

## **Tunisia sovereign risk rating:**

### **The Governor of The Central Bank of Tunisia chairs the conclusive meeting with the delegation of "Moody's" rating agency**

**Mr. Taoufik Baccar, Governor of the Central Bank of Tunisia (BCT) chaired, on Wednesday 20 October 2010, a conclusive meeting with the delegation of "Moody's", the American financial rating agency at the end of its visit to Tunisia on 19 and 20 October 2010 in the framework of the annual review of Tunisia's sovereign risk assessment.**

During this visit, Moody's delegation met with the Ministers of Development and International Cooperation, Finance, Industry and Technology and Professional Training and Employment as well as one private bank and one private company officials and officials of diplomatic representations set up in Tunisia.

During this meeting, the Governor of the BCT focused on Tunisian economy's performance in 2009, expectations for 2010 and forecasts for 2011.

He indicated in this regard that with 3.1% growth rate in 2009 and 3.7% in estimates for 2010 Tunisia managed to maintain the global balances while showing its capacities to face up to several shocks despite an international environment still marked by the effects of the financial crisis.

He added that these results were along with an ongoing decrease in public and foreign debt levels concurrently with improved banking sector indicators. Indeed, these results led to better ranking of Tunisia in the last Davos report on competitiveness: up from 40<sup>th</sup> to 32<sup>nd</sup>.

On another level, the Governor presented to Moody's delegation the major pillars of the financial reform as per point 12 of the 2009-2014 presidential programme "Together we meet the challenges". He added that the final target of these reforms is to bring Tunisia up to the rank of a regional financial hub and to reach full convertibility of the dinar towards 2014.

Mr. Baccar evoked in this regard the project of merger of STB (Tunisian Banking Company) and BH (Housing Bank) which foresees a new step in restructuring the banking sector.

He also went over the set targets in the creation of a banking pole to finance small and medium-sized businesses, notably reinforcing opportunities for this type of businesses' access to the financing necessary for their development.

As for the banking sector positioning on the international markets, he referred to transformation of UTB (Tunisian Banking Union) into TFB (Tunisian Foreign Bank). He indicated in this regard that TFB will extend its network in France and other European countries looking for better mobilizing of savings.

The Governor focused also on pursuit of the programme to improve the quality of banking services and to boost competitiveness capacity of Tunisian banks so as to liberalize the service sector.

As for outlook, MR. Baccar added that the XIIth development plan aims at return to more than 5% growth rate while targeting to further boost achievements and seeing to create more than 80,000 new jobs per year, thanks to transfer towards a knowledge-based economy with high technological content.

He pointed out in this context that ambitious targets in the forthcoming period require deep restructuring of the national economy by improving productivity, and boosting contribution of the service sector in the growth process so as to reach better competitiveness of the national economy in an-ever growing international competition context.

Moody's delegation noted the important results achieved by Tunisia in such a period of serious crisis.

The delegation stressed also the Tunisian economy's resilience capacity thanks to deep-seated reforms introduced over the past years, which indeed confirm relevance of Tunisia's choices with respect to gradual liberalization of its economy.