987. (If this is not feasible, there should be at least indicative ceilings for the second half.)

(11) The proposed access and phasing are acceptable--except that the initial purchase will have to be somewhat more than the first tranche. I would suggest rounding off the amount to SDR 37 million, with a corresponding adjustment in the last purchase in 1987. However, as you know, the Legal Department has raised a question on phasing in the case of the Congo which is of relevance to this case. I will, therefore, want to have another look at the proposed phasing.

Attachment

cc:

II. External Finance Issues

1. The brief refers to "current approaches for external assistance" (page 11), "indications of additional assistance already received from bilateral sources" (page 20) and, for closing the 1987 gap, a "clear prospect" for "about US\$100 million from bilateral sources" (page 21). The brief should be a little more forthcoming on the details. Also, we understand from the mission staff that debt rescheduling is not being assumed: this should be indicated in the brief.
2. A couple of comments on the paragraph on "External borrowing policy" (page 19).
 - a. The outer limit on the debt ceiling should be 12 years, not 10 years. (The brief for the July mission specified 1-12 years' maturities; is there some reason for now changing it to 1-10 years?)
 - b. Some rationale should be given for the ceiling of SDR 150 million.
 - c. The exclusion of trade-related credits from the short-term debt limit is too broad; only import-related credits should be excluded.
 - d. Defining the short-term debt limit on the basis of increases in the stock relative to "its present level" is vague; it would be preferable to relate it to the most recent date for which the datum is available.
3. Disbursements on medium- and long-term debt fall sharply in 1987 (Table 3); an explanation would be welcome. Also, the disbursement numbers in 1988-1991 are relatively high and it would be useful to know if these are firm (existing loan pipeline) or working assumptions.



INTERNATIONAL MONETARY FUND
WASHINGTON, D. C. 20431

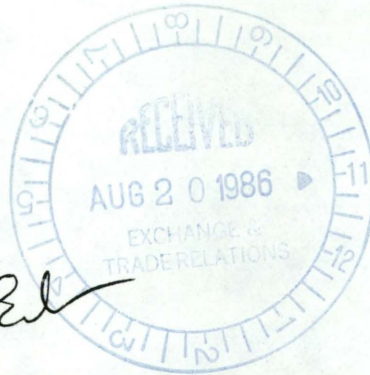
Mr. Finch

DEPUTY MANAGING DIRECTOR

CABLE ADDRESS
INTERFUND

cc: Mr. Kanesa - Hasan

August 19, 1986



MEMORANDUM FOR FILES

Subject: Tunisia *Del*

Ambassador Ben Yahia visited me today to make three points.

First, he said the Prime Minister submitted this morning Tunisia's economic adjustment program to the Parliament. In addition, the Government implemented a 10 percent devaluation. The Ambassador wanted to assure me that the Government is committed to economic reforms and that the policy plan is official Government policy. They are waiting for the return of the mission.

Second, he asked for any help that we might give them vis-a-vis the U.S. Treasury concerning a bridge loan. He said there would be at least a two-month gap before Fund resources flowed. Given the shortage of foreign exchange, a bridge would help them during this period. He indicated that Treasury wants a letter of intent from the Fund but mentioned the possibility that they may, as a first step, link their bridge to an IBRD letter of intent.

Third, he asked whether we could consider larger access under the stand-by arrangement since the last quarter of 1986 will be a period of financial pressure. He said he was aware that existing policy would put access somewhere between 40 and 60 percent.

I said I was pleased to hear of the commitment of the authorities to an economic adjustment program. I said that the staff was working on an Article IV report for the Board and that issuance of that report within the next week would facilitate the request for a financial arrangement after the mission returns. I said that we would be as helpful as possible vis-a-vis the Treasury concerning the bridge arrangement. Finally, I said that I would carefully examine the matter of access under the stand-by arrangement, but I noted that in light of the CFF the Fund will be providing large-scale resources at the start of the program.

cc: The Managing Director o/r
Mr. Ouattara
Mr. Finch ✓
Mr. Gianviti



Office Memorandum

Mr. Finch
B
L

TO: Mr. Kanesa-Thasan (o/r)

August 6, 1986

FROM: Eduard Brau *B*

SUBJECT: Tunisia

mt
B

MB

Yesterday I discussed my concerns regarding Tunisia with Mr. Ouattara. I said that I thought the recent mission led by Mr. Bhatia had, without guidance by a brief, committed the Fund vis-à-vis the Tunisian authorities as to required adjustment measures in quite specific and quantified ways, at least as far as budgetary policy and exchange rate policy were concerned. This impression was confirmed by the telex received on August 5 from the Tunisian Government alluding to the prospective negotiating mission on use of Fund resources in early September that would "finalize" the letter of intent. I told Mr. Ouattara that I thought Mr. Bhatia was proceeding far too fast in this case.

D

S

Mr. Ouattara said that my concerns were justified. He in fact had already turned down a suggestion by Mr. Bhatia that Tunisia avail itself of a first credit tranche program, coupled with a CFF request up to 50 percent of quota. He said he hoped that upon your return you would examine with the mission team the proposals made to date so that more information would be available prior to the preparation of the briefing paper. Mr. Ouattara also was aware of the problems in the definition of the public sector in Tunisia, and the possible leakages between various fiscal accounts, and said that he will make sure that a staff member from the Fiscal Affairs Department participate in the next mission.

Attachments

cc: Mr. Finch

Mr Kanasa-Thasa

67
nb
S

My file
to Mr. Kanasa-Thasa

RJ
1/15

7586

INTERNATIONAL MONETARY FUND

Mr. Erb
Mr. Ouattara:

I think it is important to be very positive on this request.

cc: MR BRACHET
Ms DILLON
✓ BLUE FOLDER
ETR FILES

Dr. Brachet.
Dr. Francois.
The mission should
aim at leaving end of
early sept so that the
letter of intent could be
renewed by January.
I show the Annex
meeting notes.

ORIG: AFR
CC: MD
DMD
MR. SALEHKHOU
ETR SEC-8604880
FAD Translated by J. Deeks
LEG 725709
RES
SEC
TRE
MR. R. BROWN

cc: Mr. Francis

AUGUST 5, 1986 0446

FROM THE CENTRAL BANK OF TUNISIA TUNIS
TO INTERFUND WASHINGTON DC

ATTENTION MR. JACQUES DE LAROSIERE, MANAGING DIRECTOR

REFERENCE TALKS BETWEEN THE MINISTER OF PLANNING AND FINANCE WITH THE
MANAGING DIRECTOR OF THE INTERNATIONAL MONETARY FUND AND DISCUSSIONS WITH
THE CONSULTATION MISSION, I WISH TO CONFIRM THAT THE TUNISIAN AUTHORITIES
WOULD LIKE TO BEGIN NEGOTIATIONS FOR THE USE OF FUND RESOURCES IN CREDIT
TRANCHES AND WITHIN THE FRAMEWORK OF THE COMPENSATORY FINANCING MECHANISM.
TO THIS END, AND AS AGREED DURING THE LATEST ARTICLE IV CONSULTATIONS, THE
TUNISIAN AUTHORITIES ARE PREPARED TO RECEIVE A FUND MISSION IN THE FIRST
HALF OF SEPTEMBER 1986 TO FINALIZE THE WORDING OF THE LETTER OF INTENT
COVERING THE ADJUSTMENT PROGRAM PROPOSED BY THE TUNISIAN GOVERNMENT AND
THE ARRANGEMENTS FOR THE USE OF FUND RESOURCES.

REGARDS

MOHAMED SKHIRI, GOVERNOR BANCENTUN

Received in Cable Room
August 5, 1986

*Mr. Ekk
Mr. Decker ✓
I think it is in good
to be very best
on his request
7/27/86
97:*

Mr de Larosiere



Office Memorandum

1986 APR -2 PM 1:03

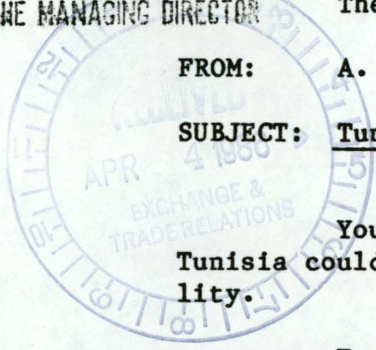
OFFICE OF THE MANAGING DIRECTOR

TO: The Managing Director ✓
The Deputy Managing Director

April 2, 1986
M. de Larosiere
M. H. H.

FROM: A. D. Ouattara *[Signature]*
SUBJECT: Tunisia - Possible CFF Purchase

cc: M. Kanese-Kasari



You have inquired as to what are the possibilities that Tunisia could draw on the Fund under the Compensatory Financing Facility.

Tunisia has informally raised this issue with the staff on several occasions, the most recent being last October during a staff visit to Tunisia.

As you know, the Tunisian authorities have remained in consultation with the staff and have followed most of the staff's advice regarding monetary, fiscal, and exchange rate policies. They have agreed with the staff to effect a 10 percent depreciation of the exchange rate (in nominal terms) between July 1985 and June 1986 (of which 4 percentage points were done in the last quarter of 1985), increased interest rates, and announced a 1986 budget limiting the overall deficit to below the 6 percent recommended by the staff. In view of this, it was the staff's view at that time that the test of cooperation for a CFF purchase up to 50 percent was met. Since then, of course, conditions have changed, notably relating to oil prices, phosphates and derivatives, and tourism, which would need to be assessed before making a fresh determination of the shortfall period and amount (our very preliminary calculations suggest a shortfall of about SDR 93 million, or 67 percent of quota, for the period July 1985-June 1986), as well as the appropriateness of the policies.

In addition, Mr. Belkhodja (who was instrumental in the Government's acceptance of the interest rate and exchange rate policies) has been replaced as the Governor of the Central Bank of Tunisia by Mr. Skhiri, who has little banking experience. The Minister of Plan, Mr. Khelil, who has been more disposed to favor a comprehensive adjustment program and recourse to the CFF, is also reported to be seeking a voluntary resignation. Thus, the policy posture of the Government could be changing.

In view of the above, it would be necessary that, in the event of a request for a CFF purchase by Tunisia, a staff mission will be needed. We are planning an Article IV consultation mission to Tunisia in July 1986 and, if so requested by the authorities, that mission could also assess the possibility of a CFF purchase.

cc: Mr. Hood
Mr. Finch
Mr. Brown



Office Memorandum

BH/ETA/Full

TO: Mr. Bhatia

March 28, 1986

FROM: S. Kanesa-Thasan *SK*

SUBJECT: Tunisia - Possible CFF Purchase

As I pointed out to you last week, your memorandum to Mr. Ouattara of March 24 could possibly be misunderstood to mean that Tunisia even now meets the test of cooperation for a CFF purchase up to 50 percent of quota and could also meet the cooperation criterion for an upper tranche purchase with only a change in the exchange rate of the magnitude that we had discussed in a different context (of your meeting on Tunisia with the World Bank staff).

We agreed then that in order to assess Tunisia's standing vis-à-vis the test of cooperation, it would be necessary first for a mission to conduct a comprehensive review of the economic situation and prospects and of appropriate policy changes. We also agreed this was particularly necessary in view of the critical comments of the Executive Board during its discussion of the last consultation report. We also agreed that there are three important areas on which further action, including prior actions, would be required: the budget, exchange rate and import liberalization.

Finally, I pointed out to you that the 15-20 percent additional depreciation from the present level that we had discussed earlier as being necessary, is in real and not nominal terms.

