VII. FOREIGN TRADE

A. GLOBAL TRENDS

Tunisian trade grew considerably in 2008, both in terms of exports (up by 21.8% vs. 24.8% a year earlier) and imports (up by 23.8% vs. 22.2%). Thus there was a 31.4% widening of the trade deficit to 6,604 MTD and a 1.2 percentage point drop in the rate of coverage to 78.2%.

TRENDS IN TUNISIA'S FOREIGN TRADE (In MTD unless otherwise indicated)

Year	Exports FOB	Imports CIF	Deficit	Rate of coverage of imports by exports (in %)
1997	6,148	8,794	2,646	69.9
1998	6,518	9,490	2,972	68.7
1999	6,967	10,071	3,104	69.2
2000	8,005	11,738	3,733	68.2
2001	9,536	13,697	4,161	69.6
2002	9,749	13,511	3,762	72.2
2003	10,343	14,039	3,696	73.7
2004	12,404	16,185	3,781	76.6
2005	13,794	17,292	3,498	79.8
2006	15,558	20,003	4,445	77.8
2007	19,410	24,437	5,027	79.4
2008	23,637	30,241	6,604	78.2

Source : National Statistics Institute

The increase in imports was attributable to the steep rise in international prices for food commodities and raw materials/semi-finished products, especially over the first half of 2008. This is illustrated in particular by soaring prices for imported non-refined sulphur, up from 111 dinars per tonne in 2007 to 648 dinars per tonne in 2008. This was also the case for crude oil, which went up sharply to $147 a barrel in July 2008, causing a 63.7% (1,912.2 MTD) increase in overall expenditure for imported energy products despite a drop in prices over the last quarter of the year. This was also the case for imported cereal, for which rising prices over the first half of 2008 constituted a leading factor in the higher cost of imports.

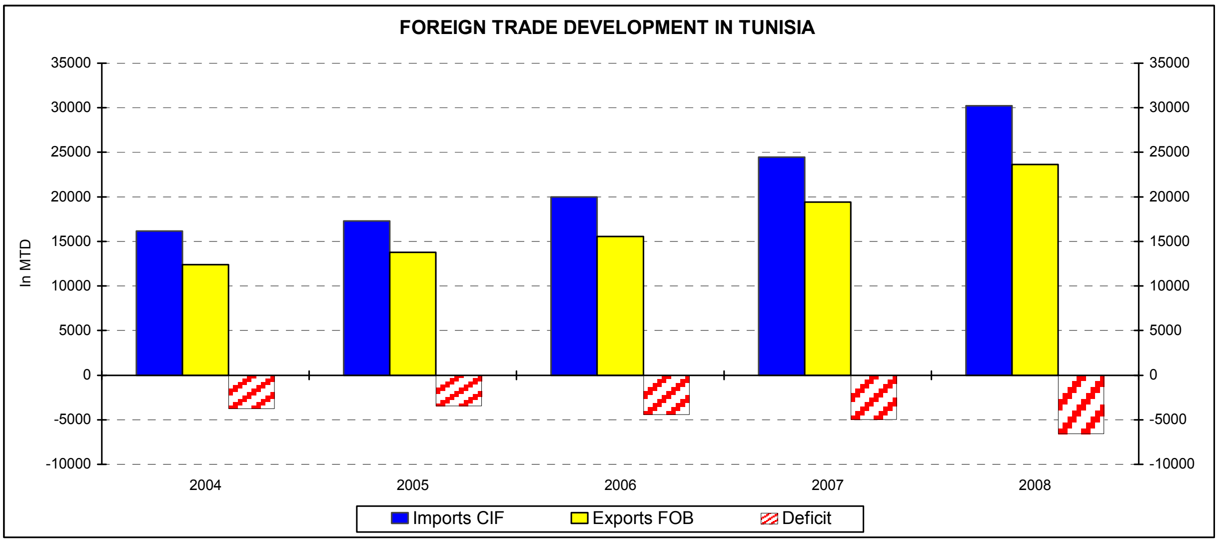
TUNISIA'S BALANCE OF TRADE (ENERGY EXCLUDED)

(In MTD unless otherwise indicated)

Description	2006	2007	2008	Variation in %	
				2007/2006	2008/2007
Exports FOB	13,540.5	16,271.8	19,557.1	20.2	20.2
Imports CIF	17,144.5	21,435.7	25,327.4	25.0	18.2
Balance	-3,604.0	- 5,163.9	- 5,770.3	-1,559.9 MDT	-606.4 MDT
Coverage rate (in %)	79.0	75.9	77.2	-3.1 points	+1.3 point

Source : National Statistics Institute

Exclusive of energy products, exports went up by 20.2%, the same rate as in 2007, while imports rose by 18.2% vs. 25% a year earlier. Thus the trade deficit exclusive of energy went up by some 606 MTD (11.7%) compared to almost 1,560 MTD (43.3%) a year earlier.



As was the case for imports, exports took advantage of the sharp increase in the main commodity prices. Aside from energy, this development was profitable for mining/phosphates/phosphate-based products, with sales more than doubling, up from 1,348.7 MTD to 3,151.7 MTD and accounting for some 43% of the overall increase in exports.

In the textiles/clothing-leather/footwear sector, following the appreciable 17.1% increase in 2007, exports more or less stagnated in 2008, in second place among Tunisia's export sectors behind mechanical/electrical industries. The slight drop in exports by the textiles/clothing sector (-0.2%) was influenced by completion of the transition period (2005-2007) specified in the Agreement on Textiles and Clothing (ATC), during which the quota system was re-established in order to mitigate the impact of integral dismantling of the multi-fibre agreements at the beginning of 2005. The definitive end to such quotas at the start of 2008 led to tougher competition from Asian products, especially from China, and thus loss of certain European market shares for Tunisia.

Slower growth in exports by mechanical/electrical industries (18.3% vs. 30.9% in 2007) was due mainly to the impact of the world financial crisis on the real economy. Automotive industries were particularly hard hit as foreign (especially European) demand for car components and spare parts, the keystone of mechanical and electrical industries, went down.

An analysis of trends in trade by regime shows high growth under the **general regime** both for exports (up from 29.1% in 2007 to 43.4% in 2008) and imports (up from 22.3% to 32.8%). The trade deficit thus widened by 2,046.9 MTD (23.5%), compared to 1,262 MTD (16.9%) in 2007. The increase in goods exported under this regime accounts for 78.2% of growth in overall exports, due in particular to good performance in sales of energy and mining/phosphates/phosphate-based products. Thus the general regime's share in trade went up by 7 percentage points for exports (46.2% vs. 39.2%) and by 4.9 percentage points for imports (71.7% vs. 66.8 % a year before).

Transactions under the **offshore regime** grew at a much slower rate, both for exports (7.8% vs. 22.1% in 2007) and imports (5.6% vs. 21.9%). Still, the trade surplus went up by 470.4 MTD or 12.8%.

TRENDS IN MAIN FOREIGN TRADE RATIOS (in %)

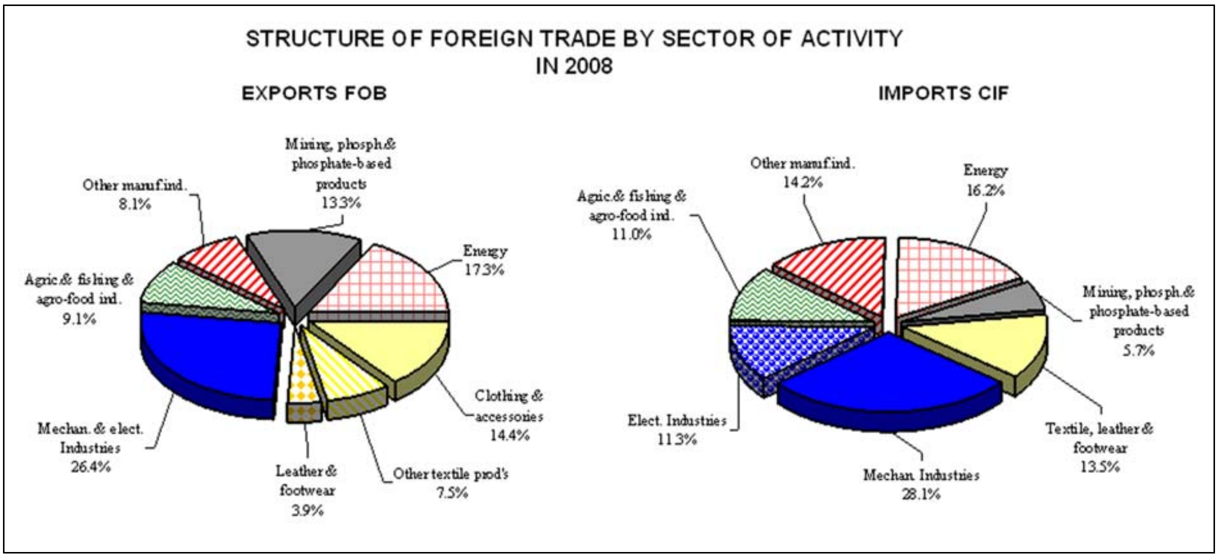
Year	Export effort rate	Rate of dependence	Rate of openness	Rate of penetration
1997	29.4	42.1	71.5	41.1
1998	28.9	42.1	71.0	40.7
1999	28.2	40.8	69.0	39.9
2000	30.0	44.0	74.0	42.5
2001	33.2	47.6	80.8	45.5
2002	32.6	45.2	77.8	43.3
2003	32.2	43.6	75.8	42.0
2004	35.2	46.0	81.2	44.7
2005	36.5	45.8	82.3	45.6
2006	37.6	48.3	85.9	47.2
2007	42.5	53.6	96.1	52.4
2008	47.0	60.1	107.1	58.0

Sources : National Statistics Institute, Ministry of Development and International Cooperation and BCT

As in past years, the main ratios for foreign trade continued to grow, notably the degree of economic openness, which went up from 96.1% in 2007 to 107.1% in 2008. Thus for the first time the sum total of exported and imported goods exceeded the country's GDP, reflecting the high degree of openness achieved by Tunisia's economy**.**

B. TRENDS IN TRADE BY SECTOR OF ACTIVITY

Sectoral analysis of trade shows sustained growth in exports by most of the sectors except textile/clothing, where sales regressed slightly. 2008 was marked by a change in the ranking of export sectors, following the ascension of mechanical/electrical industries to first place, which had previously been occupied by textiles/clothing-leather/footwear.



