

Contents

	Page
Preface	vii
I. Introduction	1
Box. Prereform Conditions in Tunisia	1
II. Economic and Financial Developments During 1970–86	3
III. Fiscal Policy and Reforms	5
Tax System	5
Tax Reforms	8
Expenditure Issues and Policies	9
Fiscal Outcome	10
Social Issues and Protection	12
Outstanding Issues	12
IV. Monetary Policy and Financial Sector Reforms	14
Monetary Policy	15
Policy Instruments	15
Monetary Developments	16
Financial Sector Reforms	17
The Development of Financial Markets	19
Bank Restructuring and Reforms	19
Impact of the Reforms	20
Agenda for the Future	21
V. Structural Reforms	23
Objectives and Strategy	23
Price Liberalization	23
Public Enterprise Reform	25
Liberalization of Investment and Rationalization of Incentives	26
Trade Liberalization	26
Convertibility	28
VI. Performance	30
Growth and Its Sources	30
Investment and Savings	34
Inflation	36
Balance of Payments	37
External Debt	41
VII. The Challenges and the Lessons	42

Charts

Section

III.	1. Fiscal Indicators	8
IV.	2. Interest Rates, January 1988–March 1993	16
	3. Monetary Performance	17
	4. Evolution of Financial Instruments, November 1989–March 1993	19
	5. Indicators of Financial Intermediation and Deepening	20
VI.	6. Savings and Investment	34
	7. External Economic Indicators	37
	8. Trade Performance	38
	9. Composition of Exports	41

Text Tables

Section

III.	1. Selected Indicators of Fiscal Performance	6
	2. Social Indicators	13
IV.	3. Basic Monetary Indicators	18
	4. Regression Coefficients—Estimation of the Demand for Key Financial Instruments	22
VI.	5. Sectoral Distribution of Real GDP Growth	31
	6. Sectoral Contribution to Real GDP Growth	32
	7. Value Added of Major Economic Sectors	33
	8. Savings-Investment Balance	35
	9. Price Developments	36
	10. External Sector Indicators	39
	11. Contribution of Changes in Trade Volume and Terms of Trade to Changes in the Trade Balance	40

Appendix I. Statistical Tables

A1.	Sectoral Distribution of Real GDP Growth	44
A2.	Supply and Use of Resources—Real Growth Rates	44
A3.	Sectoral Distribution of GDP	45
A4.	Supply and Use of Resources	46
A5.	Production of Major Agricultural Crops	47
A6.	Supply and Use of Cereals	47
A7.	Producer Prices of Principal Agricultural Commodities	48
A8.	Energy Production and Consumption	48
A9.	Indicators of Tourist Activity	49
A10.	Consumer Price Index	49
A11.	Consumer Price Index by Price Regime	50
A12.	Producer Price Index	50
A13.	Wage and Employment Indicators	51
A14.	Gross Fixed Investment by Economic Sector and Financing	51
A15.	Consolidated Financial Operations of the Central Government	52
A16.	Consolidated Revenue and Grants of the Central Government	53
A17.	Government Petroleum Revenues	53
A18.	Economic Classification of Consolidated Expenditure of the Central Government	54
A19.	Operations of the Subsidy Fund	54
A20.	Monetary Survey	55
A21.	Assets and Liabilities of the Central Bank	56

A22. Assets and Liabilities of Deposit Money Banks	57
A23. Selected Interest Rates	58
A24. Balance of Payments	59
A25. Foreign Trade Indicators	60
A26. Value of Foreign Trade by Commodity Class	60
A27. Volume of Foreign Trade by Commodity Class	61
A28. Trade Balance in Hydrocarbons	62
A29. Exports of Phosphate Rock, Phosphate Derivatives, and Other Chemical Products	63
A30. Exports and Imports of Primary Products by Major Category	64
A31. Direction of Trade	65
A32. External Debt and Debt-Service Payments	66
A33. Composition of External Debt by Creditor	67
A34. Selected Exchange Rate Indices	68
A35. Structure of Imports by Regime	69
Appendix II. Summary of the Tax System	70
References	73

The following symbols have been used throughout this paper:

- . . . to indicate that data are not available;
- to indicate that the figure is zero or less than half the final digit shown, or that the item does not exist;
- between years or months (e.g., 1991-92 or January-June) to indicate the years or months covered, including the beginning and ending years or months;
- / between years (e.g., 1991/92) to indicate a crop or fiscal (financial) year.

“Billion” means a thousand million.

Minor discrepancies between constituent figures and totals are due to rounding.

The term “country,” as used in this paper, does not in all cases refer to a territorial entity that is a state as understood by international law and practice; the term also covers some territorial entities that are not states, but for which statistical data are maintained and provided internationally on a separate and independent basis.