I believe it would be helpful to record our discussion for the guidance of any others that may have to deal with the matter in our absence.

cc: Mr. Ouattara
Mr. Francois



Office Memorandum

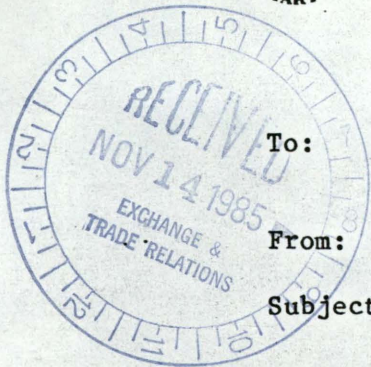
ETR

cc/ Mr. Kassa-Mesur

mb

J

November 8, 1985



To: The Managing Director
The Deputy Managing Director

From: Rattan J. Bhatia

Subject: Tunisia - Staff Visit

A staff team comprising Messrs. Dairi, Nord and myself visited Tunis from October 24-November 1. This mission followed the request from the Tunisian authorities at the end of the Article IV consultation discussions with the staff last July to provide the authorities at this time with the staff's assessment of their draft budgetary and other policies for 1986 ("budget économique").

You may recall that, at the conclusion of the Article IV mission, the staff had recommended to the authorities that for 1986 they should be reducing the budget deficit and be following a flexible exchange rate policy with a view to depreciating the Tunisian dinar by between 10 and 15 percent; this depreciation was to be in addition to the reversal, which had already taken place by mid-1985, of the earlier appreciation. The authorities' objectives for 1986 appear to conform to these proposals of the last mission. Indeed, soon after the departure of the mission and taking advantage of the depreciation of the U.S. dollar, the Tunisian authorities began to depreciate the Tunisian dinar gradually. According to them, between July and October 1985 they had already depreciated the dinar by 5.5 percent in nominal terms against the Central Bank's currency basket. We were informed confidentially by the Governor that their intention was to achieve a cumulative depreciation of approximately 10 percent by mid-1986. As regards the budget, the draft proposal (which is yet to be agreed on by the Council of Ministers) is to maintain the overall deficit (including amortization of debt) between D 440-485 million, or approximately 6 percent of GDP; this would imply a reduction in the deficit of about 1 1/2 percentage points of GDP. Even with these policies, while the authorities estimated that the external current account deficit would be reduced to a level where it could be fully financed by external resources (including projected recourse to the international financial markets in the amount of US\$300 million), the staff team felt that there would still be a financing gap of about US\$80 million. However, it was the staff's assessment that the adjustment policies underlying the proposed budget (i.e., a freeze on general wage increases, a net recruitment of about 3,000 employees, a 5 percent increase in nominal expenditures on materials and supplies, and selective further increases in prices of subsidized commodities and petroleum products) could not be further reinforced at this stage without jeopardizing the acceptability of the whole package. In view of that, the mission advised the authorities that they should further look at the financial package with a view to providing themselves with the necessary

margin of maneuver, should their estimates regarding the balance of payments turn out to be optimistic. The mission also made the observation that the authorities appear to rely rather unduly on the maintenance of import restrictions which, in the mission's view, could have an adverse impact on domestic production and exports.

The Tunisian authorities were comforted by the fact that the mission considered their policies as adequate in the circumstances, and the Governor of the Central Bank was appreciative of the mission's stand in encouraging the authorities to persevere in the implementation of the proposed policies. The Tunisian side recognized that their projections for the balance of payments may have been based on optimistic assumptions and that they would further look at the financial package, as well as the proposed policies, in order to provide themselves with the needed safety margin. The authorities finally expressed their opinion that this exchange of views on the 1986 policies had been most useful to them.

At the request of the authorities, the mission left a short note (copy attached) summarizing its observations.

Attachment

cc: ASD
CBD
ETR
EUR
EXR
FAD
GEN
INST
LEG
MED
PAR
RES
SEC
STAT
TRE
WHD
Mr. Brown

IMF OFFICIAL MESSAGE

WASHINGTON, D. C. 20431

DO NOT SOFT ROLL EXCEPT
WHEN ALIGNING INTO LINE 23

START ADDRESS IN THE BOX

START TEXT HERE

IF
REQUIRED
INITIAL
BELOW

23 **MONSIEUR BELKODJA**
22 **GOUVERNEUR**
21 **BANQUE CENTRALE DE TUNISIE**
20 **TUNIS, TUNISIE**
19

DISPATCHED BY
05 JUL 85 11:53

18 **HONNEUR VOUS INFORMER QUE LA MISSION DE CONSULTATION**
17 **ARTICLE IV ARRIVERA A TUNIS LE 21 JUILLET A 16 HEURES 30**
16 **PAR VOL AF 2701EBN PROVENANCE DE PARIS. LA MISSION**
15 **COMPRENDRA MM. LIENERT, DAIRI, NORD ET Mlle. ABDALLAH.**
14 **MR. DHATIA, CHEF DE LA MISSION ARRIVERA LE 25 JUILLET.**
13 **L'HEURE DE SON ARRIVEE VOUS SERA COMMUNIQUEE ULTERIEUREMENT.**
12 **HAUTE ET FRATERNELLE CONSIDERATION**
11 **G.E. GONDWE**
10 **DIRECTEUR PAR INTERIM**
9 **INTERFUND**
8
7
6
5
4
3
2
1

MARK XX FOR CODE
() CODE
D
O
DISTRIBUTION
MR. SALEHKHOU
N MR. GONDWE
O MR. BORNEMANN
T NORTH AFR. DIV.
T
Y
P
E
H
E
R
E

SPECIAL INSTRUCTIONS TEXT MUST END HERE

A
B

C TELEX NO.: CABLE ADDRESS:

D DRAFTED BY NAME (TYPE): **RJBhatia:mje** EXT.: **6969** DEPT.: **AFR** DATE: **July 5, 85**
E AUTHORIZED BY NAME (TYPE): **G.E. Gondwe** AUTHORIZED BY NAME (TYPE):

F Log **(2-1103)** TYPE ** ON LAST OR ONLY PAGE OF MESSAGE

Orig: AFR
cc: MD
DMD
Mr. Salehkou
ETR
LEG
RES
SEC
Mr. Collins
317

SEC-85/74
Translated by Y. Firestone
491688

TUNISIAN REPUBLIC
MINISTRY OF PLANNING



Attention: Mr. J. de Larosière
Managing Director
International Monetary Fund

December 6, 1984

Sir:

May I thank you warmly for your support in organizing the recent IMF mission which enabled us to compare ideas with your eminent experts and to have an extensive exchange of views with them on the economic situation and future prospects.

I am pleased to take this opportunity to note the convergence of our views with those of the mission as regards both our assessment of the economic situation and the strategy to be adopted in order to create the conditions for harmonious and balanced development in the coming years.

I do hope you will be able to visit Tunisia before long.

Very truly yours,

/s/

Ismail KHELIL
Minister of Planning

MINISTRE DU PLAN

317

Orig: AFR
 cc: MD
 DMD
 Mr. Salehkhou
 ETR
 LEG
 RES
 SEC
 Mr. Collins

A L'attention de Monsieur
 Jacques de la Rosière
 Directeur Général du Fonds
 Monétaire International

INTERNATIONAL
 MONETARY FUND
 COMMUNICATIONS
 DIVISION
 1985 JAN -3 AM 11:42
 911688

Monsieur le Directeur Général,

Je voudrais vous exprimer mes vifs remerciements pour votre soutien à l'organisation de la dernière mission du FMI qui nous a permis de confronter les idées et de procéder à un large échange de vue sur la situation économique et ses perspectives avec vos éminents experts.

Je suis heureux de relever à cette occasion, la convergence de nos points de vue avec ceux de la mission aussi bien sur l'appréciation de la situation économique que sur la stratégie à adopter pour réunir les conditions d'un développement harmonieux et équilibré pour les années à venir.

En souhaitant que vous puissiez effectuer prochainement une visite en Tunisie, je vous prie, Monsieur le Directeur Général, d'agréer l'expression de ma haute considération.

Le Ministre du Plan

Signé : Ismaïl KHELIL

88916



COPY B/F
ETR FILES

Office Memorandum

September 29, 1984

MEMORANDUM FOR FILES

Subject: Meeting of the Tunisian Delegation with the Managing Director

On Thursday, September 27, at 8:20 a.m., the Managing Director met with the Tunisian delegation consisting of Mr. Belkhodja, the Governor of the Central Bank, Mr. Khelil, Minister of Planning, Mr. Chaouechi, Secretary General of the Minister of Finance, and Mr. Sioud, Vice-Governor of the Central Bank. The Tunisian Ambassador in Washington, Mr. Ben Vahia, also attended the meeting. The staff was represented by Messrs. Goreux and François.

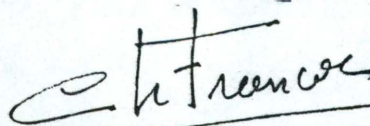
After renewing an invitation to the Managing Director to visit Tunisia, the Governor explained that he has drawn the conclusion from discussions during the annual meeting that a request for a CFF drawing--even in the first tranche--would create a number of difficulties. Therefore, he asked the Managing Director how the Fund could help Tunisia implement the recommendations made by the staff and the Board at the conclusion of the last Article IV consultation. The Minister of Planning stressed that Tunisia's economic and financial performance has weakened since 1981. He noted that, despite a relatively high investment-ratio (30 percent of GDP), the rate of economic growth as well as employment creation have been significantly below the plan target. Although the rate of growth recovered in 1984 to 5 percent, the current account deficit of the balance of payments is expected to reach D 550 million (8.9 percent of GDP) because of a shortfall in export receipts from tourism, phosphates, fertilizers, and textiles, and additional imports of cereals. The prospects for 1985 are even more unfavorable with a projected current deficit of about D 700 million (10 percent of GDP). The Minister noted that the external debt has reached 50 percent of GDP, with a debt service of 20.4 percent of exports and that by 1989 Tunisia will become a net oil importer.

In his reply, the Managing Director pointed out the widening fiscal and external deficits since 1981 (la montée en puissance), the cumulative effects of these deficits on the external debt, and the relation between the public sector deficit and the balance of payments. If Tunisia has no problems now in mobilizing funds from the international financial market, the awakening of the banks could be abrupt and unexpected as seen in many cases. Whatever the concern for growth and employment, there was a clear and urgent need to redress the financial situation because Tunisia was entering a dangerous course. He strongly recommended that Tunisia adopt a well-defined stabilization program when there was still

time and room to conduct a smooth adjustment process. He cited the need for financial restraint, rehabilitation of public enterprises, reduction of subsidies, economic reform, export promotion, and maybe a more flexible exchange rate policy. The Managing Director indicated that, if so desired by the Government, the Fund could provide technical support in the elaboration of the policies and measures, including tax reform. Regarding the possible use of CFF, the Managing Director explained that the degree of conditionality has been intensified over the last two years because the Fund has to be assured that the resources provided could be repaid within a period of 3-5 years and that the balance of payments will return to a viable position. Even for a drawing in the lower tranche, the authorities have to demonstrate convincingly that the measures are adequate to achieve this objective, although a program is not needed.

The Minister of Planning thanked the Managing Director for his advice and asked whether a small (and discreet) mission could visit Tunisia for a few days during the second half of October to examine the "Budget Economique" for 1985 and the package of measures which will be presented to the Government. The Managing Director gave his support to the request and asked me to discuss with the Minister the organization of such a mission in October.

In the subsequent meeting, the Minister and the Governor indicated that they would like an evaluation, in the context of Tunisia's actual social constraints, of the policies and measures envisaged for 1985. In view of the information and experience accumulated by the Fund, a visit of three or four days during the second part of October (in any case before the visit of Mr. Clausen scheduled for October 29, 1984) would be enough. I replied that I would have to discuss this unplanned mission with the management of the Department in the context of commitments already-made for the month of October. I suggested that the draft of the "Budget Economique" be sent to us or that an economist arrive in Tunisia a few days before the discussions to study the economic material available.