Exports of phosphate-based products went up by 134.2%, the highest increase sector-wide, accounting for some 40% of overall growth in Tunisian exports. Energy and mining product sales also posted high growth of 30% and 126.8% respectively. As for imports, the highest increases involved energy and phosphate-based products. Considerably higher growth in purchases of phosphate-based products was due mainly to the sharp increase in imports of non refined sulphur as prices soared on the international market. Purchases of agricultural, fishing and food products grew but at a slower pace than a year before.

TRENDS IN FOREIGN TRADE BY SECTOR OF ACTIVITY

Description	2007			2008		
	Value in MTD	Variation (in %)	Share of total (in %)	Value in MTD	Variation (in %)	Share of total (in %)
Exports	**19,409.6**	**24.8**	**100.0**	**23,637.0**	**21.8**	**100.0**
-Agriculture/fishing & agrofood industries	1,888.0	0.1	9.7	2,155.6	14.2	9.1
.Agriculture and fishing	543.0	25.2	2.8	617.5	13.7	2.6
.Agrofood industries	1,345.0	-7.4	6.9	1,538.1	14.4	6.5
-Energy	3,137.8	55.5	16.2	4,079.9	30.0	17.3
-Mining products	90.4	55.3	0.5	205.0	126.8	0.9
-Non-food manuf. industries	14,293.4	23.3	73.6	17,196.5	20.3	72.7
.Textile, clothing, leather & footwear	6,076.3	17.1	31.3	6,098.3	0.4	25.8
.Mechanical & electrical indust.	5,266.8	30.9	27.1	6,232.8	18.3	26.4
.Phosphate & phos. based-products	1,258.3	29.0	6.5	2,946.7	134.2	12.4
.Other manufactured products	1,692.0	20.4	8.7	1,918.7	13.4	8.1
of which : * Building materials, ceramics and glass	330.5	20.4	1.7	396.7	20.0	1.7
* Chemical products	575.7	10.0	3.0	661.2	14.9	2.8
Imports	**24,437.3**	**22.2**	**100.0**	**30,241.2**	**23.8**	**100.0**
-Agriculture/fishing and agrofood industries	2,617.9	38.9	10.7	3,318.6	26.8	11.0
.Agriculture and fishing	1,628.4	78.8	6.7	1,921.4	18.0	6.4
.Agrofood industries	989.5	1.5	4.0	1,397.2	41.2	4.6
-Energy	3,001.6	5.0	12.3	4,913.8	63.7	16.2
-Mining products	43.3	21.3	0.2	54.9	26.8	0.2
-Non-food manuf. industries	18,774.5	23.3	76.8	21,953.9	16.9	72.6
.Textile, clothing, leather & footwear	4,070.1	19.3	16.6	4,076.3	0.2	13.5
.Mechanical & electrical indust.	10,431.4	26.9	42.7	11,920.3	14.3	39.4
.Phosphate & phos. based-products	443.7	7.6	1.8	1,675.9	277.7	5.5
.Other manufactured products	3,829.3	20.3	15.7	4,281.4	11.8	14.2
of which : * Building materials, Ceramics & glass	218.6	19.5	0.9	279.6	27.9	0.9
* Chemical products	2,281.4	23.4	9.3	2,523.2	10.6	8.3

Source : National Statistics Institute

1. AGRICULTURE, FISHING AND AGROFOOD INDUSTRIES

Imports in this sector grew at a faster pace (26.8%) than exports (14.2%), causing a 433.1 MTD (59.3%) widening of the trade deficit. The deficit in the balance of food went up by 325.6 MTD (76.5%) to 751 MTD or 64.6% of the sector's overall deficit. 23.6% of the increase in sales, which represented 9.1% of the country's overall exports, was attributable to higher sales of olive oil (up by 9.1% or 63.1 MTD) due to higher prices, especially in the opening months of the year, despite a 2% (3,500 tonnes) drop in quantities shipped. The structure of the main markets for olive oil remained unchanged, with Italy and Spain consolidating their first and second place with 52.9% and 21.3% market share respectively, followed by the United States (14.1%), France (3.2%) and Morocco (2.3%).

The increase in sales of cereal-based products, especially pasta, both in terms of value (45.7% or 35.4 MTD) and quantity (17% or 10,800 tonnes), also contributed to higher exports by the sector. Libya remained the leading destination for these products, with a market share of 36.5% of sales. Other (notably African) countries emerged as major clients, such as Niger (10.3% of sales), Algeria (9.4%), Senegal (2.4%), Togo (1.9%), Chad (1.8%) and Gabon (1.8%).

Exports of concentrated tomato paste as well as citrus fruit almost doubled, up from 21 MTD to 39.7 MTD for the former and from 13.6 MTD to 24.9 MTD for the latter. 86.5% of citrus exports went to France.

Sales of tobacco went up by 14.3% or 7.2 MTD, shipped mainly to the countries of the European Union (79.1%), Libya (7.2%) and Switzerland (2.8%).

Fishing products were exported mainly to Italy (44.3%), Japan (29.2%), Spain (9%) and Greece (5.6%), up by 2.1% or 4.8 MTD despite a drop of 1,400 tonnes to 20,000 tonnes in quantities shipped.

But there were decreases for certain products, such as milled products (-50.2% or -14.2 MTD), made up mainly of grain flours, due to lower quantities shipped. The Ivory Coast was Tunisia's main client for these products (52.2%), followed by Libya (41.2%) and Cameroon (6%).

The 0.9% drop in export of dates was due to lower average export prices, despite a slight (0.9%) increase in quantities shipped. Exports went mainly to the countries of the European Union, Morocco (28.8%) and a number of Asian countries such as Indonesia (2.8%) and Malaysia (2.5%).

As for imports, the share of purchases by the sector in the country's overall imports rose from 10.7% in 2007 to 11% in 2008. More than 41% of the increase in imports was attributable to the 24.2% (289.5 MTD) increase in purchases of cereals. This included import of hard wheat (+42.6%), in line with the combined effects of the 8.2% increase in quantities purchased and prices negotiated by the Cereals Board, the country's leading importer of cereals. Prices topped $800 per tonne in May and June 2008 before falling and finishing for the year below $300 per tonne in November and December. Higher prices were the reason behind the 28.8% increase in the cost of soft wheat, while purchased quantities went down slightly. Imported corn was up by 51.2% in terms of value and 21.2% in terms of volume, while purchases of barley dropped by 26.6%, based on a 35.8% reduction in quantities imported.

Tunisia buys cereals from a wide range of sources, mainly the United States, Russia, Italy, France, a number of eastern European countries such as the Ukraine and Rumania, and a few Latin American countries such as Argentina and Brazil.

Along with cereals, imports of various other products went up, such as vegetable oils for humans that more than doubled (+116.3%) in the wake of prices that shot up on the international market, while imported quantities went up at a more modest 34.6%. Argentina was the main supplier of vegetable oils with a share of some 52%, followed by Brazil (17.1%), the United States (13%) and Spain (6.2%). A small proportion (2.3%) came from Indonesia in the form of palm oil.

The higher figure for imported milk and dairy products (+61.9%) was due to a 55.5% increase in quantities imported, mainly from France (32%), the United States (16%), New Zealand (11%) and Holland (10.8%).

BALANCE OF TRADE IN AGRICULTURE/FISHING AND AGROFOOD INDUSTRIES

Description	Quantity in 1,000 tonnes			Value in MTD			Variation 2008/2007 in %	
	2006	2007	2008	2006	2007	2008	Quant.	Value
Exports				**1,886.2**	**1,888.0**	**2,155.6**		**14.2**
Human food								
Of which :	*607.9*	*615.7*	*677.7*	*1,599.0*	*1,615.5*	*1,849.9*	*10.1*	*14.5*
.Olive oil	168.8	172.6	169.1	834.9	696.0	759.1	-2.0	9.1
.Seafood	20.3	21.4	20.0	225.4	232.8	237.6	-6.5	2.1
.Dates	37.6	68.9	69.5	117.0	211.0	209.2	0.9	-0.9
.Citrus fruits	19.5	16.3	28.4	16.1	13.6	24.9	74.2	83.1
.Cereal-based preparations	74.3	63.5	74.3	73.1	77.5	112.9	17.0	45.7
.Concentrated tomato paste	38.3	18.7	23.7	39.3	21.0	39.7	26.7	89.0
.Harissa	5.1	8.4	11.3	13.6	20.4	22.9	34.5	12.3
.Cereal flours	36.5	43.7	12.8	14.1	24.7	5.8	-70.7	-76.5
Other products				*287.2*	*272.5*	*305.7*		*12.2*
Imports				**1,885.4**	**2,617.9**	**3,318.6**		**26.8**
Human food								
of which :	*3,489.1*	*4,060.6*	*3,933.7*	*1,321.9*	*2,040.9*	*2,600.9*	*-3.1*	*27.4*
.Cereals								
of which :	2,654.1	3,159.0	3,042.4	599.0	1,194.0	1,483.5	-3.7	24.2
-Soft wheat	1,057.9	1,122.5	1,103.2	241.9	404.2	520.7	-1.7	28.8
-Hard wheat	340.8	609.2	659.2	94.5	333.4	475.3	8.2	42.6
- Corn	588.3	618.3	749.2	109.3	180.2	272.5	21.2	51.2
- Barley	644.9	787.7	505.9	143.4	265.9	195.1	-35.8	-26.6
.Sugar	353.9	353.7	324.3	199.7	158.8	162.3	-8.3	2.2
.Vegetable oils	196.3	188.9	254.3	148.9	187.0	404.5	34.6	116.3
.Milk and dairy products	13.5	15.5	24.1	36.0	49.1	79.5	55.5	61.9
.Meat	5.5	4.4	5.2	26.1	18.7	27.1	18.2	44.9
.Tea	10.6	9.3	10.4	21.9	18.0	23.8	11.8	32.2
.Coffee	10.7	12.6	16.9	22.2	31.4	52.6	34.1	67.5
.Bananas	20.3	41.0	33.5	7.4	14.7	11.4	-18.3	-22.4
.Potatoes	27.7	102.5	19.7	18.9	66.1	19.7	-80.8	-70.2
.Various prepared foods	5.3	6.0	7.3	47.9	55.2	62.0	21.7	12.3
Other products				*563.5*	*577.0*	*717.7*		*24.4*
of which: Soy bean cakes	243.2	257.8	266.9	77.2	103.1	148.8	3.5	44.3
.Raw tobacco	7.1	7.9	8.7	22.5	29.2	35.8	10.1	22.6
Food balance				**277.1**	**-425.4**	**-751.0**		**76.5**
Rate of coverage (in %)				**121.0**	**79.2**	**71.1**		**-8.1 points**
Overall balance				**0.8**	**-729.9**	**-1,163.0**		**59.3**
Rate of coverage (in %)				**100.0**	**72.1**	**65.0**		**-7.1 points**

Source : National Statistics Institute

Strong export performance by agriculture/fishing/agrofood industries should not overshadow some problems in certain branches of activity such as olive oil, which suffers not only from unstable production due mainly to adverse weather and the cyclical nature of production but also from weaknesses in marketing. While European buyers form increasingly powerful purchasing structures, national exporters continue for the most part to act individually, which adversely affects their power of negotiation.

2. ENERGY

Higher oil prices in 2007 carried over into the first seven months of 2008 before reversing and dropping in the closing months of the year. Consequently the energy trade balance posted a deficit of 833.9 MTD vs. a surplus of 136.2 MTD in 2007. The rate of coverage of imports by exports fell by 21.5 percentage points to 83%, after slowing of the export growth rate (30% vs. 55.5%) and considerably faster growth in imports (63.7% vs. 5%). The share of this sector in Tunisia's overall export trade went up by 1.1 percentage point (17.3% vs. 16.2%), thus confirming its ranking as the country's third largest export sector. Its share in imports went up by 3.9 percentage points (16.2% vs. 12.3%).

BALANCE OF TRADE IN THE ENERGY SECTOR

Description	Quantity in 1,000 tonnes			Value in MTD			Variat.2008/2007 in %	
	2006	2007	2008	2006	2007	2008	Quantity	Value
Exports				**2,017.6**	**3,137.8**	**4,079.9**		**30.0**
Crude oil	2,485.3	3,971.3	3,438.2	1,563.8	2,631.8	3,218.8	-13.4	22.3
Refined products	806.3	825.6	914.7	453.8	506.0	861.1	10.8	70.2
Imports				**2,859.0**	**3,001.6**	**4,913.8**		**63.7**
Crude oil	1,086.4	1,110.5	1,234.7	710.2	746.1	1,149.4	11.2	54.1
Refined products	2,739.7	2,688.4	2,992.5	1,932.4	1,936.1	3,083.5	11.3	59.3
Natural gas	562.0	843.2	1,244.1	212.2	315.4	672.3	47.5	113.2
Coal from coke	12.1	10.8	20.0	4.2	4.0	8.6	85.2	115.0
Overall balance				**-841.4**	**136.2**	**-833.9**		**-712.3**
Rate of coverage (in %)				**70.6**	**104.5**	**83.0**		**-21.5 points**

Source : National Statistics Institute

The 942.1 MTD increase in exports by the sector, which represented 22.3% of the overall progression in Tunisia's sales (vs. 29.1% in 2007), was due to the higher exports of crude oil and refined products. Export of crude oil went up at a much slower pace of 22.3% (vs. 68.3% in 2007), influenced by the 13.4% drop in shipped quantities, which offset the impact of higher prices. The main destinations for crude oil were France (32%), Italy (27.9%), Spain (14.8%) and the United Kingdom (14.1%).

Export of refined products, largely to Switzerland (66.6%) and the United Kingdom (16.6%), rose at a high rate of 70.2% vs. 11.5%, following an increase in tonnage sold at a faster pace than in 2007 : 10.8% vs. 2.4%.

The 1,912.2 MTD increase in imports involved all products, mainly purchases of refined products, up by 1,147.4 MTD or 59.3%, which amounted for 60% of the overall increase in purchases in the sector following 11.3% increase in imported quantities, mainly from Russia (36.3% of the purchase value), Italy (23%) and France (7.9%). Imports of crude oil went up by 403.3 MTD (54.1%) because of the 11.2% increase in purchased quantities, almost exclusively from Libya.

Purchases of natural gas, supplied almost exclusively by Algeria, went up by 356.9 MTD (113.2%) in terms of value and 400,900 tonnes (47.5%) in terms of volume. Imports of coke from coal went up both in terms of value (4.6 MTD or 115%) and quantity (9,200 tonnes or 85.2%). The main suppliers were Algeria, Germany and Egypt.

3. MINING, PHOSPHATES AND PHOSPHATE-BASED PRODUCTS

2008 was marked by an unprecedented jump in world prices for phosphate and mining products. This increase also involved imported raw materials used in the production cycle of phosphate-based items such as non-refined sulphur and ammoniac. Exports in the mining/phosphates/phosphate-based products sector benefited from this international environment, posting exceptional results with income from export up by 133.7% to 3,151.7 MTD in 2008. This sector posted a 42.7% overall increase in the country exports and its share in these exports thus rose by 6.3 percentage points in 2008 to 13.3%. Concurrently, imports almost quadrupled, accounting for 1,730.8 MTD vs. 487 MTD a year earlier and representing 5.7% of the country's overall imports, up from 2% in 2007. Thus the sector's traditionally surplus balance went up by 559.2 MTD or 64.9%.

Concerning exports, and following good performance by the Tunisian Chemical Group, prices for phosphate-based products as a whole posted an exceptional increase. For example, the average price for a tonne of phosphoric acid reached almost $2,000 in June 2008, after going no higher than $580 in 2007. The price of DAP climbed to some $1,200 per tonne for a large part of 2008, up from a maximum of $540 a year earlier. The average price of raw phosphates, which posted around $50 per tonne in 2007, went up sharply in 2008 to more than $400 per tonne.

Such high price levels had a positive effect on income from export of various products. Representing 34.1% of the sector's exports, sales of DAP more than doubled, up from 508.6 MTD in 2007 to 1,074.3 MTD in 2008. Shipped quantities fell by 10.2% or 100,000 tonnes. Tunisian DAP is exported mainly to certain Asian markets such as India (the destination for 26.3% of sales), Vietnam (6%), Pakistan (4.7%), China (4.3%), Iran (4%), as well as certain countries in Europe such as Turkey (21.4%), Italy (7%) and France (6.2%).

Exports of phosphoric acid went up by a major 158% or 543.3 MTD, while shipped quantities dipped for the second straight year. India, which absorbs 49.4% of sales, has consolidated its standing as Tunisia's leading buyer of phosphoric acid, followed by the countries of the European Union (22.6%), Turkey (6%), Saudi Arabia (5.9%) and Iran (4.3%).

Sales of triple superphosphate, the sector's third most important product, continued to grow at a brisk pace of 136.1% or 442.1 MTD in 2008, compared to 61.8% or 124.1 MTD in 2007. Shipped quantities, on the other hand, went down by 8.9% or 73,100 tonnes. Triple superphosphate went mainly to Iran (26.5%), Brazil (24.4%), Bangladesh (15.3%), Sudan (4.4%) and Sri Lanka (4.2%).

Exports of lime phosphate, mainly to eastern Europe and more particularly Poland (45.3% of sales) and the Ukraine (14.6%), went up by 154.2% (109.5 MTD) to 180.5 MTD, compared to 71 MTD in 2007 and 35.6 MTD in 2006. This trend was due to higher prices for this product, while shipped quantities went down (-28.9%).