Ch. A. François

cc: Mr. Zulu
Mr. Makalou
Mr. Bhatia
Mr. Goreux
✓ Mr. Kanesa-Thasan



Office Memorandum

nm

TO : Mr. Finch

DATE: June 25, 1984

FROM : J. Bonvicini 

SUBJECT : Reply to Mr. Salehkhon on Treatment of Foreign Investment by Some Countries

nm
HS

Attached for your signature is a reply to Mr. Salehkhon's enquiry regarding the treatment of foreign investment by some countries which may be of relevance to the Tunisian authorities. The reply was prepared by Mr. Quirk before leaving for home leave, and has been cleared with Mr. Mookerjee, and with AFR, MED, and LEG.

Attachment



Office Memorandum

TO : Mr. Salehkhoul

FROM : C. David Finch *CD*

SUBJECT : Treatment of Foreign Investments

DATE: June 25, 1984

In response to your request for information relating to the treatment of foreign investment in other countries, with relevance to such provisions by Tunisia, I am attaching a summary of practices in Algeria, Egypt, and Morocco based on information presently available in the Fund. I hope that this information is useful to you and to the Tunisian authorities. Further information could be obtained, if necessary, in forthcoming Article IV consultation visits to the countries concerned.

Attachment

Treatment of Foreign Investment:
Algeria, Egypt and Morocco

The following is information available to the Fund regarding treatment of foreign investment in several neighboring countries of Tunisia.

Algeria

The Investment Code of September 15, 1966 provides for state guarantees in respect of foreign investments of more than DA 500,000 in the industrial and tourism sectors, and for a retransfer guarantee in respect of proceeds from the sale or liquidation of foreign capital investments. It also establishes that remittances abroad of profits from such investments will be permitted, up to the equivalent of 15 percent annually of the foreign capital originally invested. Tax facilities may also be granted, and investments of more than DA 5 million may be given exclusive rights in a specified geographic area, and may be accorded tariff protection. Remittances of profits and retransfers of capital are permitted only in respect of investments approved under the Code. The law on joint ventures with foreign companies, which came into effect in August 1982, provides foreign partners in approved joint ventures with a guarantee of fair return on investment, tax exemptions or reduced taxes for the first five years on industrial and commercial profits, reduced taxes on reinvestment profits, and repatriation of earnings and royalties in respect of transfers of technology. This law does not specifically allude to exchange rate guarantees; the 1982 law on joint ventures (copy attached) refers to such transfers as "guaranteed," although this may refer to the right to transfer abroad.

Egypt

Under the foreign investment law of 1974, as amended in 1977, approval may be granted to repatriate or dispose of invested capital after a minimum of five years from the date of investment. Invested capital is transferable at the "highest (exchange) rate prevailing and declared for freely convertible foreign currency in five equal annual installments." (A copy of the relevant amended Articles is attached).

Morocco

A new industrial code, which came into force in February 1983, provides for full foreign ownership of Moroccan companies, and liberalized conditions for repatriation of capital. It also grants fiscal and other incentives for foreign investment. An investment code for tourism introduced in August, 1983 offers import duty and tax waivers to both domestic and foreign investors in most areas of the country's tourism sector. Major incentives include a 10-year exemption from patent taxes and, in most cases, a 10-year tax holiday or 50 percent reduction in the primary corporate tax (IBP) for 10 years. If new investments are located in certain remote areas of the country, the tax will be exempt for 10 years. All imported equipment and materials destined for tourism development may be brought into the country duty free. The new law also guarantees full repatriation of profits after tax, without time limits. Information relating to exchange rate risk guarantees, if any, is not available.



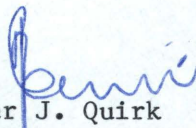
Office Memorandum

April 19, 1984

MEMORANDUM FOR FILES

Subject: Tunisia--Enquiry on Exchange System by Governor

I spoke with Mr. Salehkhoul and informed him of the staff mission's information regarding the Governor's request on the exchange system. He confirmed that the Governor was chiefly concerned to be able to assure foreign investors that they could not get a better deal than in Tunisia. To help substantiate the Governor's claim, Mr. Salehkhoul requested some information on comparable treatment in other North African countries and perhaps elsewhere. I told him that the Annual Report on Exchange Arrangements and Exchange Restrictions had information on treatment of profits and dividends, etc., and that we would compile a short comparison for him.


Peter J. Quirk
Division Chief

Exchange Restrictions Division
Exchange and Trade Relations Department

cc: Mr. Finch
Mr. Kanesa-Thanan
Mr. Huh



Office Memorandum

msb

Grand to Talk to Salehkhon

TO : Mr. Finch

DATE: April 13, 1984

FROM : Peter J. Quirk

SUBJECT : Tunisia--Inquiry on Exchange System by Governor

You mentioned that the Governor, with Mr. Salehkhon, had a rather general inquiry relating to Tunisia's exchange system. We have been in touch with the recent mission staff and have ascertained the probable area that he has referred to. Apparently Tunisia has received much investment in the hotel and related sectors from other Middle Eastern countries. These investors are now raising questions concerning the exchange risk to which they are exposed at the present rate of depreciation in their repatriation of income on these investments. The staff's view of the exchange rate is that an even more rapid rate of depreciation should be undertaken. It did not, however, address explicitly the authorities' concerns about the possible use of exchange rate guarantees.

There is also the more general question raised by the Tunisians as to other incentives that might be used to attract direct investment. We understand from Mr. Francois that they have already given considerable incentives such as favorable tax treatment.

You may wish to raise with the Governor the following points of a more general nature concerning the use of exchange rate guarantees: The Tunisian dinar is at present pegged to a currency basket, and in the presence of pegging it is unlikely that a forward market based on flexible pricing could be successfully instituted. However, the Central Bank could well provide a facility to act as a broker between those wishing to take short and long positions in the currency. For taking on this role a small commission of, say, the order of 1/2 percent might be appropriate. There is no guarantee that forward business would result, as typically the expectations would be one way and the market one sided. Exchange guarantees provided in the form of a subsidy by the Central Bank would probably involve Fund jurisdiction as a multiple currency practice would result, generally speaking, when the incentive was more than 2 percent of the total value of the remittance. The Governor might respond to the investors that a flexible exchange rate is the best guarantee that they have that exchange will be available at a future date for their remittances. It also underpins the basic strength of the economy, in which the investors are participating.

The Research Department is presently undertaking a study on direct investment and we have provided them with an assessment of the incentives and disincentives reported in the AREAER. A copy of my note which you have seen listing some of the major incentives and disincentives presently used by members is attached for your reference. In the event that the Governor wishes to have more specific detail on the countries we could readily provide that to him.

Attachment

cc: Mr. Kanesa-Thanan



Office Memorandum

TO : Mr. Goldsbrough

DATE: April 3, 1984

FROM : Peter J. Quirk

SUBJECT : Regulations Affecting Direct Investment and
Related Income

In response to your request for information on exchange controls relating to the study of direct investment incentives in the 25 major borrowing countries, I am attaching the relevant material from the draft country pages for the 1984 Annual Report on Exchange Arrangements and Exchange Restrictions which I hope will be useful to you. There is the caveat that much of the material has not yet been cleared with national authorities, and is therefore provisional at this stage.

In general, you will notice that many developing countries already offer considerable incentives through the exchange system to attract foreign direct investment. These include:

1. Guarantees that profits may be repatriated.
2. Reductions in duties and taxes applicable to specified imports, and direct 'tax holidays' or tax exemptions (being domestic, the latter are not exhaustively catalogued in the AREAER).
3. Prior allocation of foreign exchange and domestic credit.

On the other hand, most countries require prior approval for direct investment, and a few actively discourage it, mainly by specifying proportional limits on foreign equity participation.

Attachment

cc: Mr. Finch
Mr. Palmer
Mr. Rhomberg
Mr. Osunsade

1983

DEC - 7 1983

Sir:

This is to acknowledge and thank you for your cable of November 30, 1983 notifying the Fund that the Tunisian Republic consents to the increase in its quota in the International Monetary Fund to SDR 138.2 million, in accordance with Board of Governors Resolution No. 38-1, entitled "Increases in Quotas of Fund Members--Eighth General Review," adopted March 31, 1983.

Very truly yours,

Leo Van Houtven
Secretary

Honorable Moncef Belkhodja
Governor of the International
Monetary Fund for Tunisia
Banque Central de Tunisie
B. P. 369
Tunis, Tunisia

CC: SEC(MRS. LONG)
MD
DMD
MR. SALEH-KHOU
AFR
ETR
LEG
RES
TRE
MR. S. COLLINS

DEC - 7 1983

Monsieur le Gouverneur,

J'ai l'honneur d'accuser réception de votre télégramme du 30 novembre 1983, par lequel vous avez bien voulu informer le Fonds que la Tunisie consent à ce que sa quote-part au Fonds monétaire international soit accrue et portée à 138,2 millions de DTS, conformément à la résolution n° 38-1 du Conseil des gouverneurs, intitulée "Augmentation des quotes-parts des pays membres - huitième révision générale", adoptée le 31 mars 1983.

Je vous prie d'agréer, Monsieur le Gouverneur, l'assurance de ma haute considération.

Le Secrétaire

Leo Van Houtven

M. Moncef Belkhodja
Gouverneur du Fonds monétaire
international pour la Tunisie
Banque centrale de Tunisie
B.P. 369
Tunis, Tunisie

JLHirsch:mt

INFORMATION COPY

SEC-83/5766

Translated by F. J. Montenegro
586773

RCA NOV 30 0955

THE SECRETARY

INTERNATIONAL MONETARY FUND

WASHINGTON, D.C. 20431

Orig: SEC (Mrs. Long)

cc: MD

DMD

Mr. Salehkhoul

AFR

ETR

LEG

RES

SEC

TRE

Mr. Collins

I AM DULY AUTHORIZED AND DIRECTED BY THE GOVERNMENT OF THE TUNISIAN
REPUBLIC TO NOTIFY YOU THAT THE TUNISIAN REPUBLIC HEREBY CONSENTS TO
THE INCREASE IN ITS QUOTA TO SDR 138.2 MILLION IN ACCORDANCE WITH
PARAGRAPH 1 OF THE BOARD OF GOVERNORS' RESOLUTION NO. 38-1 ON
"INCREASES IN QUOTAS OF FUND MEMBERS - EIGHTH GENERAL REVIEW."
REGARDS.

MONCEF BELKHODJA

GOVERNOR BANCENTUN

11/30

Received in Cable Room
November 30, 1983



THE ORIGINAL IS BEING TRANSLATED

IMF OFFICIAL CABLE

RECEIVED
IMF CABLE ROOM

Rcv: @1IM/3.15054 Line: 3

586773

1983 NOV 30 AM 10:01

RCA NOV 30 0955
248331 IMF UR

13309 BCT C TN
248331 IMF UR

Orig: SEC (Mrs. Long)

cc: MD

DMD

Mr. Salehkhoul

AFR

ETR

LEG

RES

SEC

TRE

Mr. Collins

MONSIEUR LE SECRETAIRE FONDS
MONETAIRE INTERNATIONALE WASHINGTON DC 20431

EN VERTU D'UN MANDAT ET DES INSTRUCTIONS QUE J'AI
RECUES DU GOUVERNEMENT DE LA REPUBLIQUE TUNISIENNE ,
JE VOUS DONNE NOTIFICATION QUE LA REPUBLIQUE TUNISIENNE
CONSENTE PAR LA PRESENTE QUE SA QUOTE-PART SOIT PORTEE A 138,2
MILLIONS DE D.T.S. CONFORMEMENT AU PARAGRAPHE
1 DE LA RESOLUTION NO 38-1 DU CONSEIL DES GOUVERNEURS ,
RESOLUTION INTITULEE (AUGMENTATIONS DES
QUOTES-PARTS DES PAYS MEMBRES DU FONDS-HUITIEME REVISION
GENERALE) (.
CONSIDERATION DISTINGUEE .