BALANCE OF TRADE IN MINING, PHOSPHATES AND PHOSPHATE-BASED PRODUCTS

Description	Quantity in 1,000 tonnes			Value in MTD			Variat. 2008/2007 in %	
	2006	2007	2008	2006	2007	2008	Quanti.	Value
Exports				**1,033.7**	**1,348.7**	**3,151.7**		**133.7**
Fertilisers	2,035.6	1,863.0	1,677.0	607.5	845.9	1,865.3	-10.0	120.5
.Triple superphosph	807.2	819.7	746.6	200.8	324.9	767.0	-8.9	136.1
.DAP	1,154.6	977.7	877.7	389.3	508.6	1,074.3	-10.2	111.2
.Other chemical fertilisers	73.8	65.6	52.7	17.4	12.4	24.0	-19.7	93.5
Phosphoric acid	1,140.4	900.3	661.6	317.4	343.9	887.2	-26.5	158.0
Lime phosphate	713.1	1,236.7	879.1	35.6	71.0	180.5	-28.9	154.2
Dicalcium phosphate	154.0	180.8	152.4	52.9	68.3	189.5	-15.7	177.5
Zinc	0	1.4	0	0	0.1	0	-100.0	-100.0
Other products				20.3	19.5	29.2		49.7
Imports				**447.9**	**487.0**	**1,730.8**		**255.4**
Non-refined sulphur	1,576.0	1,390.4	1,775.8	159.2	154.1	1,150.2	27.7	646.4
Ammonium nitrate	324.6	276.0	276.2	119.2	104.2	212.4	0.1	103.8
Oil bitumen	433.0	445.3	489.1	69.6	97.5	150.1	9.8	53.9
Fluorine spa	58.1	79.4	74.3	16.2	22.5	26.9	-6.4	19.6
Phosphoric acid	100.2	99.8	79.5	27.6	34.5	104.7	-20.3	203.5
Fertilisers	81.0	95.4	52.2	26.7	42.8	37.8	-45.3	-11.7
Other products				29.4	31.4	48.7		55.1
Balance				**585.8**	**861.7**	**1,420.9**		**64.9**
Rate of coverage (in %)				**230.8**	**276.9**	**182.1**		**-94.8 points**

Source : National Statistics Institute

As for imports, more than 80% of the increase came from the higher figure for purchases of non-refind sulphur, the main raw material imported by the Tunisian Chemical Group to manufacture certain phosphate-based products. The cost of importing this product shot up by 996.1 MTD to 1,150.2 MTD, with the quantity up by just 27.7% or 385,400 tonnes. This jump was due to a sharp increase in prices for this product, which followed a trend quite similar to that of hydrocarbons, up from an average of $95.80 per tonne in 2007 to more than $514 per tonne in 2008. Russia is Tunisia's main supplier of non-refined sulphur, providing 45.5% of imports, followed by Kazakhstan (10.2%) and the Arab countries of the Gulf, notably Kuwait (8.7%), the United Arab Emirates (8%) and Saudi Arabia (8%).

There was also a sizeable increase in the price of ammoniac, with the cost of imports more than doubling to 212.4 MTD in 2008, despite virtual stagnation in imported quantities at 276,200 tonnes. Average purchasing prices for this product came to some $883 per tonne in September 2008, up from $314 per tonne in 2007. Ammonium nitrate was imported mainly from the countries of the European Union, notably Italy (31.8%), France (18.8%), the United Kingdom (10.2%), Spain (9.1%) and Germany (7.7%).

Imports of phosphoric acid went up by 203.5%, due to higher purchasing prices. Imports of fertilisers dropped by 11.7%, on the basis of a 45.3% decrease in imported quantities.

4. TEXTILE-CLOTHING SECTOR

2008 was marked by virtual stagnation in exports by the textile/clothing sector (-7.8 MTD or -0.2%), compared to an increase of 732.2 MTD or 16.4% a year earlier. The sector's contribution to the country's overall exports thus went down by 4.8 percentage points to

21.9%. Exports under the offshore regime, which represents almost 98% of sales by the sector, posted weak growth of 16 MTD or 0.3%, after having increased by 707.8 MTD or 16.3% in 2007. In the framework of the general regime, exports dipped by 23.8 MTD or 17.1% after having increased by 24.4 MTD (21.3%) in 2007. There were lower sales for a number of products but mainly clothing and accessories (-1.9%), the leading branch in the sector, with a share of more than 65% in sales, along with apparel and second-hand garments (-6.2%) and fabric (-12.1%). Export of hosiery items rose but at a slower pace of 8.8% vs. 17.7% in 2007.

BALANCE OF TRADE IN THE TEXTILE AND CLOTHING SECTOR

Description	Quantity in 1,000 tonnes			Value in MTD			Variat. 2008/2007 in %	
	2006	2007	2008	2006	2007	2008	Quant.	Value
Exports				**4,455.7**	**5,187.9**	**5,180.1**		**-0.2**
Clothing and accessories	75.0	78.1	72.5	3,069.0	3,461.4	3,397.0	-7.2	-1.9
Hosiery	28.5	30.7	30.3	930.3	1,094.9	1,190.9	-1.3	8.8
Fabric	17.0	19.3	17.1	122.9	154.6	135.9	-11.4	-12.1
Apparel & second-hand clothes	44.8	55.3	53.7	245.2	371.0	347.9	-2.9	-6.2
Textile yarns and thread	12.7	13.7	12.2	65.8	81.1	91.0	-10.9	12.2
Others				22.5	24.9	17.4		-30.1
Imports				**2,970.2**	**3,521.5**	**3,481.6**		**-1.1**
Fabric	101.3	118.7	119.8	1,688.2	2,065.8	2,085.4	0.9	0.9
Clothing and accessories	17.4	19.3	15.9	511.5	603.6	588.5	-17.6	-2.5
Hosiery	13.1	13.2	11.2	309.8	324.4	301.5	-15.2	-7.1
Textile yarns and thread	47.8	52.7	49.0	222.9	257.4	251.3	-7.0	-2.4
Apparel & second-hand clothes	95.2	103.8	115.4	96.9	111.3	123.5	11.2	11.0
Cotton in bulk	16.4	22.3	13.3	28.8	40.0	27.9	-40.4	-30.3
Others				112.1	119.0	103.5		-13.0
Balance				**1,485.5**	**1,666.4**	**1,698.5**		**1.9**
Rate of coverage (in %)				**150.0**	**147.3**	**148.8**		**1.5 point**

Source : National Statistics Institute

France remains the leading destination for Tunisia’s exports, with a 36.2% share. Italy and Germany consolidated their second and third place with respective shares of 32.5% and 10.3%.

Imports fell by 39.9 MTD (1.1%) after rising by 551.3 MTD (18.6%) in 2007. Their share in the country’s overall purchases from abroad dropped by 2.9 percentage points (11.5% in 2008 vs. 14.4% a year earlier). The drop in imports was caused by purchases under the offshore regime, which went down by 64 MTD (-2%), representing some 90% of imports in the sector. Purchases under the general regime grew but at a slower rate of 7.2%, down from 10.7%.

By product, this drop involved several inputs used by the sector, such as bulk cotton (-30.3%) and textile thread and yarn (-2.4%). Imported fabric, which represents a 59.9% share of imports by the sector, grew at a much slower rate of 0.9%, down from 22.4% in 2007. As for other branches in the sector, imports of clothing/accessories and hosiery items dropped by 2.5% and 7.1% respectively, while apparel and second-hand garments went up by 11%. Italy was Tunisia's leading supplier with textile items (33%), followed by France (26.5%), Belgium (6.1%) and Germany (6%).

The balance of trade for the sector posted a surplus of 1,698.5 MTD, some 32 MTD (1.9%) more than in 2007.

5. LEATHER AND FOOTWEAR

Trade in leather and footwear posted in 2008 a lower growth rate for both exports (3.4% vs. 20.8% in 2007) and imports (8.4% vs. 24.6%), leading to a 16.3 MTD (4.8%) narrowing of the trade surplus and a 7.5 percentage point reduction in the rate of coverage to 154.4%. Slower growth in trade involved mainly transactions carried out under the off shore regime, which represented 94% of total or 3.2% (vs. 19.1% in 2007) for export and 7.4% (vs. 27.4%) for import.

Sales of footwear, which has an 81% share in 2007 in exports by the sector, went up by a slight 0.9% after having increased by 17.8% in 2007, influenced by a slight drop in exports of finished footwear (-0.4% vs. 22.7%) and an increase although at a slower pace than sales of uppers and parts (3.8% vs. 8.3%). The main markets for these products were Italy, France, Germany and the United Kingdom.

Exports of skins and leather (sold mainly to Turkey, Italy and Spain) and of leather goods grew at lower rates of 5.8% and 14.8% respectively, down from 43.4% and 26.3% a year earlier. The main destinations for leather goods were France, Italy, Germany and Belgium.

Slower growth in exports had a direct impact on trends in imports of the main inputs required for production. Thus purchase of skins and leather (the main component for imports at 59% of total) grew but at a much slower pace of 6.8%, down from 27.6%. These goods came mainly from Italy, France, India and Germany.

BALANCE OF TRADE IN THE LEATHER AND FOOTWEAR SECTOR

Description	Quantity in 1,000 tonnes			Value in MTD			Variat. 2008/2007 in %	
	2006	2007	2008	2006	2007	2008	Quant.	Value
Exports				**735.3**	**888.4**	**918.2**		**3.4**
Skins and leather	3.4	4.5	3.4	22.8	32.7	34.6	-24.4	5.8
Leather goods	2.1	2.0	2.5	79.6	100.5	115.4	25.0	14.8
Footwear	24.0	25.3	23.0	625.8	737.0	743.9	-9.1	0.9
.Shoes uppers & parts	4.3	4.1	4.0	213.8	231.5	240.3	-2.4	3.8
.Shoes	19.7	21.2	19.0	412.0	505.5	503.6	-10.4	-0.4
Others				7.1	18.2	24.3		33.5
Imports				**440.3**	**548.6**	**594.7**		**8.4**
Skins and leather	13.0	12.7	12.9	257.4	328.4	350.8	1.6	6.8
Leather goods	2.4	2.6	2.6	23.7	30.4	33.4	0.0	9.9
Shoes	7.9	9.1	8.6	131.5	161.5	174.0	-5.5	7.7
.Shoes uppers & parts	6.0	7.3	7.7	118.1	146.0	155.7	5.5	6.6
.Shoes	1.9	1.8	0.9	13.4	15.5	18.3	-50.0	18.1
Others				27.7	28.3	36.5		29.0
Balance				**295.0**	**339.8**	**323.5**		**-4.8**
Rate of coverage (in %)				**167.0**	**161.9**	**154.4**		**-7.5 points**

Source : National Statistics Institute

Purchases of uppers and parts (supplied mainly by Italy, France and Germany) and of leather goods grew at more moderate rates than in 2007: 6.6% and 9.9% respectively, down from 23.6% and 28.3%. The main suppliers of leather goods were China, Italy and France.

6. MECHANICAL AND ELECTRICAL INDUSTRIES

The mechanical and electrical sector consolidated its standing as the leading export sector, ahead of textiles-clothing/footwear-leather, by posting 6,232.8 MTD or 26.4% of overall exports. The figures for imports came to 11,920.3 MTD, 39.4% of the sector's overall imports. Sales and purchases of mechanical/electrical goods grew at lower rates of just 18.3% and 14.3% respectively compared to 2007 figures of 30.9% and 26.9%.

BALANCE OF TRADE IN MECHANICAL AND ELECTRICAL INDUSTRIES

(In MTD unless otherwise indicated)

Description	2006	2007	2008	Variation in %	
				2007/2006	2008/2007
Exports	4,024.6	5,266.8	6,232.8	30.9	18.3
Imports	8,217.0	10,431.4	11,920.3	26.9	14.3
Balance	**-4,192.4**	**-5,164.6**	**-5,687.5**	**23.2**	**10.1**
Coverage rate (in %)	**49.0**	**50.5**	**52.3**	**1.5 point**	**1.8 point**

Source : National Statistics Institute

86.6% of exports in this sector took place under the offshore regime, while 69.9% of imports took place in the framework of the general regime.

Looking at **mechanical industries**, exports and imports posted slower growth of 14.7% and 15.1% respectively vs. 23.6% and 33.9% a year earlier.

Thus, the trade deficit posted 808.5 MTD (15.2%) widening to 6,126.2 MTD, compared to an increase of 1,476.1 MTD (38.4%) in 2007 ; while the rate of coverage virtually stagnated at 27.9%.

The Export growth rate went down from 23.6% in 2007 to 14.7%, due mainly to slower growth in sales of mechanical apparatus and devices (29.2% vs. 53.3%), which are shipped mainly to France (20.6%), Italy (20.3%), Algeria (13.5%) and Libya (10.4%). Exports of copper and copper made products also experienced slower growth (16.7% vs. 31.5%), as was also the case for aluminium and aluminium made products (38.4% vs. 62.9%).

Sales of cast iron/iron/steel and metal made products grew at a steady pace of 22.1% (120.7 MTD) vs. 22.9% (101.9 MTD) in 2007, influenced by higher prices on the international market, despite a 2.4% drop in volume. The main markets for these products were France (23.2%), Libya (16.2%), Spain (15.5%) and Italy (15.1%). But other products turned out by the sector suffered from negative growth, such as cables and optic fibres (-91.4% or 44.6 MTD), on the basis of lower quantities shipped (-77.8%).

Slower growth in imports (15.1% vs. 33.9% in 2007) is linked to purchases of a number of goods, notably cast iron/iron/steel and metal made products (27.1% vs. 47.1%), mechanical apparatus and devices (24.2% vs. 25.6%) and autos/cycles/ tractors (14.1% vs. 21.4%).

BALANCE OF TRADE IN MECHANICAL INDUSTRIES

Description	Quantity in 1,000 tonnes			Value in MTD			Variat.2008/2007 in %	
	2006	2007	2008	2006	2007	2008	Quantity	Value
Exports				**1,675.9**	**2,071.5**	**2,375.5**		**14.7**
-Transport equipment				461.0	551.0	536.6		-2.6
of which : vehicles, cycles & tractors	45.8	56.7	52.9	416.3	481.8	469.2	-6.7	-2.6
-Cast iron, iron, steel and finished prod. of which :	406.8	391.6	382.1	444.8	546.7	667.4	-2.4	22.1
* Cast iron, iron and steel	329.5	286.9	260.6	239.5	254.9	281.5	-9.2	10.4
* Metal structures	22.0	32.6	45.7	44.1	81.4	124.4	40.2	52.8
* Iron and steel springs	13.7	16.9	19.1	42.7	56.6	67.3	13.0	18.9
* Tubes, pipes and accessories	20.2	18.5	14.1	43.9	34.4	44.8	-23.8	30.2
-Ignition apparatus	28.7	34.9	39.1	271.4	416.0	537.4	12.0	29.2
-Optics, scientific equip.	2.4	2.5	4.6	99.7	119.8	168.7	84.0	40.8
-Cables and optical fibres	1.8	0.9	0.2	72.8	48.8	4.2	-77.8	-91.4
-Copper and copper made products	9.4	10.4	11.9	60.6	79.7	93.0	14.4	16.7
-Aluminium and finished products	10.8	17.8	18.7	58.2	94.8	131.2	5.1	38.4
-Metal works	5.5	7.8	6.1	36.3	43.0	48.2	-21.8	12.1
-Other apparatus for vehicles	0.9	1.2	1.4	34.3	46.8	50.1	16.7	7.1
-Other products				136.8	124.9	138.7		11.0
Imports				**5,517.5**	**7,389.2**	**8,501.7**		**15.1**
-Cast iron, iron, steel & finished products, of wh :	1,225.8	1,545.1	1,444.7	1,177.8	1,732.2	2,201.9	-6.5	27.1
* cast iron, iron & steel	1,115.2	1,380.5	1,250.9	745.9	1,048.1	1,407.2	-9.4	34.3
* Tubes, pipes and accessories	51.7	88.2	109.0	208.1	374.8	356.8	23.6	-4.8
* Other iron and steel-made products	9.9	12.7	17.3	61.1	93.5	138.5	36.2	48.1
* Metal structures	7.8	15.0	19.7	23.6	56.7	72.9	31.3	28.6
-Tools	7.2	6.1	6.1	75.5	99.6	109.8	0.0	10.2
-Machines, mechanical devices of which :	141.1	193.9	184.9	1,817.4	2,282.4	2,834.4	-4.6	24.2
* Hoisting, drilling and handling equipment	26.0	29.7	46.8	240.7	298.4	528.5	57.6	77.1
* Turbines, engines and turbo jets	21.6	8.7	8.6	293.8	239.6	222.1	-1.1	-7.3
* Pomps & compressors	10.2	14.1	16.4	148.2	276.5	261.6	16.3	-5.4
* Machines with specific tasks	6.2	10.0	9.9	150.1	217.5	230.2	-1.0	5.8
* Sewing machines/units	1.9	2.5	3.2	48.7	62.3	67.4	28.0	8.2
* Fridges and freezers	10.0	10.2	12.1	72.1	75.4	94.0	18.6	24.7
* Bearings and taps	5.1	9.0	8.5	96.6	175.0	180.1	-5.6	2.9
* Textile machinery	2.4	2.3	3.4	41.6	44.6	54.3	47.8	21.7
* Agricultural machinery	3.2	3.3	3.8	21.1	25.3	28.4	15.2	12.3
-Transport equipment of wh:				1,430.4	2,002.8	2,037.5		1.7
* Air transport				80.7	252.4	96.9		-61.6
* Sea transport				19.2	23.3	12.8		-45.1
* Vehicles, cycles & tractors, of which :	110.7	122.5	133.4	1,323.5	1,606.9	1,832.7	8.9	14.1
. Private cars	40.3	45.1	48.3	598.5	709.0	809.3	7.1	14.1
. Frames and bodies	31.5	29.6	27.7	265.4	354.8	387.9	-6.4	9.3
. Lorries & small trucks	20.4	18.4	21.9	321.7	347.8	367.0	19.0	5.5
. Tractors	5.4	7.6	10.0	48.6	77.6	11.0	31.6	-85.8
. Public transport vehicles	0.8	1.2	1.1	9.8	16.1	14.2	-8.3	-11.8
-Optical & scientific material	4.0	4.6	5.4	233.4	285.7	306.4	17.4	7.2
-Copper and copper made products	36.5	42.7	48.1	305.6	404.9	454.9	12.6	12.3
-Aluminium & finished prod.	25.6	29.9	37.7	131.5	158.0	197.4	26.1	24.9
-Tools and electro-mechanical cables	7.6	7.0	5.7	148.3	157.9	137.3	-18.6	-13.0
-Other products				197.6	265.7	222.1		-16.4
Balance				**-3,841.6**	**-5,317.7**	**-6,126.2**		**15.2**
Rate of coverage (in %)				**30.4**	**28.0**	**27.9**		**-0.1 point**

Source : National Statistics Institute

Electrical industries enjoyed an increase for exports (20.7%) and imports (12.4%), compared to 36% and 12.7% the year before, bringing about a 285.6 MTD (186.5%) increase in the trade surplus and a slight increase in the rate of coverage to 112.8%.

BALANCE OF TRADE IN ELECTRICAL INDUSTRIES

Description	Quantity in 1,000 tonnes			Value in MTD			Variat. 2008/2007 in %	
	2006	2007	2008	2006	2007	2008	Quantity	Value
Exports				**2,348.7**	**3,195.3**	**3,857.3**		**20.7**
Electrical machines and apparatus of which :	102.0	124.9	146.2	2,191.8	2,959.7	3,636.7	17.1	22.9
* Electrical cables and wires	47.5	56.7	74.1	699.9	954.3	1,249.9	30.7	31.0
* Switches and circuit breakers	11.4	17.3	22.8	436.8	604.6	775.0	31.8	28.2
* Electrical apparatus for telephony	3.0	3.7	4.3	200.7	251.1	289.0	16.2	15.1
* Parts for electrical apparatus	4.3	5.0	5.6	180.0	228.6	253.1	12.0	10.7
* Integrated circuits and micro assembly	2.6	3.2	2.8	171.0	194.5	160.6	-12.5	-17.4
* Electricity transformers	10.7	9.3	7.0	173.4	170.4	155.8	-24.7	-8.6
* Microphones and loudspeakers	3.5	4.8	4.2	49.0	69.9	54.4	-12.5	-22.2
Computer hardware	0.5	0.4	0.5	72.7	118.7	129.5	25.0	9.1
Optics and scientific material	1.6	1.9	2.2	54.7	70.2	79.1	15.8	12.7
Fridges and Freezers	0.8	1.7	1.6	3.9	7.3	6.9	-5.9	-5.5
Other products				25.6	39.4	5.1		-87.1
Imports				**2,699.5**	**3,042.2**	**3,418.6**		**12.4**
Electrical machines and apparatus, of which :	87.3	97.7	104.9	2,090.8	2,370.8	2,728.6	7.4	15.1
* Switches and circuit breakers	14.2	16.7	17.8	423.2	480.7	532.0	6.6	10.7
* Electrical cables and wires	13.8	18.0	24.0	218.9	342.9	451.1	33.3	31.6
* Parts for electrical apparatus	14.1	15.9	14.3	397.7	443.3	388.8	-10.1	-12.3
* Electrical apparatus for telephony & radio broadcasting	2.5	1.9	2.7	304.2	225.4	339.6	42.1	50.7
* Integrated circuits and micro assembly	1.0	1.9	2.2	123.8	205.2	232.9	15.8	13.5
* Electricity transformers	8.8	9.4	9.3	108.4	133.6	165.4	-1.1	23.8
* Boards and control boxes	1.4	0.9	0.8	122.5	55.8	39.1	-11.1	-29.9
Computer hardware	8.4	7.2	7.5	445.5	497.6	530.0	4.2	6.5
Optics and scientific material	2.4	2.9	3.1	108.7	135.1	111.3	6.9	-17.6
Other products				54.5	38.7	48.7		25.8
Balance				**-350.8**	**153.1**	**438.7**		**186.5**
Rate of coverage (in%)				**87.0**	**105.0**	**112.8**		**7.8 points**