MONCEF BELKHODJA , GOUVERNEUR BANQUE TUNISIE

COL 138,2

+

LE 30.11

248331 IMF UR

13309 BCT C TN BN LIRE ...REVISION GENERALE) .

13309 BCT C TN

Time: 09:57 11/30/83 EDT

Connect Time : 218 seconds



IMF OFFICIAL CABLE

RCV: 4.02929

1983 JUL 18 11 7: 53

547221

THE ORIGINAL IS BEING TRANSLATED

ORIG: AFR
 CC: MD
 DMD
 MR. SALEH-KHOU
 ETR
 FAD
 LEG
 RES
 SEC
 TRE
 MR. N. CARTER

13309 BCT C TN

248331A IMF UR

CABLE ROOM



Tunisia

MONSIEUR CH. FRANCOIS
INTERFUND WASHINGTON DC

SUITE A VOTRE ENTRETIEN TELEPHONIQUE AVEC
 MONSIEUR LE GOUVERNEUR VOUS TROUVEREZ CI-APRES LE CONTENU DE LA
 LETTRE NO 106271 DATEE DU 7 AVRIL 1983 AREEE ADRESSEE PAR
 MONSIEUR LE GOUVERNEUR A MONSIEUR LE DIRECTEUR GENERAL DU F.M.I.
 ET CONCERNANT L'ETABEE L'ETABLISSEMENT D'UN MODELE
 MULTELATERAL DUTAUX DE CHANGE DUDINAR :
 '' DANS LE CADRE DES TRAVAUX D'ANALYSE ET DE SUIVI DE LA COTATION
 DU DINAR TUNISIEN ET AFIN DE DISPOSER DUMAXIMUM D'INDICATEURS
 UTILES POUR L'ELABORATION DE LA POLITIQUE DUTAUX DE CHANGE ,
 LA TUNISIE VOUDRAIT AFFINER UN MODELE MULTILATERAL DU TAUX
 DE CHANGE .
 POUR CE FAIRE , ET ETANT DONNE L'EXPERIENCE DUFONDS EN LA
 MATIERE ET LES MOYENS DONT IL DISPOSE , J'AI L'HONNEUR
 DE VOUS DEMANDER D'ENVISAGER UNE COLLABORATION ENTRE
 VOS SERVICES CONCERNES ET CEUX DE LA BANQUE CENTRALE
 DE TUNISIE AFIN D'ETABLIR LEDIT MODELE '' .
 SALUTATIONS DISTINGUEES .

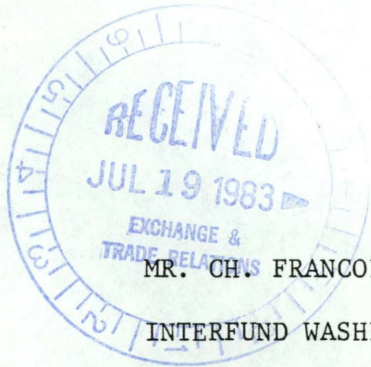
ABDELMAJID DIMASSI , DIRECTEUR DES RELATIONS
INTERNATIONALES ET DU CONTROLE DES CHANGES , BANCENTUN

COL BN LIRE A MONSIEUR LE DIRECTEUR+
+

248331A IMF UR

13309 BCT C TN

Time: 07:16 07/18/83 ???
Connect Time : 469 seconds



SEC-83/3283

Translated by Y. Firestone
547221

ORIG: AFR
CC: MD
DMD
MR. SALEH-KHOU
ETRD
FAD
LEG
RES
SEC
TRE
MR. N. CARTER

INTERFUND WASHINGTON D.C.

FURTHER TO YOUR TELEPHONE CONVERSATION WITH OUR GOVERNOR THERE FOLLOWS

THE TEXT OF LETTER NO. 106271 DATED APRIL 7, 1983 FROM THE GOVERNOR TO THE MANAGING DIRECTOR OF THE IMF REGARDING THE DEVELOPMENT OF A MULTI-LATERAL EXCHANGE RATE MODEL FOR THE DINAR:

"IN CONNECTION WITH OUR STUDIES AND MONITORING OF THE TUNISIAN DINAR'S EXCHANGE RATE AND IN ORDER TO HAVE THE FIRMEST POSSIBLE GROUNDS FOR DECISION-MAKING IN THE AREA OF EXCHANGE RATE POLICY, TUNISIA WISHES TO REFINE A MULTILATERAL EXCHANGE RATE MODEL.

"IN VIEW OF THE FUND'S EXPERIENCE IN THIS FIELD AND THE RESOURCES IT POSSESSES, I HOPE YOU WILL CONSIDER ASKING FUND STAFF TO COOPERATE WITH THE CENTRAL BANK OF TUNISIA ON DEVELOPMENT OF THE MODEL."

REGARDS

ABDELMAJID DIMASSI

DIRECTOR, INTERNATIONAL RELATIONS AND EXCHANGE CONTROL

BANCENTUN

Received in Cable Room
July 18, 1983



Office Memorandum

TO : Mr. Francois

FROM : S. Kanesa-Thasan

SUBJECT : Tunisia - Staff Report

DATE: May 5, 1983

I have a couple of general comments which I set down below. I have some other specific comments which we can discuss later.

1. The report does not deal with the medium term balance of payments and debt outlook adequately. In particular, you seem to accept the Plan target for the external C/A deficit without offering an analysis of its consistency with medium-term balance of payments viability and its debt service implications. The report expresses concern only about the possibility that the Plan's deficit target may be exceeded. In this context, I would draw your attention to Mr. Hino's memo attached.
2. Again on external sector policies, do the authorities still intend to use import restrictions in 1983?
3. The paragraph on restrictions in page 5 does not seem to distinguish between exchange and import restrictions. Also, is the intensification that has taken place or is proposed to be in import or exchange restrictions?

Attachment



Office Memorandum

TO : Mr. Kanesa-Thanan
FROM : Hiroyuki Hino ¹⁴⁴
SUBJECT : Tunisia--Draft Staff Report

DATE: May 4, 1983

The draft has been reviewed by Ms. Puckahtikom.

The following are some suggestions for the draft:

1. Prospects for the 1983 balance of payments should be more fully discussed along the standard format; at present, the report merely touches on imports and import policies (p. 18). Of particular relevance are the short-term export outlook and capital flows and their implications on official reserves and the medium-term debt situation.
2. Before discussing the medium-term balance of payments and debt prospects (pp. 18-20), it would be useful to set the stage by briefly characterizing the existing debt and debt management situation; for instance, that the current debt position is not yet a cause for concern, that there are adequate mechanisms for managing and controlling debt, and that debt statistics are of reasonable quality for policy analysis.
3. To strengthen the medium-term balance of payments and debt coverage of the paper, the following steps might be considered. First, the overall export prospects and compressability of imports should be more clearly stated; presently, the draft partially describes these prospects on a disaggregated commodity basis, without a clear indication of the overall trends. Second, to complement the discussion on p. 19, there should be a table showing five year projections for the current account and debt services under two alternative scenarios, namely, one under the authorities' development plan, and one projected by the staff on the basis of existing trends and policies. As usual, the key underlying assumptions should be indicated. In the case of Tunisia, it would be useful to assess also the sensitivity of the medium-term outlook to variations in the world oil market prospects. Third, the staff appraisal should include the staff view as to the sustainability of the medium-term debt position, and the adequacy of the authorities' existing debt management policy.

Finally, regarding the external debt coverage of the RED, the content of the last one on Tunisia (SM/82/110) should now be expanded to cover (a) medium-term debt service projections on the basis of outstanding debt; and (b) a description of the institutional arrangement for debt management and policy.

cc: Mr. Brau (O/R)



Office Memorandum

Handwritten: KANESA-THASAN
cc: MR BEVERIDGE
✓ BLUE FOLDER
EIR FILES

To: Managing Director SP April 29, 1983

From: J.B. Zulu and S. Kanesa-Thasan

Subject: Tunisia--Your Meeting with the Minister of Planning and Finance (Mr. M. Moalla)

Handwritten initials: mb

As background information for your meeting with Mr. Moalla scheduled for May 2, we have prepared the present memorandum based mainly on Mr. François' back-to-office report to you dated March 29, 1983 ^{1/}, which focuses on prospects for 1983, the medium-term outlook, and relations with the Fund.

1. Prospects for 1983

Despite improved prospects for growth, both the domestic financial and external positions are likely to deteriorate sharply further unless corrective measures are initiated immediately. Following a doubling in the consolidated fiscal deficit in 1982 to 5.2 per cent of GDP, the deficit in 1983 is expected to widen further to 6.6 per cent of GDP. Moreover, although the Government under current wage negotiations intends to limit the increase in the wage bill to 16 per cent -- compared to 28 per cent in 1982 -- the increase would generate additional demand pressures. Reflecting these factors as well as the delayed effects of the drought in 1982 upon agricultural exports and the decline in world prices for petroleum, the current account deficit of the balance of payments is projected to widen to SDR 684 million (8.5 per cent of GDP) from SDR 556 million (7.7 per cent of GDP) in 1982, and its financing will require additional borrowing from the international financial market; in 1982, for the first time since 1978, Tunisia borrowed on the international financial market (US\$125 million). A small overall balance of payments deficit (SDR 30 million) is forecast. However, this forecast may understate the extent of the deterioration in the external accounts, as the most recent data show that Tunisia sustained a decline of about one-fourth of its gross official international reserves during the first three months of 1983 to a level of SDR 424 million, or the equivalent of 1.7 months of projected 1983 imports. To alleviate pressures on the balance of payments, the authorities have already tightened up on annual import authorizations and have expressed their intention to introduce strict quantitative trade limits on imports of nonessential consumer goods.

To stem the projected deterioration, the mission advocated a strong tightening of credit to the economy (which had increased by 24 per cent in 1982 and was projected to rise by 19 per cent in 1983); an increase in interest rates (which, on average, are moderately negative in real terms); measures to contain the fiscal deficit, such as stretching out new recruitment, postponing some capital outlays, and reducing subsidies; and

^{1/} A mission visited Tunis during the period March 8-23, 1983, to conduct the 1983 Article IV consultation discussions and to discuss the main objectives and policy content of an adjustment program, which could, in the future, be supported by Fund resources.

continued adjustments in the exchange rate in line with price and wage developments. The authorities indicated that actions may be forthcoming shortly, and Mr. Moalla may be able to inform you as to specific measures that have been or are about to be taken.

2. Medium-term outlook

It appears that due mainly to less favorable prospects for agricultural production and world market prices for petroleum, the major quantitative targets for the 1982-86 Economic Development Plan will not be attained. Instead of an annual growth rate of 6 per cent and an external current account deficit averaging 6.6 per cent of GDP, present indications suggest growth of about 5 per cent and an external deficit of 8 per cent. The authorities consider such prospects to be unacceptable as they imply a higher level of external debt and debt servicing than they regard as prudent; they wish to have a debt service ratio in 1986 of no higher than 16 per cent (expressed in terms of current receipts net of imports of hydrocarbons). The less favorable prospects will require significant adjustments, in particular regarding firmer incomes, monetary, and fiscal policies. With respect to the latter, with the decline in petroleum revenues, a reluctance of the authorities to increase taxes (the revenue/GDP ratio is 35 per cent), and weak tax administration, most of the adjustment will have to be borne by expenditure policies, especially wage, subsidy, and capital outlays. Unless policies in these areas are tightened, there is a clear danger that Tunisia will resort even further to import restrictions, which would certainly be inconsistent with the Plan objectives of promoting exports, encouraging foreign investment, improving the efficiency of economic management, and moderating domestic inflation.