Source : National Statistics Institute

Exports were on the rise for most products but mainly electrical cables and wires (31% or 295.6 MTD), switches and circuit breakers (28.2% or 170.4 MTD). Imports rose by 376.4 MTD, thanks to purchases of electrical machines and apparatus like switches and circuit breakers (10.7%), electrical wires and cables (31.6%), electrical apparatus for telephone equipment and broadcasting (50.7%). Other electrical goods were also the object of higher imports, notably computer hardware (6.5%). The increase in imports would have been higher if it had not been for the level of purchases of components and parts for electrical apparatus (-12.3%) and optics/scientific apparatus (-17.6%).

7. OTHER MANUFACTURING INDUSTRIES

Unlike 2007, trends in trade for other manufacturing industries (which include building materials, ceramics and glass, chemical industries other than processing of phosphates, and other industries) experienced in 2008 slower growth in exports (13.4% vs. 20.4% a year before) and in imports (11.8% vs. 20.3%). The trade deficit thus widened by 225.4 MTD (10.5%), while the rate of coverage went up by a slight 0.6 percentage point to 44.8%. There was slower growth in exports under the off shore regime (1.8% vs. 28% in 2007), while sales under the general regime grew at a sustained pace of 27.1% vs. 12.6%. As for imports, there was slower growth both for transactions under the general regime (12.9% vs. 20.8%) and under the off shore regime (8.6% vs. 18.6%).

The sector's contribution to Tunisia's overall trade went down by 0.6 percentage point for exports to 8.1%. The figure for imports fell from 15.7% to 14.2%.

Exports by **building materials, ceramics and glass industries** went up at a rate similar to that of the previous year (20%), while growth in imports rose from 19.5% to 27.9%, involving mainly ceramics (34.3%) and glass/glassware (24.3%). Higher exports were attributable mainly to higher sales of cement (+23.5%), 75.6% of which went to Libya.

Growth in imports by **chemical industries** posted a slower pace than in 2007 (10.6% vs. 23.4%). The growth rate for exports, on the other hand, rose from 10% to 14.9%, influenced mainly by renewed growth in sales of tripolyphosphate sodium (72.8% vs. -0.9%), despite sales of rubber and rubber products that fell by 2.3%.

As for **other manufacturing industries,** exports grew but at a slower pace (9.5% vs. 29.4% in 2007), especially for plastics and plastic items (10.4% vs. 71.6%). This was also the case for imports, which grew at a slower pace (11.2% vs. 15.4%), involving mainly plastics and plastic items (11.7% vs. 22.3%). Purchases of these products represented more than 85% of the sector's imports.

BALANCE OF TRADE IN OTHER MANUFACTURING INDUSTRIES

Description	Quantity in 1,000 tonnes			Value in MTD			Variat. 2008/2007 in %	
	2006	2007	2008	2006	2007	2008	Quant	Value
Exports				**1,405.0**	**1,692.0**	**1,918.7**		**13.4**
Building materials, ceramics and glass, of which :				*274.4*	*330.5*	*396.7*		*20.0*
* Cement	1,361.7	1,550.4	1,668.6	108.4	151.7	187.4	7.6	23.5
* Ceramics	208.1	195.1	221.3	93.6	91.4	93.7	13.4	2.5
Chemical products of which :				*523.5*	*575.7*	*661.2*		*14.9*
* TPPS phosphate	126.9	123.4	107.5	99.9	99.0	171.1	-12.9	72.8
* Essential oils and perfume	8.4	11.2	10.2	65.9	78.8	84.1	-8.9	6.7
* Aluminium fluoride	42.8	49.0	42.9	53.6	69.9	75.4	-12.4	7.9
* Rubber & rubber products	13.6	11.8	10.6	104.3	65.6	64.1	-10.2	-2.3
* Tanning agents and paints	28.7	29.4	17.2	27.5	29.7	24.5	-41.5	-17.5
* Soap, care products	23.0	20.7	17.7	27.3	32.9	27.6	-14.5	-16.1
* Pharmaceutical products	0.9	2.6	0.9	18.5	26.1	29.7	-65.4	13.8
Miscellaneous manufacturing industries, of which :				*607.1*	*785.8*	*860.8*		*9.5*
* Plastics and plastic items	49.8	75.2	76.4	200.1	343.4	379.0	1.6	10.4
* Toys, games & sport wear	1.2	1.1	1.4	27.2	27.9	34.0	27.3	21.9
* Furniture, bedding & lustres	6.4	6.6	6.4	35.2	37.3	44.3	-3.0	18.8
* Cork and worked products	9.6	4.7	4.2	14.7	12.0	11.4	-10.6	-5.0
Imports				**3,183.7**	**3,829.3**	**4,281.4**		**11.8**
Building materials, ceramics and glass, of which :				*183.0*	*218.6*	*279.6*		*27.9*
* Ceramics	46.0	51.7	64.5	37.9	47.2	63.4	24.8	34.3
* Glass & glassware	54.6	59.5	67.7	66.3	77.1	95.8	13.8	24.3
* Cement	72.1	13.2	52.7	6.8	8.0	8.5	299.2	6.3
* Kaolin and other clays	126.1	127.6	187.0	19.2	19.7	29.4	46.6	49.2
* Marble	70.9	77.4	101.2	6.3	7.9	10.2	30.7	29.1
Chemical products of which :				*1,848.6*	*2,281.4*	*2,523.5*		*10.6*
* Pharmaceutical products	6.9	5.4	7.1	348.4	405.3	459.6	31.5	13.4
* Chemical products (antibiotics and others)	56.5	66.8	75.3	205.3	268.3	324.3	12.7	20.9
* Miscellaneous chemical products (insecticide and others)	47.8	53.6	48.4	163.5	202.9	211.0	-9.7	4.0
* Rubber & rubber products	20.7	21.0	23.5	122.5	143.6	166.1	11.9	15.7
* Tanning agents and paints	40.3	46.3	47.5	114.5	147.6	151.2	2.6	2.4
* Essential oils and perfumes	7.3	9.7	11.6	79.0	96.7	115.3	19.6	19.2
* Soap and care products	25.1	29.9	30.0	63.1	82.0	91.2	0.3	11.2
Miscellaneous manufacturing industries of which :				*1,152.1*	*1,329.3*	*1,478.3*		*11.2*
* Plastics and plastic items	293.0	340.5	359.5	925.8	1,132.0	1,264.2	5.6	11.7
Balance				**-1,778.7**	**-2,137.3**	**-2,362.7**		**10.5**
Rate of coverage (in %)				**44.1**	**44.2**	**44.8**		**0.6 point**

Source : National Statistics Institute

C. TRENDS IN TRADE BY REGIME

Trade in 2008 was marked by a widening of the deficit in the balance of transactions under the general regime and a greater surplus in transactions under the off shore regime.

1. GENERAL REGIME

The deficit in transactions under the general regime widened by 2,046.9 MTD (23.5%) to 10,761.4 MTD, on the strength of growth in imports (+5,351.5 MTD) that was higher than growth in exports (3,304.6 MTD). The rate of coverage, although still low, went up by 3.8 percentage points to 50.4%.

The higher export figure was achieved thanks to significant growth in export of mining/phosphates/phosphate-based products (133.7% vs. 30.5% in 2007) and those of other manufacturing industries (27.1% vs. 12.6%) and recovery in sales by agriculture/fishing/agrofood industries (17.1% vs. -0.9%). Sales by mechanical/electrical industries (+16.9% vs. +30.9%) and energy (+30% vs. +55.5%) also contributed to export growth.

Faster growth in imports was attributable in particular to the 90.5% increase in purchases of energy and mining/phosphates/phosphate-based products. Imports by agriculture/fishing/agrofood industries, mechanical/electrical industries, and other manufacturing industries also went up, although at a slower pace than in 2007 : 26.3%, 16.1% and 12.9% respectively vs. 47.7%, 26.2% and 20.8%.

The share of exports and imports under the general regime in overall Tunisian trade went up compared to 2007 figures, with exports up from 39.2% to 46.2% and imports from 66.8% to 71.7%.

BALANCE OF TRADE UNDER THE GENERAL REGIME

(in MTD unless otherwise indicated)

Description	2006	2007	2008	Variation (in %)	
				2007/2006	2008/2007
Exports FOB	5,899.5	7,615.7	10,920.3	29.1	43.4
Imports CIF	13,352.0	16,330.2	21,681.7	22.3	32.8
Balance	**-7,452.5**	**-8,714.5**	**-10,761.4**	**16.9**	**23.5**
Rate of coverage (in %)	**44.2**	**46.6**	**50.4**	**2.4 points**	**3.8 points**

Source : National Statistics Institute

2. OFFSHORE REGIME

The 12.8% (470.4 MTD) increase in the surplus balance of trade transactions under this regime along with the 3.1 percentage point increase in the rate of coverage resulted from the slower deceleration for exports (7.8% vs. 22.1% in 2007) compared to imports (5.6% vs. 21.9%). Exports under the off shore regime posted a 53.8% share in Tunisia's overall sales abroad, down from 60.8% in 2007, this lower rate concerned mainly textiles-clothing/leather-footwear (0.7% vs. 16.7%), mechanical/electrical industries (18.6% vs. 30.9%) and other manufacturing industries (1.8% vs. 28%).

Imports, representing 28.3% of the country's overall purchases from abroad, grew at a slower pace, influenced by slowdown in these same sectors : textiles-clothing/leather-footwear (-0.7% vs. 20.5% in 2007), mechanical/electrical industries (10.3% vs. 28.7%) and other manufacturing industries (8.6% vs. 18.6%).

89.2% of exports and 84.6% of imports under the off shore regime were attributable to the two sectors of textiles-clothing/leather-footwear and mechanical/electrical industries.

BALANCE OF TRADE UNDER THE OFFSHORE REGIME

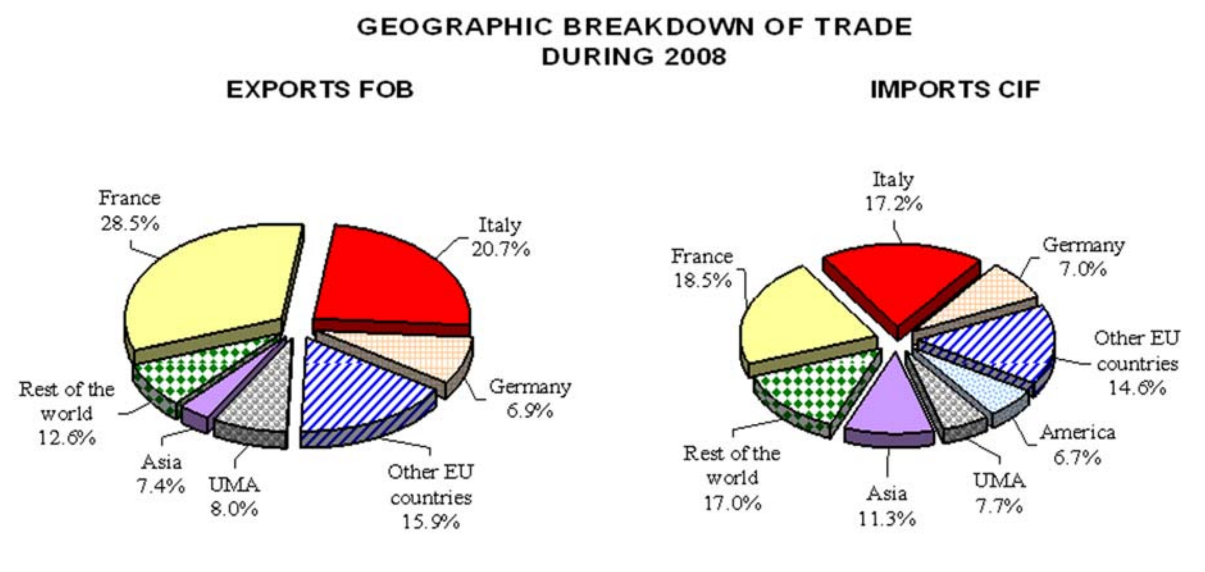
(in MTD unless otherwise indicated)

Description	2006	2007	2008	Variation in %	
				2007/2006	2008/2007
Exports FOB	9,658.6	11,793.9	12,716.7	22.1	7.8
Imports CIF	6,651.5	8,107.1	8,559.5	21.9	5.6
Balance	**3,007.1**	**3,686.8**	**4,157.2**	**22.6**	**12.8**
Rate of coverage (in %)	**145.2**	**145.5**	**148.6**	**0.3 point**	**3.1 points**

Source : National Statistics Institute

D. GEOGRAPHIC DISTRIBUTION

Trends in the geographic structure of Tunisian trade show the predominance of trade with Europe, mainly the countries of the European Union. Africa, especially the Arab countries on this continent, is the second most important destination for Tunisian exports, while Asia is the second largest source of imports to Tunisia.



1. TRADE WITH EUROPE

Europe remains Tunisia’s leading trading partner, despite a 6.2 percentage point drop in share of overall exports (76.3% vs. 82.5% in 2007) and 2.7 percentage point drop in imports (71.5% vs. 74.2%). Trade with the European continent yielded a trade deficit that was larger than in 2007 (some 3,574 MTD vs. 2,119 MTD) and a 4.8 percentage point drop in the rate of coverage (83.5% vs. 88.3%), in line with import growth at a higher rate (19.1%) than exports (12.6%).

Trends in trade with the **members of the European Union** were marked by the increase in exports (10.7%) at a rate that was slightly higher than growth in imports (10%), bringing about a 70.2 MTD (18.8%) drop in the trade deficit, representing just 4.6% of the overall trade deficit (vs. 7.4% in 2007) and a slight 0.6 percentage point increase in the rate of coverage to 98.2%. The European Union absorbed 72% of Tunisia’s exports and supplied 57.3% of overall imports, compared to 79.3% and 64.5% a year earlier.

Trade with France, Tunisia’s primary European trade partner, yielded a surplus trade balance of 143 MTD (14.2%) following growth in exports (+8%) at a higher rate than imports (6.7%).

Export increases were attributable mainly to sales of electrical apparatus and machines, crude oil, phosphoric acid and tobacco, while import increases involved purchases of mechanical apparatus and machines, rolling stock, and goods made of cast iron/iron/steel, and wheat.

Imports from Italy went up by 10.7%, a higher rate than exports to this country (8.1%), bringing about a 138.5 MTD (72.5%) widening of the trade deficit. The increase in exports to Italy involved Tunisia's main exports: crude oil, electrical apparatus and machines, clothing and hosiery accessories. 32.3% of the increase in imports from Italy was attributable to purchases of cereal. Other products also recorded higher import figures, such as cast iron/iron/steel, refined products, and copper/copper made products.

Trade with Germany experienced only a slight increase in exports (2.5%), due mainly to a major drop in sales of crude oil that was offset by higher sales of other products notably electrical and mechanical apparels and machines and rolling stock. The 9.2% increase in imports involved purchases of sulphur as well as the same products recording higher level of exports. The trade deficit with Germany thus widened by 138.1 MTD (41.4%) to 471.9 MTD, up from 333.8 MTD a year earlier.

As a result of the increase in sales at a much higher rate than that of purchases (15.4% vs. 2.2%), the trade deficit with Spain shrank by a sizeable 129.5 MTD (92.4%) to 10.7 MTD. By product, the higher level of exports involved the main items traditionally sold by Tunisia to Spain, i.e. crude oil, cast iron/iron/steel, olive oil and clothing/accessories other than hosiery.

Trade with the **new members of the European Union** continued to post a low share, although it did go up from 0.5% of exports to 1% and from 1.9% of imports to 2.6%. Sales to these countries more than doubled to 235.1 MTD, while imports rose by a strong 68.1% (323.7 MTD), leading to a 176.1 MTD (45.4%) widening of the trade deficit. More than 83% of the increase in exports to these countries was attributable to sales to Poland, Slovakia and Rumania, while some two thirds of the overall increase in imports was due to higher purchases from Malta, Bulgaria and Rumania.

The trade surplus with the countries of the **European Free Trade Association** (EFTA) went up by 221.5 MTD (163.6%), as purchases went down (-6.4%) and sales went up sharply (57.7%).

With **other European countries**, the increase in purchases (89%) at a faster clip than sales (62.6%) brought about a 1,745.8 MTD (92.8%) widening of the trade deficit. Almost 87% of the increase in exports was attributable to higher sales to Turkey, which took in more than 85% of Tunisia's exports to this group of countries. The increase in imports concerned primarily purchases from Russia (mainly refined products, sulphur and ammoniac), followed by Turkey, the Ukraine and Kazakhstan.

2. TRADE WITH AFRICA

The major increase in imports from Africa (61%) along with the more moderate increase in exports from Tunisia to this continent (28.3%) meant a trade deficit of 327.2 MTD compared to a surplus of 181.1 MTD in 2007. Africa's share in Tunisia's overall trade went up by half a percentage point (10.3% vs. 9.8%) for exports and by 2.1 percentage points (9.1% vs. 7%) for imports.

More than 81% of trade was with the countries of the **Arab Maghreb Union** (UMA), with whom the trade balance posted a deficit of 443.4 MTD compared to the previous year's surplus of 191.5 MTD, due to imports that grew at a much higher pace than exports (77.4% vs. 25.2%). The balance of trade with Libya showed a deficit (-254 MTD) compared to the 2007 surplus of 66 MTD, as imports grew at a much faster pace (59.6%) than exports (19.3%). Imports from Libya to Tunisia involved mainly crude oil, while the increase in exports involved mainly hydraulic cement, margarine, articles made of cast iron/iron/steel, and pasta. The increase in trade with Algeria also caused a 374.5 MTD widening of the trade deficit (from 16.2 MTD to 390.7 MTD), due to the high increase in imports (132.1%), consisting almost entirely of energy products (natural gas and refined products), while exports grew at a more moderate rate of 35.9%. The products that most influenced the increase in sales were mechanical apparatus and machines, rolling stock, bicalcium phosphate and refined products. The surplus in the balance of trade with Morocco rose in 2008 by 52.2 MTD (42%) to 176.6 MTD, in line with sales progress at a faster pace than purchases (29.5% and 13.4% respectively). Dates, electrical apparatus and machines and tripolyphosphate sodium are the products that led the increase in exports, while the increase in imports was led by purchases of refined products, mechanical apparatus and machines, and cotton.