3. Relations with the Fund

A specific point that is likely to come up for discussion with the Minister of Planning and Finance is his interest, as conveyed to the recent Fund mission to Tunisia, in having a "voluntary" program of financial and structural adjustment for 1984-86 prepared with the assistance of the Fund staff, which would subsequently receive the Fund's "stamp of approval." At the same time, the Minister would prefer to avoid a formal stand-by or extended arrangement. An underlying assumption on his part is that Tunisia will not need the Fund's financial support during the program period except for a possible purchase under the CFF. The Minister believes that with a program which has the Fund's "stamp of approval", Tunisia will be able to mobilize an adequate level of external support from other sources. In fact, the Minister seems to feel that a formal arrangement with the Fund could hurt Tunisia's access to the international credit markets.

There should be no difficulty in the Fund staff assisting the Tunisian authorities in October-November 1983 in preparing such a program; the Fund staff would, as in the past, benefit from the cooperation of that of the World Bank. It will, of course, have to be seen whether

the authorities will fully agree with the judgment of the staff in regard to the balance of payments and other targets of the program and with the policy adjustments that would be called for. One particular point for examination at that time is whether or not Tunisia will need additional Fund financial support during the program period. There would also be the question of the degree of specification of the program's targets and policy prescriptions; as you know, Fund programs spell these out in greater detail on an annual basis, within a multi-year framework.

If agreement can be reached on a program which the staff can support, there are three broad options available. The most straightforward way of providing Tunisia with the "stamp of approval" would be to have a precautionary multi-year stand-by or extended arrangement for a limited amount of Fund support; if they so desire, Tunisia may declare its intention not to make any purchases under the arrangement. This was the procedure followed in the case of the extended arrangement with Gabon. Such an arrangement would permit the Fund to agree on detailed annual programs and also to monitor Tunisia's performance under those programs. A "soft" version of this first approach would be to have the annual programs in the first credit tranche, which would not require performance criteria. A second option would be for Tunisia to present the agreed program in early 1984 upon requesting a purchase under the CFF. The Minister has expressed an interest in such a purchase. Very tentative calculations indicate the likelihood of an export shortfall which could be in excess of 50 per cent of quota in 1982/83. If final CFF calculations do support a request for a purchase, Fund approval would be justified on the grounds that the cooperation requirement is met by the existence of the program. One drawback with this approach is that the Fund will not have similar opportunities to express its views on Tunisia's adjustment program on an annual basis. The third approach would be for the staff to include in the annual consultations reports a detailed and quantitative evaluation of Tunisia's adjustment policies. A voluntary and comprehensive policy memorandum from the authorities could be appended to the consultations reports, and the Chairman's summing up could reflect the Fund's approval of Tunisia's adjustment policies, if so warranted. Since the 1983 Article IV consultation report is presently under preparation and will be discussed by the Board before the program for 1984-86 is prepared in October-November 1983, a combination of the second and third options would seem to be called for.

Overall it is our view, after discussion with Mr. Finch, that the first option would be best. An explicitly "precautionary" arrangement would be more in accord with the Fund's normal procedures than the other options and is also likely to have a more favorable impact on Tunisia's potential external creditors.

This memorandum has been cleared with the Research Department.

cc: Deputy Managing Director (on return)
Mr. Kaibni
Mr. Carter



Office Memorandum

To: Mr. Makalou April 4, 1983

From: Ch. A. François *eltz*

Subject: Tunisia--Preparation of "Voluntary" Financial Program

As noted in my back-to-office report dated March 29, 1983, Mr. Moalla, the Minister of Planning and Finance intends to request in the coming months Fund technical assistance in the preparation of a "voluntary" financial and structural program covering the years 1984-86. He is excluding at this time entering into a formal agreement with the Fund because of possible misunderstandings in Tunisia, and of potentially adverse effects in the international financial markets. However, he believes that a "voluntary" program prepared with the moral and technical support of the Fund staff would help him considerably to implement appropriate adjustment policies already well identified, and to mobilize the external financial assistance required to achieve a restructuring of the economy. His principal objective is to receive a Fund's "seal of approval" for a set of policies and financial objectives, which would be discussed and agreed upon during a staff visit scheduled for October-November 1983. This memorandum explores alternate ways whereby this seal of approval could be extended.

It should be mentioned at the outset that the most rigorous way of granting full and official endorsement of these policies would be through the preparation of a program à la Gabon or Korea (with commitment of Fund resources and performance criteria) but with no drawing. This option, however, loses its "voluntary" characteristic and would probably not be considered expedient to the Tunisian authorities because of the adverse effects mentioned earlier. Alternatively, a less formal and more "voluntary" program could be communicated to management and/or to the Board in one of three ways: (1) through direct communication to management; (2) through communication by Tunisia's Executive Director to the Board and; (3) by attaching a memorandum of policies to a Board paper.

The first option would perhaps be the simplest, as the authorities would communicate directly to management, through a "letter of intent", the policies, intentions, and targets, which they envisage during the period considered. This option would also require a reply by management acquiescing the set of policies. A principal drawback of this approach, however, is that it would lack Board approval of the policies, and hence could not be considered as having obtained "Fund" ratification.

Under the second option the Executive Director for Tunisia would inform the Board that the authorities had agreed with a staff team on a set of policies which they were prepared to implement, and such policies would be described in a memorandum submitted to the Board.

The third option would involve annexing a memorandum of detailed policies to a Board paper such as an Article IV consultation staff report, a CFF request or perhaps a first credit tranche drawing. The authorities did indicate that they may request the use of low conditionality resources later on this year or early next year. Under this option, the "seal of approval" would have a more legalistic character, as the policies could be part of the staff appraisal and the Chairman's summing-up statement.

The Minister of Planning and Finance indicated during the staff mission in mid-March 1983, that he is planning to meet with the Managing Director at the time of the Development Committee meetings (April 28-29) to seek his views on the subject. It would be useful if the aforementioned options could be discussed, among ourselves and other interested departments, and that a strategy be adopted before the end of the month. The outcome of our discussions should be summarized in a memorandum to the Managing Director to be sent before his meeting with the Minister.

cc: Mr. Bhatia
Mr. Goreux
Mr. Bornemann
Mr. Woodward
Mr. Kanesa-Thasan ✓
Ms. Lachman



Office Memorandum

ETR

cc: Mr. Karim Thasar
+ enc.
Mr. Bédouage

February 18, 1983



To: The Managing Director
The Deputy Managing Director

From: J.-F. Garnier

Subject: Tunisia--Technical Assistance

1. In response to a request from the Tunisian authorities for advice on reviewing a new government accounting plan and preparing public finance statistics, a mission consisting of Messrs. J.-F. Garnier (head), A. Tazi, both from FAD, Mrs. G. Devaux, Bureau of Statistics, and Mrs. Lan-Anh Le (secretary), visited Tunis January 11 to February 10, 1983.

2. During this assignment, the mission met with the Minister of Planning and Finance, the Secretary General, the Director General of Budget and his staff, the Director General of the Government Accounting Department, and other Tunisian officials, with whom the mission established good working relations. The mission prepared an extended aide-mémoire (see attachment--an English translation is being prepared) summing up its discussions, comments, and recommendations.

3. The mission first familiarized itself with the existing fiscal system, particularly with Treasury operations analysis, the government accounting methods, and the compilation of public finance statistics. Then, the mission discussed with the officials concerned a consolidated and analytical methodology for public finance statistics, both under the existing accounting system and, for the future, under the new government accounting plan to be implemented in the coming years. The mission established a single set of statistical data for fiscal year 1981 to be used for consultation missions as well as for publication in the GFS Yearbook, and indicated the necessary steps for officials to take in order to have fiscal statistics available for 1982, as soon as possible.

4. The mission also devoted some time to budget classifications (economic and functional). The Ministry of Agriculture was chosen as a case study for the application of these classifications. At their request and after thorough discussions with the Tunisian authorities concerned, the mission recommended necessary measures for setting up a new information system concerning the public debt.

5. The mission gave a two-day seminar on public finance statistics following our Manual principles. The authorities insisted that Tunisian data should be used in this exercise instead of a fictitious example. This seminar was attended by about 35 civil servants from various agencies.

6. The aide-mémoire, the object of which is fully reflected in its title "Some Improvements to be brought to the Public Finance

Information system," covers (a) comments on the new draft accounting plan, (b) budget classifications methodology, (c) public finance statistics derived from (1) the existing fiscal system and (2) the new government accounting plan, and (d) an information system for public debt.

7. This memorandum was discussed with the Tunisian officials concerned, in particular with the Government Accounting Department officials, who expressed their satisfaction and broad agreement with the work done, and with the officials in charge of preparing public finance statistics, who were said to have greatly benefited from the mission, and with the Budget Director and his colleagues.

Attachment

cc: Mr. Tanzi
Mr. Khalid
Mr. Tait
AFR
ETR ✓
EXR
IMF Institute
LEG
RES
CBD
Mr. Carter



Office Memorandum

MEMORANDUM FOR FILES

February 15, 1983

Subject: Tunisia--Classification of Exchange Arrangements

I discussed with Mr. Francois a letter that he had drafted to the Governor of the Central Bank of Tunisia recommending that Tunisia notify the Fund of a change in exchange arrangements. Mr. Francois said that he had discussed such a letter with the Governor on an earlier occasion. The recommendation was to move the Tunisian dinar from the classification "Pegged to a Composite" to the category "Managed Floating".

I said to Mr. Francois that we had some problems with this proposal. The first was that there appeared to be no specific reason for changing the classification at this time. Since mid-1982 the dinar had in fact been very stable in terms of a currency basket. Although there might be some differences arising from the weights in the actual currency basket used by the Tunisians, it seemed that they had been pegging quite closely. The second concern was that it was difficult to propose movement in the classification of currencies pegged to baskets. The Fund had not required members to advise them of the precise components of the basket and in this area we have needed to be quite cautious.

Mr. Francois explained that, in the context of a possible financial program with Tunisia, the staff wished to move the Tunisians toward greater flexibility in their exchange arrangements and that the proposed reclassification would be consistent with this. I said to Mr. Francois that Mr. Kanasa-Thanan and I thought it would be better to wait until the flexibility had actually been obtained and the reclassification could be discussed with the Tunisians, say, in the context of the next consultations. Mr. Francois agreed to look again at the matter and a possible redrafting of the letter to reflect the need to make the reclassification consequent upon actions by the authorities toward greater flexibility.

A handwritten signature in blue ink, appearing to read "Quirk".

Peter J. Quirk
Division Chief

Exchange Restrictions Division
Exchange and Trade Relations Department

cc: Mr. Kanasa-Thanan

1982

INTERNATIONAL MONETARY FUND

December 17, 1982

Mr. Francois:

The attached computations certainly support your view that Tunisia has not been closely pegged in practice to a composite, although there has been stability vis-à-vis the peg in recent months.

Providing that the recent stability is not a change in policies, I think it would be altogether appropriate to seek notification of a change in classification from the Tunisian authorities.

cc: Mr. Kanesa-Thanan



Peter J. Quirk



Office Memorandum

TO : Mr. Quirk

DATE: December 15, 1982

FROM : Emily Landis *El*

SUBJECT : Tunisia--Exchange Rate Variability Calculation

I calculated Tunisia's nominal effective exchange rate index (see Attachment I) using the weights provided by Mr. Franco (AFR) 1/ from December 1978 to November 1982. I also calculated the absolute value of the monthly percentage changes of the effective exchange rate index (see Attachment II). Please note that Tunisia's effective exchange rate has remained virtually unchanged since July 1982.

The variability of Tunisia's nominal effective exchange rate 2/ for December 1980 through November 1982 was .95 3/. From December 1980 to November 1982, the Tunisian dinar's variability against other major currencies was the following: F 1.1, DM 1.5, SDR 1.4, and US\$2.5. These figures are higher than those calculated for the period April 1980 -May 1982.

Attachments

-
- 1/ The weights are: French franc (50%), Deutsche mark (25%), US dollar (25%).
2/ The variability measure is the mean of the absolute value of the monthly percentage change of the exchange rate.
3/ The variability measure was .49 for the period December 1978-December 1980.

Tunisia: Nominal Effective Exchange Rates 1/
November 1978–November 1982

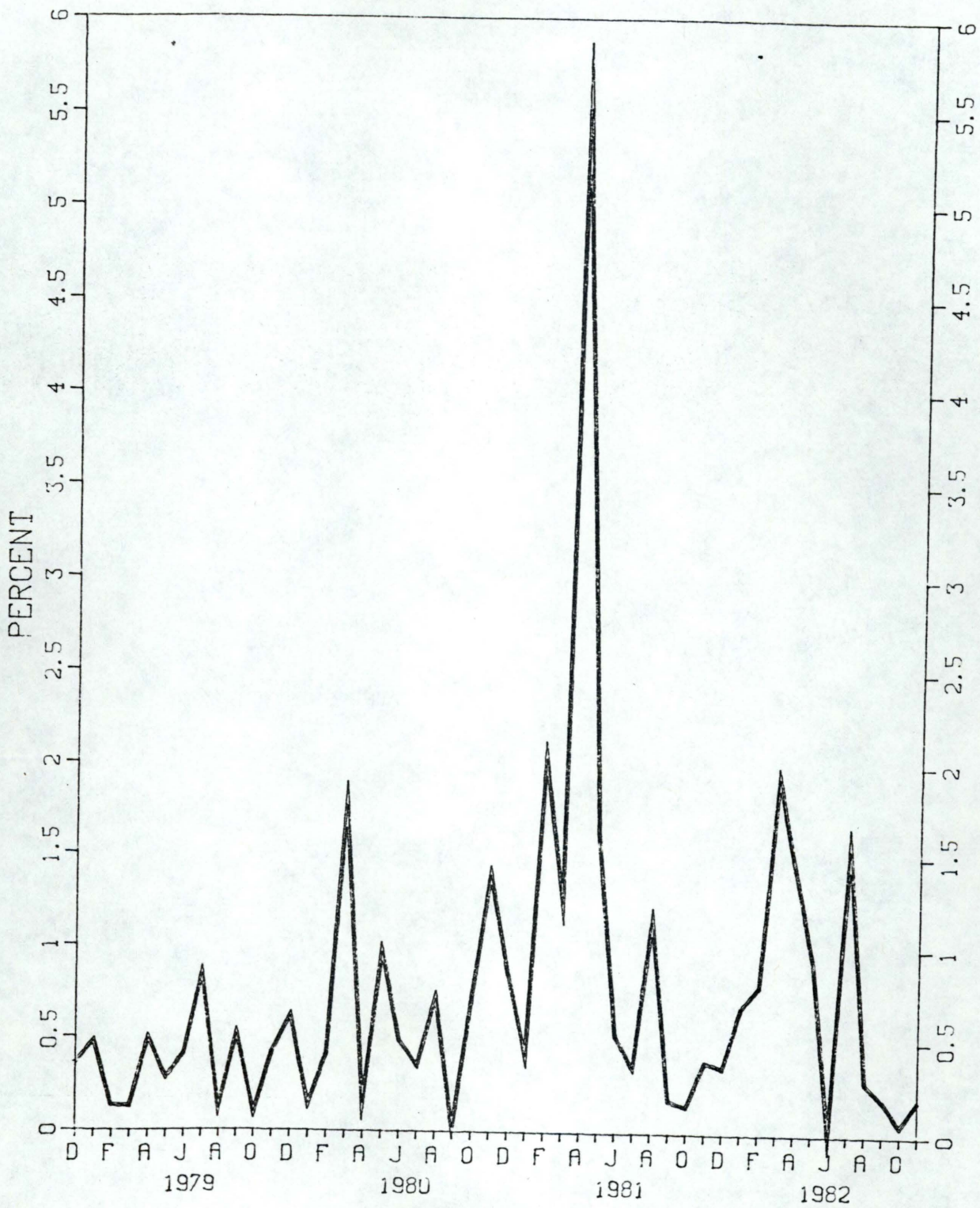
(November 1978 = 100)

<u>1978</u>		<u>1981</u>	
November	100.00	January	102.50
December	100.36	February	104.57
		March	103.28
<u>1979</u>		April	97.57
January	99.88	May	96.03
February	100.01	June	96.52
March	100.14	July	96.86
April	100.63	August	95.75
May	100.91	September	95.92
June	100.50	October	95.78
July	99.65	November	95.41
August	99.76	December	95.75
September	99.25		
October	99.34	<u>1982</u>	
November	98.92	January	96.12
December	98.31	February	95.63
		March	93.78
<u>1980</u>		April	92.44
January	98.17	May	91.57
February	98.58	June	91.57
March	100.32	July	90.15
April	100.18	August	89.89
May	99.21	September	89.72
June	98.73	October	89.67
July	98.39	November	89.49
August	99.09		
September	99.11		
October	99.83		
November	101.22		
December	102.08		

1/ The weights are US dollar 25%, French franc 50%, deutsche mark 25%.
Source: Staff estimates.

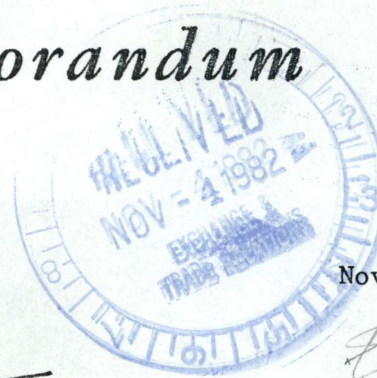
TUNISIA: PERCENTAGE CHANGE IN NOMINAL EFFECTIVE EXCHANGE RATES

(NOV 1978 - NOV 1982)





Office Memorandum



WV
ec: M. Beaudage
M. Karsa - Hasan
J
m
nb

To: Managing Director
Deputy Managing Director

From: Ch. A. François *chtz*

November 3, 1982

Subject: Seminar on Tunisia's Sixth Development Plan

In response to an invitation from the Minister of Planning and Finance, I attended a seminar organized by the Tunisian Government in Tunis during the period October 27-30, 1982 to discuss the content of the new Development Plan (1982-86) recently adopted by the National Assembly. In that context, I also had several conversations with senior government officials regarding specific issues concerning relations with the Fund.

1. The development seminar

The seminar was attended by 40 delegations representing various countries and international and regional financial institutions--a much larger number than at previous similar conferences. The largest group comprised several Arab countries and Arab aid institutions, such as the Kuwaiti Fund, Saudi Fund, Abu Dhabi Fund, FADES, and the Islamic Bank. Tunisia's traditional donors were represented by France, the United States, Germany, the EC, and the European Investment Bank. Also participating were representatives of five Eastern European countries, including the U.S.S.R., and representatives from the African Development Bank and the IBRD. The Plan documents, together with a memorandum from the IBRD, were sent to the participants before the seminar.

After an opening address by the Prime Minister, Mr. Mzali, the Minister of Planning and Finance, Mr. Moalla, delivered a substantive speech outlining the global strategy of the Plan, the adjustments of economic policies required by this strategy, and the financing of the planned investments. In view of the projected decline in the oil export surplus and the reversal in the terms of trade, Tunisia decided, under the new Plan, to implement a number of adjustments and reforms designed to maintain an appropriate rate of growth in production (6 per cent annually) and in employment, and to preserve a viable balance of payments position. These policy changes, which were partly initiated in 1982, aims at inter alia (a) a reduction of the investment ratio (from 30 per cent to 25 per cent of GDP) accompanied by a restructuring of investment pattern and (b) a more moderate growth in consumption. To that end, price subsidies would be reduced, prices liberalized, and nominal wage increases more strictly controlled (following a 30 per cent rise in 1982). The Government will also carry out fundamental reforms with respect to administration, regional development, the educational system, the tax system, public enterprises, and the financial system. These actions would

enable Tunisia, according to the Plan, to maintain a level of national savings equivalent to 20 per cent of GDP, limit the external current account deficit to 5 per cent of GDP, and contain the level of external indebtedness at its present level in relative terms (38 per cent of GDP), with a debt service ratio of 16 per cent. The Minister indicated that the 1983 budget, together with a number of accompanying measures to be adopted soon, will reflect the new policy options and Tunisia's determination to conduct an orderly process of adjustment during the coming years.

Virtually all delegations who intervened in the general debate or in specialized committees expressed great satisfaction with Tunisia's impressive economic performance during the last decade and with the courageous new course of policy adopted under the new Plan. Some doubts were voiced by a few delegations on the rapid expansion expected from the agricultural and industrial sectors and on the technical ability of the five new large development banks to implement rapidly a large number of new projects. Nevertheless, most of the participants were generally optimistic about Tunisia's ability to maintain a rapid rate of growth, to mobilize sufficient external resources (including direct private investment), and preserve sound financial management in the context of political and social stability. The representative from the IBRD, Mr. Bart, in a very eloquent speech, emphasized the difficulties involved in accelerating the growth of the new priority labor-intensive sectors and the need to increase real interest rates and reduce custom tariff protection. At the request of the Minister, I made a brief statement (see Attachment) in which, inter alia, I stressed the importance, for the realization of the Plan's objectives, of maintaining a high level of budgetary savings and eliminating the structural rigidities of the economy.

2. Fund relations with Tunisia

During the seminar I took the opportunity to discuss with senior government officials from the Central Bank and the Ministry of Planning and Finance the various aspects of Fund assistance which were raised with you during the last Annual Meeting.

Regarding possible recourse to the Fund in 1983, the Governor of the Central Bank, Mr. Belkhodja, explained that there was still considerable hesitation and sensitivity in political circles, because of Tunisia's past experience with Fund programs in the 1960s and the association of the Fund with draconian measures, especially in the areas of prices and wages. Some in Tunisia felt also that such a step could be interpreted by the international financial community as a sign of financial weakness. Nevertheless, the Governor expressed a strong interest in having exploratory discussions in January/February 1983, with a staff team, on the possible elements of a program which would be consistent with the Plan's target and on the amount of Fund resources which could be made available. However, he stressed that these technical discussions should remain confidential to avoid any misinterpretation in Tunisia and abroad. In view of the priority given to this staff visit, he asked that the Article IV consultations be held only after the Annual Meeting in the Fall of 1983.

As regards technical assistance in the fiscal area, senior officials from the Ministry of Planning and Finance indicated that a follow-up mission to review progress on the tax reform would not be necessary in the coming months. However, they would welcome during the second half of January 1983 a mission to review the analytic and consolidated presentation of the budget, Treasury, and special funds accounts. The mission could also have preliminary discussions of the new Accounting Plan which was sent to FAD for comments in August 1982. I informed the Tunisian officials that I would discuss their request with the Fiscal Affairs Department and that a cable confirming this arrangement would be sent to the Minister in the coming weeks.

Attachment

cc: CBD
 ETR ✓
 EXR
 FAD
 INST
 LEG
 RES
 SEC
 TRE
 Mr. Carter



INTERNATIONAL MONETARY FUND
WASHINGTON, D. C. 20431

CABLE ADDRESS
INTERFUND

Managing Director

le 13 octobre, 1982

Monsieur le Ministre,

Je viens de recevoir, par l'entremise de Monsieur l'Ambassadeur de Tunisie à Washington, votre lettre du 27 août 1982 m'invitant à participer au séminaire de lancement du sixième Plan de Développement Economique et Social de la Tunisie, qui doit se tenir du 28 au 30 octobre. Je vous en remercie très vivement. Ne pouvant, à mon grand regret, m'y rendre personnellement, je souhaiterais que le Fonds Monétaire puisse être représenté à cet important événement par Monsieur Christian François, Assistant Directeur au Département Afrique du FMI. Je suivrai avec un intérêt particulier les résultats de ce séminaire. D'ores et déjà je voudrais vous assurer de ma sympathie et vous souhaiter le plus grand succès.