Trade with **the countries of sub-Saharan Africa** experienced a drop in imports (-18.9%) and an increase in exports (28.6%), leading to a 103.1 MTD (69.9%) increase in the trade surplus. Tanzania, Togo and Ethiopia are the main destinations for higher levels of exports, while the drop in imports involved mainly South Africa, Burkina Faso and Togo. But there were higher levels of purchases from other countries, such as Uganda, Cameroon and the Congo.

3. TRADE WITH THE AMERICAS

The trade deficit with the countries of the American continent (1,339.5 MTD) widened by 282.7 MTD (26.8%), representing 20.3% of Tunisia's overall trade deficit. This trend was the result of the 527.6 MTD (35.4%) increase in imports from the Americas compared to 244.9 MTD (56.3%) increase in exports. Such trade remained relatively low, with shares of 2.9% for exports and 6.7% for imports compared to 2.2% and 6.1% respectively a year earlier.

The increase in imports was due mainly to higher purchases from the United States, which constituted almost 45% of total imports from the Americas, mainly cereals, mechanical apparatus and machines, and vegetable oil. Imports from Argentina went up smartly, almost half being attributable to purchases of vegetable oil.

Higher exports were due to sales to the United States and Brazil, especially crude oil to the US and fertilisers to Brazil.

4. TRADE WITH ASIA

Trade with Asia posted virtual tripling in the value of exports, up from 604.4 MTD in 2007 to 1,761.6 MTD and an increase of 857.6 MTD (33.2%) in imports, bringing about a 299.6 MTD (15.2%) narrowing of the trade deficit, representing 25.4% of the overall trade deficit vs. 39.3% a year earlier. This development meant a higher share for Asia in Tunisia's overall exports, up by 4.3 percentage points (7.4% vs. 3.1% in 2007), and a slightly higher share in overall imports, up by 0.7 of a percentage point to 11.3%.

The majority of trade with Asia (more than 82%) was conducted with **non Arab Asian countries**. Exports to these countries went up considerably, from 460.6 MTD to 1,537.5 MTD, while imports grew by 26.5% (577.6 MTD), yielding a lower trade deficit of 499.3 MTD or 29.1%.

Higher exports concerned to a large degree sales to India, Iran and Bangladesh. Exports to India are made up almost entirely by shipment of diammonium phosphate (DAP) and phosphoric acid. Higher imports involved mainly higher purchases from China, followed by South Korea, India, Indonesia and Thailand. The increase in imports from China involved mainly mechanical and electrical apparatus and machines and cast iron/iron/steel and metal made products.

TUNISIAN TRADE BY GROUP OF COUNTRIES

Group of Countries	Exports				Imports				Balance	
	In MTD		Share in %		In MTD		Share in %		In MTD	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Europe	**16,017.0**	**18,035.4**	**82.5**	**76.3**	**18,136.4**	**21,608.9**	**74.2**	**71.5**	**-2,119.4**	**-3,573.5**
EU, of which :	**15,386.7**	**17,028.1**	**79.3**	**72.0**	**15,760.7**	**17,331.9**	**64.5**	**57.3**	**-374.0**	**-303.8**
Euro Zone, of which :	14,428.0	15,617.7	74.3	66.1	14,579.6	15,697.5	59.7	51.9	-151.6	-79.8
France	6,239.2	6,735.3	32.1	28.5	5,232.6	5,585.7	21.4	18.5	1,006.6	1,149.6
Italy	4,519.2	4,883.9	23.3	20.7	4,710.2	5,213.4	19.3	17.2	-191.0	-329.5
Germany	1,596.7	1,637.1	8.2	6.9	1,930.5	2,109.0	7.9	7.0	-333.8	-471.9
Spain	1,002.8	1,157.6	5.2	4.9	1,143.0	1,168.3	4.7	3.9	-140.2	-10.7
Belgium	458.4	526.1	2.4	2.2	611.6	545.4	2.5	1.8	-153.2	-19.3
United Kingdom	835.5	1,099.4	4.3	4.6	459.9	560.1	1.9	1.9	375.6	539.3
Sweden	28.2	62.1	0.1	0.3	185.2	198.7	0.8	0.7	-157.0	-136.6
12 new countries	87.5	235.1	0.5	1.0	475.4	799.1	1.9	2.6	-387.9	-564.0
EFTA, of which :	**359.0**	**566.1**	**1.8**	**2.4**	**223.6**	**209.2**	**0.9**	**0.7**	**135.4**	**356.9**
Norway	9.2	6.4	0.0	0.0	14.6	12.8	0.1	0.0	-5.4	-6.4
Switzerland	336.4	557.9	1.7	2.4	208.7	195.6	0.8	0.6	127.7	362.3
Other European countries,	**271.3**	**441.2**	**1.4**	**1.9**	**2,152.1**	**4,067.8**	**8.8**	**13.5**	**-1,880.8**	**-3,626.6**
of which : Russia	31.6	28.2	0.2	0.1	1,003.0	2,279.5	4.1	7.5	-971.4	-2,251.3
Turkey	231.4	378.5	1.2	1.6	640.6	899.0	2.6	3.0	-409.2	-520.5
Ukraine	0.9	26.7	0.0	0.1	418.0	634.4	1.7	2.1	-417.1	-607.7
Africa of which :	**1,892.9**	**2,428.2**	**9.8**	**10.3**	**1,711.8**	**2,755.4**	**7.0**	**9.1**	**181.1**	**-327.2**
Arab countries	**1,617.0**	**2,073.5**	**8.3**	**8.8**	**1,583.5**	**2,651.4**	**6.5**	**8.8**	**33.5**	**-577.9**
of which : - UMA of which :	1,500.8	1,879.7	7.7	8.0	1,309.3	2,323.1	5.4	7.7	191.5	-443.4
.Algeria	367.3	499.3	1.9	2.1	383.5	890.0	1.6	2.9	-16.2	-390.7
.Libya	892.7	1,065.2	4.6	4.5	826.7	1,319.2	3.4	4.4	66.0	-254.0
.Morocco	221.3	286.5	1.1	1.2	96.9	109.9	0.4	0.4	124.4	176.6
- Egypt	111.4	157.7	0.6	0.7	261.4	306.7	1.1	1.0	-150.0	-149.0
America	**435.1**	**680.0**	**2.2**	**2.9**	**1,491.9**	**2,019.5**	**6.1**	**6.7**	**-1,056.8**	**-1,339.5**
NAFTA, of which :	**236.8**	**420.3**	**1.2**	**1.8**	**893.7**	**1,080.7**	**3.7**	**3.6**	**-656.9**	**-660.4**
USA	214.0	395.3	1.1	1.7	722.8	911.1	3.0	3.0	-508.8	-515.8
Canada	17.5	17.4	0.1	0.1	136.7	114.6	0.6	0.4	-119.2	-97.2
Latin America	**198.3**	**259.7**	**1.0**	**1.1**	**598.2**	**938.8**	**2.4**	**3.1**	**-399.9**	**-679.1**
of which : Brazil	144.8	232.3	0.7	1.0	284.3	371.2	1.2	1.2	-139.5	-138.9
Argentina	20.6	18.8	0.1	0.1	266.3	497.0	1.1	1.6	-245.7	-478.2
Cuba	0.0	0.0	0.0	0.0	0.2	0.8	0.0	0.0	-0.2	-0.8
Equator	0.0	0.0	0.0	0.0	10.5	10.6	0.0	0.0	-10.5	-10.6
Asia	**604.4**	**1,761.6**	**3.1**	**7.4**	**2,580.4**	**3,438.0**	**10.6**	**11.3**	**-1,976.0**	**-1,676.4**
Arab countries,	**143.8**	**224.1**	**0.7**	**0.9**	**401.9**	**681.9**	**1.7**	**2.2**	**-258.1**	**-457.8**
of which : - Gulf coop. cntr.	114.3	168.6	0.6	0.7	296.4	614.9	1.2	2.0	-182.1	-446.3
of which : .Saudi Arabia	41.5	74.0	0.2	0.3	184.5	280.5	0.8	0.9	-143.0	-206.5
- Iraq	1.6	7.9	0.0	0.0	0.0	0.0	0.0	0.0	1.6	7.9
- Syria	8.4	12.9	0.0	0.1	63.1	15.1	0.3	0.0	-54.7	-2.2
Other Asian Cont's, of which:	**460.6**	**1,537.5**	**2.4**	**6.5**	**2,178.5**	**2,756.1**	**8.9**	**9.1**	**-1,717.9**	**-1,218.6**
- China	23.1	72.4	0.1	0.3	836.6	1,129.2	3.4	3.7	-813.5	-1,056.8
- Japan	48.9	89.9	0.3	0.4	370.5	399.9	1.5	1.3	-321.6	-310.0
- India	180.5	728.3	0.9	3.1	208.0	268.2	0.9	0.9	-27.5	460.1
- Indonesia	12.5	11.8	0.1	0.0	79.7	135.2	0.3	0.4	-67.2	-123.4
- Hong Kong	9.4	13.7	0.0	0.1	53.1	55.5	0.2	0.2	-43.7	-41.8
Other countries	**460.2**	**731.8**	**2.4**	**3.1**	**516.8**	**419.4**	**2.1**	**1.4**	**-56.6**	**312.4**
TOTAL	**19,409.6**	**23,637.0**	**100.0**	**100.0**	**24,437.3**	**30,241.2**	**100.0**	**100.0**	**-5,027.7**	**-6,604.2**

Source : National Statistics Institute