Veuillez agréer, Monsieur le Ministre, les assurances de ma haute considération.

J. de Larosière

Jacques de Larosière

CC: MD
DMD
LEG
RES
ETRD
SEC
EXR
MR. BHAGWAT
UNREP.
MR. N. CARTER
AFR

Monsieur Mansour Moalla
Ministre du Plan et des Finances
Ministère du Plan et des Finances
Tunis
TUNISIE

cc. His Excellency Habib Ben Yahia
Ambassador to the United States

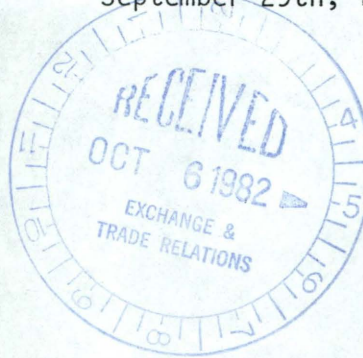


480314

THE AMBASSADOR OF TUNISIA
WASHINGTON, D. C.

September 29th, 1982.

Mr. Jacques de Larosiere
Chairman of the Executive Board
International Monetary Fund
Room. 12-300C
700 19th Street, N.W
Washington D.C 20431



Dear Mr. de Larosiere

I have the pleasure to forward to you herewith a letter from his Excellency Mr. Mansour Moalla, Minister of Planning and Finance of Tunisia, inviting you to attend a seminar devoted to discussing the contents of our VIth Development Plan.

The seminar will take place in Tunis from October 28th to October 30th, 1982.

Hoping you will find it possible to attend, I remain,

Yours sincerely,

Habib Ben Yahia
Ambassador.

ORIG: AFR
CC: MD
DMD
LEG
RES
ETR
SEC
UN REP.
MR. BHAGWAT
MR. N. CARTER
EXR

RECEIVED
INTERNATIONAL
MONETARY FUND
1982 OCT -6 AM 11:04
COMMUNICATIONS
DIVISION

Le Ministre

27 AOUT 1982

Monsieur le Directeur Général,

/_a Tunisie a lancé au début de cette année son sixième Plan de Développement Economique et Social qui couvre une période de cinq ans (1982-1986).

Si nous avons pu réaliser depuis 1962 cinq plans successifs, sans discontinuité aucune, c'est grâce à la stabilité politique que connaît notre pays depuis son indépendance et aussi à la collaboration et à la coopération que nous avons instaurées avec les pays et organismes amis. Cette coopération se reflète notamment à travers le débat franc et utile que nous organisons avec eux à la veille de chaque plan pour en discuter les objectifs et le contenu. Les franches discussions que nous avons toujours eues à ces occasions, nous ont permis d'une part d'éviter des écueils dangereux pour la poursuite de notre développement économique, et d'autre part d'expliquer notre politique et nos objectifs à nos partenaires qui nous ont toujours manifesté leur appui effectif et leur assistance à la réalisation de nos objectifs.

Monsieur Jacques DE LA ROSIERE
Directeur Général du Fonds
Monétaire International (F.M.I)
WASHINGTON D. C.

- U. S. A. -

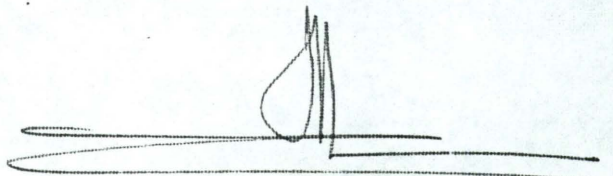
.../...

/_e Gouvernement Tunisien qui croit toujours au mérite du dialogue franc et amical a décidé d'inviter, comme par le passé, les pays et organismes financiers internationaux amis à un séminaire où seront présentés et débattus les objectifs du sixième Plan et ses principales composantes.

Aussi ai-je l'honneur et le plaisir de vous inviter à participer à ce séminaire qui se tiendra les 28, 29 et 30 Octobre 1982 à Tunis.

/_es documents de travail, dont notamment une note de synthèse résumant le contenu et les objectifs du Plan, vous parviendront ultérieurement ainsi que le programme détaillé du séminaire.

Veillez agréer, Monsieur le Directeur Général, l'expression de ma haute considération.



MANSOUR MOALLA



Office Memorandum

ETRD

copy to House - Hassan
ETR FILES
MR BEVERIDGE

TO : The Managing Director
The Deputy Managing Director

DATE: May 5, 1982

FROM : Vito Tanzi

SUBJECT : Visits to Morocco and Tunisia (April 19-26, 1982)

Morocco

At the request of the Minister of Finance of Morocco, I visited that country to discuss technical assistance issues. The Minister was particularly interested in my reaction to the tax reform. As you will recall, in 1978 I led the mission that prepared an extensive report on the tax system of Morocco. I am sorry to report that despite their commitment to the Fund's recommendations, progress in implementing the reform has been much slower than we had hoped. The present situation is as follows.

A Projet de Loi Cadre has been submitted to Parliament. This loi cadre is a statement of general principles, leaving the reform itself to be worked out at some future, unspecified date. It is not quite clear what its purpose is. Presumably, the loi cadre would, after being approved by Parliament, be followed by specific legislation. Much more work needs to be undertaken before the final projects of the reform can be presented to Parliament. As I pointed out to the Minister, this procedure would require that the Government go to the legislature more than once, which may not be a wise course of action. In any case, as the Projet de Loi Cadre is already with Parliament, there is not much that the Government can do except to let it follow its course of action.

At the request of the Minister I prepared a short note for him giving my impression of the tax reform process. He wanted my views on the timing for the introduction of various parts of the reform. I recommended that as soon as possible, and certainly in 1982, the Government should go ahead with the reform of the corporate income tax, which requires the least preparation, as many of the changes are of a legal nature. I also recommended that the Government immediately complete the studies required for changing from schedular to global income taxes, and those required to change the current general sales tax into a value-added tax. Mr. Abdel-Rahman of FAD had already outlined the details of the needed studies in his visit to Morocco early this year. It is unlikely that these studies could be completed early enough for introduction this year but, for sure, the Moroccan authorities should be able to finalize the projects for submission to Parliament next year. One complicating factor stressed by the authorities is that this is the last session for the present legislature, as there will be elections early next year. They feel that Parliament would not approve substantial tax changes during the final months of its tenure. As a consequence, there are pressures on the Minister to postpone the whole reform until next year.

Another shortcoming of the present tax reform process has been that the Customs Department, which deals not only with foreign trade taxes but also with domestic excise taxes, has been completely left out of the tax reform process. I recommended that a tax reform commission should be established which would include not only experts from the tax office but also experts from customs, and from other relevant ministries. In this way, the relationship between domestic indirect taxes and customs duties could be considered.

The Minister indicated that he would soon send us the project for the reform of the corporate income tax in order to get our reaction. I feel that strong pressure must be maintained to assure that the tax reform is not postponed.

The Minister outlined other areas in which we might help. The most important of these are the following:

1. Subsidies--We have already agreed that an expert from this department would go to Morocco later this month to analyze these issues and prepare a report for the authorities.

2. Loi de finance--The Minister indicated that the way in which the budget is now presented is such that he is not able to express judgment about the relative merits of alternative budgetary requests. He feels that the budgetary presentation should allow him to appreciate the economic and social objectives that the budget is trying to achieve, and should allow him to pass judgment on the relative merits of alternative budgetary requests. This request by the Minister will be considered within the Fiscal Affairs Department and we will see whether we can be helpful.

3. Tax administration--The Minister indicated that one of the problems that he is facing in the tax area is the great number of taxpayers' complaints about alleged maltreatment on the part of tax administrators. These complaints originate from three sources: one is that the tax laws are not clearly understood, either by the taxpayer or, in many cases, by those who are charged with administering them; second is that the penalty structure relating to non-compliance is not well defined. As the Minister indicated, often the same offense is met with penalties which may be 25 per cent of the tax due in one case and 100 per cent in another; and third, alleged corruption on the part of the tax inspectors. The Minister is unhappy with this particular situation and asked whether we could help. My view on this is that it might be preferable to wait until the tax reform is completed. In any case, we will again consider in detail this particular request before any decision is made. I shall keep a direct interest in the tax reform process of Morocco, and I hope that the pace of the reform will speed up.

Tunisia

I paid a one-day visit to Tunisia, where, as you will recall, an FAD mission is currently analyzing the project of tax reform. When I got to Tunis the mission had been there a week and had started to formulate views on the

proposed changes. Unfortunately, the Minister of Finance had gone to a conference in Kuwait, so I was not able to see him. However, I had a productive meeting with the Director of Taxation, to whom I explained our technical assistance program. He indicated that he might call on us for further assistance.

cc: Mr. Khalid
Mr. Tait
African Department
Exchange and Trade Relations Department ✓
IMF Institute
Legal Department
Research Department
Mr. Carter



Office Memorandum

Mr. Kanasa-Thasan
Mr. R. BRIDGE
2) ETR FILES

TO : Mr. Francois

FROM : Peter J. Quirk

SUBJECT : Morocco and Tunisia: Classification of Exchange Arrangements

DATE: April 28, 1982

Your comments on the quarterly exchange arrangements paper, contained in your note to Mr. Calamitsis of April 27, raised several interesting questions concerning the arrangements of Morocco and Tunisia. The following are some observations relating to their classification--having a bearing particularly upon any contacts you might have with the respective authorities on the matter.

1. I understand from Ms. Happe that the Fund program with Morocco stipulates that the dirham will not appreciate vis-à-vis the currency basket, although it may be depreciated in these terms. As the "Limited Flexibility" category reflects the flexibility actually attained in the implementation of the stated exchange arrangements, we will need to review performance under this new declaration in order to determine if the close relationship with the French franc (see SM/82/44, page 24) has, in fact, been superceded. We would do this on the occasion of a forthcoming quarterly report. A notification by the authorities to the effect that the basket was being closely adhered to (i.e., within $\pm 2\frac{1}{4}$ per cent margins) would also serve as a basis for reclassification.

2. We understand that the Tunisian dinar continues to be pegged to its currency basket; it shows considerably higher variability vis-à-vis the French franc than does the Moroccan dirham and, unlike the dirham to date, does not meet the criteria set out in SM/82/44 for inclusion in the "Limited Flexibility" category. If the Tunisian authorities were to notify the Fund that they were no longer observing narrow margins vis-à-vis their currency basket (or any other peg) they would be reclassified as "More Flexible".

3. As described on page 27 of SM/82/44, the basis for showing Morocco as having multiple exchange arrangements (this does not connote their being subject to Article VIII) is the fixed rate of DH 1 = F 1 ensured by Moroccan banks for transfers of French francs to banks or to postal accounts by Moroccans working in France. The latter arrangement has, to our knowledge, not been eliminated.

cc: Mr. Finch
Mr. Kanasa-Thasan
Mr. Calamitsis
Ms. Happe



Office Memorandum

TO : Mr. Quirk

DATE: April 27, 1982

FROM : Evangelos A. Calamitsis *EAC*

SUBJECT : Exchange Arrangements Maintained
by Members as of March 31, 1982

With reference to the draft paper on the above subject,
attached are a few comments regarding Morocco and Tunisia.

Attachment



Office Memorandum

To: Mr. Calamitsis

April 27, 1982

From: Ch. A. François *chtz*

Subject: Exchange Arrangements Maintained by
Members as of March 31, 1982

1. On the basis of the improved classification of exchange rate arrangements recently approved by the Board, Tunisia should normally be included in the category of currency with "limited flexibility". This change of classification is nevertheless subject to the approval of the authorities.
2. Tunisia together with Morocco (which is already in the new category) could be considered as implementing "limited flexibility" in terms of a currency basket rather than in terms of the French franc. as indicated in Table 1. I recognize, however, that the deviations from the movements of the French francs in foreign exchange markets have been very limited.
3. The exchange premium on foreign currency transfers by Moroccans working abroad was terminated in December 1980. Therefore, footnote 3 in Table 1 should not be referred to Morocco.



Office Memorandum

TO : The Acting Managing Director

FROM : Donald K. Palmer

SUBJECT : Consultations with the CONTRACTING PARTIES to the GATT - Brazil, Greece, Tunisia, and Yugoslavia

DATE:
October 29, 1981

Attached for your approval are the draft statements to be made by the Fund representative at the forthcoming GATT consultations with Brazil, Greece, and Yugoslavia, scheduled for the week of November 16-20, 1981. A mini consultation with Tunisia is also scheduled, but no statement is expected from us on that country.

As you know, Mr. Bahram Nowzad, Assistant Director, External Finance Division, Exchange and Trade Relations Department, has been designated to represent the Fund at the consultations.

Subject to your approval, we would proceed to obtain clearance from the Committee on Liaison with the GATT and approval from the Board on the statements on Greece and Yugoslavia in the customary manner. It is proposed to place the statement on Brazil on the agenda of the Executive Board on November 13, 1981, immediately following the conclusion of the Article IV consultation discussion. There is some urgency on Brazil, as we have agreed to accommodate Mr. Kafka's request that the last paragraph of the statement on Brazil be telexed to him in Brasilia on Monday, November 2.

Attachments (3)

cc: Mr. Bhagwat

Annual Meeting 1981

1. Staff contacts

The last Article IV consultation discussions were held during the period October 31-November 15, 1980. The staff report was discussed by the Executive Board on March 6, 1981.

2. Recent economic developments and policies

Within the context of the Fifth Five Year Development Plan (1977-81), during 1977-80 the Tunisian authorities actively pursued an investment program designed to accelerate the rate of growth of the economy, to increase employment, and to strengthen the balance of payments position. The main objectives of the Plan were largely achieved. During 1977-80 the economy grew at a fast pace, averaging about 7 per cent per year, and the level of employment increased by about 12 per cent. Reflecting the sharp increases in oil prices, in receipts from tourism, and in workers' remittances, the current account deficit was narrowed from about 10.2 per cent of GDP in 1977 to about 3.3 per cent in 1980. With the exception of 1977, the deficits on the current account were more than offset by surpluses on the capital account. The financial policies pursued were relatively restrained and well balanced. The budgetary deficit was reduced from about 7 per cent of GDP in 1977 to about 2 per cent in 1980, while the rate of growth of monetary expansion was limited to that of nominal GDP, which grew by about 17 per cent. Reflecting these factors, as well as an extensive system of price controls and subsidies, the recorded average annual rate of inflation as measured by the consumer price index was limited to about 8 per cent.

The economy is expected to continue growing at about the same pace during 1981. Preliminary budgetary estimates indicate a widening in the budgetary deficit, partly due to a leveling off in the growth of oil revenue and a substantial expansion in capital expenditure. However, in the light of past experience, the actual budgetary deficit for 1981 could turn out to be lower, with actual revenue higher and expenditure lower than initially projected. The rate of growth of domestic liquidity is expected to slow down somewhat, reflecting a projected unchanged level of net foreign assets and a lower rate of credit expansion to the private sector. In the external sector the current account deficit is anticipated to increase, in part due to a more limited rise in oil revenue than in previous years. However, the overall balance of payments position is expected to be in balance, due to a projected surplus on the capital account. The outstanding external public debt is expected to rise to SDR 2.5 billion by the end of 1981 (SDR 2.4 billion in 1980), or 36 per cent of GDP, while the debt service ratio is projected at 8.5 per cent.

Tunisia determines the value of the dinar on the basis of the exchange rates of the currencies used in settlements with major trading partners, mainly the French franc, the deutsche mark, and the U.S. dollar. The nominal import-weighted exchange rate of the dinar has remained relatively stable during the last two years. Although there was no significant change

in the exchange and trade system in 1980 and early 1981, the authorities have implemented existing regulations in a liberal manner and remain committed to a gradual liberalization of restrictions on trade and payments.

Notwithstanding the relatively successful implementation of the plan, there are a number of economic problems, including a high level of unemployment, the dependence of public enterprises on the budget for financing, the effects of an extensive system of price controls and subsidies, and an emerging downward trend in oil production. The latter development, coupled with an increase in domestic energy consumption, is expected to turn Tunisia from a net oil exporter into a net oil importer in the second half of this decade unless new reserves are found.

The authorities are in the process of formulating the Sixth Five-Year Development Plan (1982-86), which is viewed as providing the basis for the transition of Tunisia into a net oil importing economy. Accordingly, the authorities intend to mount a major investment effort during the Sixth Plan period to diversify further the production base of the economy. The level of overall investment is anticipated to be twice that achieved during the Fifth Plan. The emphasis is expected to be on developing tourism and export-oriented industries further, while giving the agriculture sector a higher priority than under the previous plan. The authorities are also stressing the need for balanced regional development, and intend to provide incentives for industries to locate outside urban centers. The level of investment envisaged during the Sixth Plan is anticipated to generate enough employment to absorb the rapidly expanding labor force and contribute to reducing somewhat the current rate of unemployment.

3. Topics for discussion

The staff will agree with the Tunisian delegation on the date for the forthcoming Article IV consultation mission (at present tentatively scheduled for the spring of 1982).

TUNISIA - Basic Data

Area, population, and GDP per capita

Area	164,154 square kilometers
Population: Total (1980)	6.3 million
Growth rate	2.4 per cent
GDP per capita (1980)	SDR 1,092

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u> Est.	<u>1981</u> Proj.
<u>GDP (at factor cost)</u>					
Total (in millions of dinars)	1,856	2,115	2,506	2,958	3,307
Agriculture (per cent of total)	19	18	17	17	17
Manufacturing (per cent of total)	12	12	13	13	14
Government (per cent of total)	14	14	13	13	13
Annual real rate of growth (per cent)	4.2	8.3	7.7	7.3	6.8
Investment as per cent of GDP (at market prices)	34	35	35	31	32

Prices (per cent change)

GDP deflator	10.0	4.8	9.9	9.2	4.7
Cost of living index	6.7	5.5	7.7	10.0	8.9

Central government finance

(In millions of dinars)

Current revenue	562	683	843	961	1,125 1/
Current expenditure	-443	-524	-599	-698	-788
Current surplus	119	159	244	263	337
Capital expenditure and net lending	-290	-289	-314	-357	-459
Grants	13	8	15	30	...
Overall deficit (-)	-158	-122	-55	-64	-122
External borrowing (net) as per cent of overall deficit	50.6	55.7	27.4	19.4	36.7
Domestic bank borrowing as per cent of overall deficit	11.5	27.1	65.5	3.8	52.1
Overall deficit as per cent of GDP	7.2	4.9	1.9	1.9	3.2

(Per cent change)

Money and credit

Domestic credit	16.3	14.6	11.6	16.2	16.9
Government (net)	15.9	23.3	20.2	8.3	26.9
Nongovernment	16.4	13.2	10.1	17.7	15.1
Money and quasi-money	13.4	19.8	16.2	17.2	15.7

Tunisia - Basic Data (concluded)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>Balance of payments</u>	(In millions of SDRs)				
Exports, f.o.b.	795	899	1,384	1,745	1,962
Imports, f.o.b.	1,562	1,727	2,203	2,554	2,915
Trade balance	-767	-828	-819	-809	-953
Net services and private transfers	321	388	591	593	633
Current account balance	-446	-440	-228	-216	-320
Capital account (net)	388	463	324	272	320
Private long-term	79	73	39	72	151
Government	185	155	44	46	169
Other ^{2/}	124	235	241	154	169
Overall surplus or deficit (-)	-58	23	96	56	--
Current account deficit as per cent of GDP	10.2	9.2	4.1	3.3	4.4
<u>Gross official foreign reserves (end of period)</u>	294	346	446	469	<u>June</u> 428
<u>External public debt</u>					
Disbursed and outstanding (end of period)	1,571	1,904	2,210	2,376	2,470
Debt service as per cent of exports of goods and nonfactor services	10.4	10.6	9.0	9.4	8.5
<u>IMF data</u>					
Date of membership	April 14, 1958				
Quota	SDR 94.5 million				
SDR/Local currency equivalent	SDR 1 = D 0.5956 (end-June 1981)				
	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u> <u>June</u>
	(In millions of SDRs or per cent)				
Cumulative purchases	78.2	78.2	78.2	78.2	78.2
Reserve tranche	(3.1)	(3.1)	(3.1)	(3.1)	(3.1)
Credit tranches	(51.1)	(51.1)	(51.1)	(51.1)	(51.1)
Compensatory financing	(24.0)	(24.0)	(24.0)	(24.0)	(24.0)
Cumulative repurchases	54.2	54.2	54.2	54.2	54.2
Fund holdings of currency as per cent of quota					
Total	125.2	119.2	120.2	79.7	79.7
Credit tranche position	75.2	81.5	82.1	79.7	79.7
Net cumulative SDR allocation	14.7	14.7	21.3	27.8	17.4
Holdings of SDRs	9.6	8.5	14.6	11.8	17.4

^{1/} Including grants.

^{2/} Including errors and omissions; and SDR allocation.

SE
CR
V
I
C
K
E

Telex
Night Letter
Full Rate
Code

OFFICIAL MESSAGE
INTERNATIONAL MONETARY FUND

Washington, D.C. 20431

DISPATCHED
INF

1981 JUN 17 AM 11:52

TIME RECEIVED

A
D
D
R
E
S
S

Special Instructions

BANQUE CENTRALE DE TUNISIE
B.P. 369
TUNIS, TUNISIE

OPS/GRA-11/1

18 R NO. 7

17 1. LE 17 JUIN 1981, CONSEIL D'ADMINISTRATION A APPROUVE
16 BUDGET OPERATIONNEL POUR PERIODE JUIN-AOUT 1981. MONTANT
15 TOTAL DES MONNAIES A RECEVOIR PAR LE FONDS EST ESTIME
14 A 300,7 MILLIONS DE DTS. SUR CE TOTAL, IL EST ENVISAGE
13 D'UTILISER EVENTUELLEMENT POUR LE BUDGET 0,6 MILLION DE
12 DINARS TUNISIENS.
11 2. A TITRE D'INFORMATION, VOUS INDIQUONS QUE CONSEIL
10 D'ADMINISTRATION A DECIDE QUE DANS L'EXECUTION DU BUDGET,
9 LES MONNAIES SERAIENT UTILISEES A PEU PRES AU PRORATA DES
8 MONTANTS DONT L'UTILISATION EST PREVUE DANS LES MONTANTS
7 A RECEVOIR. SI D'AUTRES PAYS MEMBRES ONT ETE AVISES
6 D'UTILISER VOTRE MONNAIE POUR EFFECTUER PAIEMENTS AU FONDS,
5 VOUS SEREZ TRES PROBABLEMENT TENUS DE LA FOURNIR AUXDITS
4 PAYS MEMBRES CONFORMEMENT AUX DISPOSITIONS DONT VOUS ETES
3 CONVENUS AVEC LE FONDS EN APPLICATION DES REGLES 0-4 ET
2 0-6 DES REGLES ET REGLEMENTS DU FONDS.

Distribution

NO DE CONTROLE TRESORERIE INTERFUND
MESSAGE MUST END HERE

Drafted by: _____
Department: _____
Date: _____

NAME (TYPE) SIGNATURE
NAME (TYPE) SIGNATURE

FOR CABLE ROOM USE ONLY

No. of words: 4 Min
SEC-17/OCR

Log: 609208

Route: RCA

Operator: MRA

