

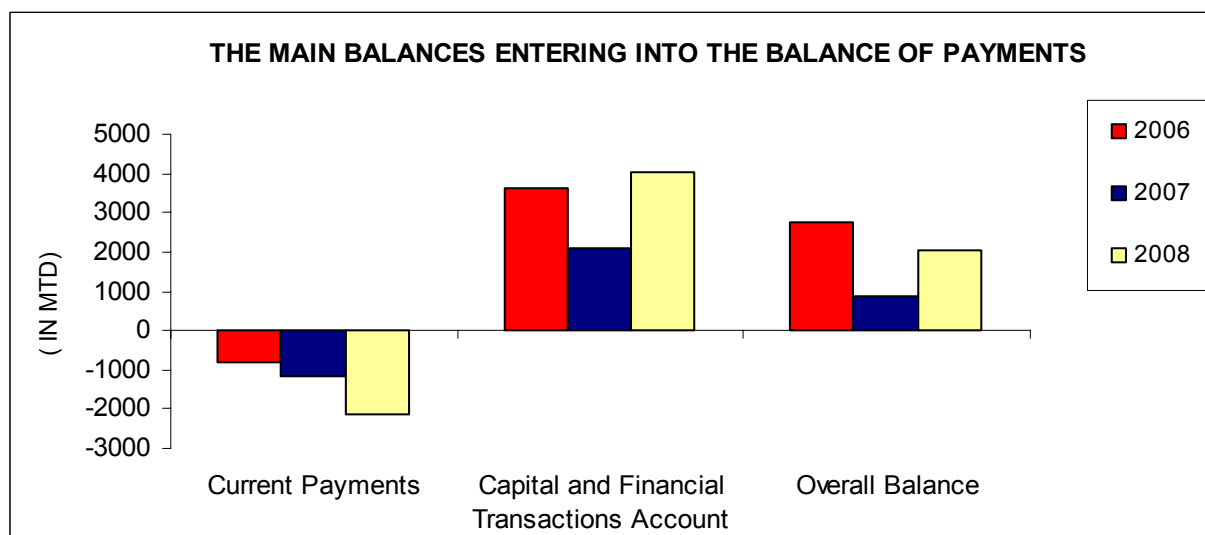
VIII. EXTERNAL PAYMENTS

Despite the adverse international conditions prevailing in 2008, the general balance of payments yielded a considerable surplus of 2,053 MTD, up from 883 MTD in 2007. This was due to a notable increase in net capital inflows, particularly in the form of FDI, more than enough to cover the deficit in current payments, which widened further between 2007 and 2008 to 4.2% of GDP. Thus the level of net assets in foreign currency went up, posting 11,656 MTD at the end of 2008, the equivalent of 139 days of imports compared to 9,582 MTD and 141 days at the end of 2007.

TRENDS IN THE MAIN BALANCES OF THE BALANCE OF PAYMENTS

(In MTD unless otherwise indicated)

Description	2004	2005	2006	2007	2008
A – Current payments	-562	-389	-824	-1,175	-2,109
<i>Current deficit/GDP (%)</i>	1.6	1.0	2.0	2.6	4.2
- Merchandise (FOB)	-2,891	-2,547	-3,345	-3,685	-4,941
- Services	2,035	2,374	2,450	2,699	3,257
- Factor income	151	-377	-123	-419	-675
- Current transfers	143	161	194	230	250
B – Capital & financial transactions account	1,806	1,640	3,647	2,105	4,022
of which :					
- Capital transactions	134	165	193	212	97
- Investment	767	940	4,399	1,980	3,156
- Medium & long term loan borrowings	1,188	249	-1,050	-290	-4
C – Adjustment operations (net flows)	-31	-35	-50	-47	140
General balance	1,213	1,216	2,773	883	2,053



External payments suffered throughout 2008 from the impact of adverse outside factors that weighed on the trade deficit and the balance of factor income balance. But the higher surplus in the balance of services mitigated their impact on the current payments deficit.

Measures adopted to face up to the world economic crisis and provide the support needed by exporting companies feeling the effects of weak foreign demand seek to maintain balance

in the external sector in 2009 in an international context that will be also marked by financing conditions on increasingly costly international markets. With abundant liquidity on the domestic market, Tunisia did not need to go to the international financial market in 2008.

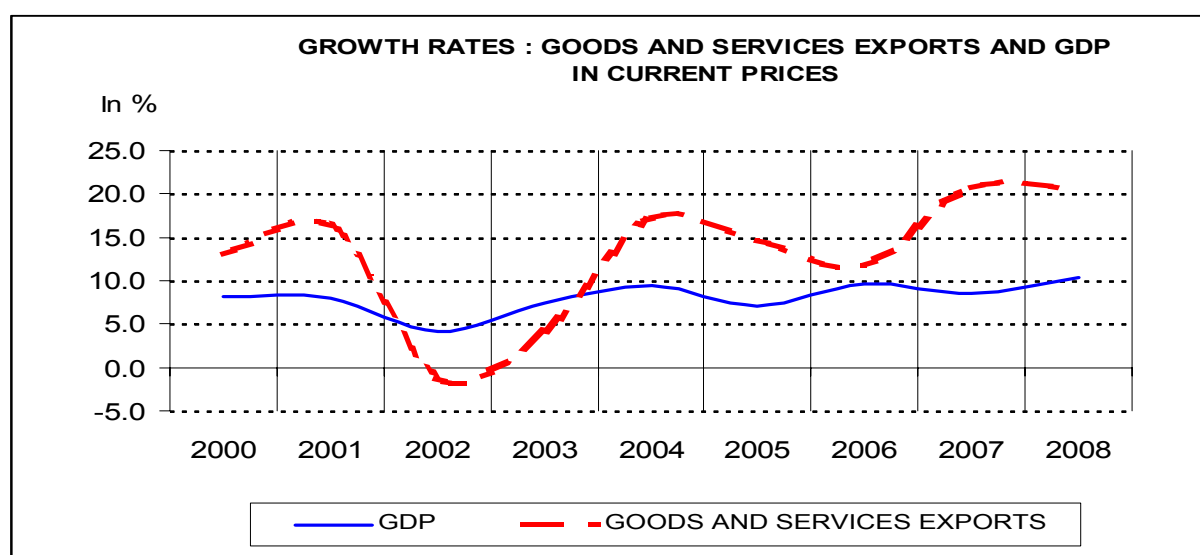
As for the balance of capital and financial transactions, a considerable surplus was recorded in 2008 despite net outflows for medium and long term borrowing of capital, thanks to higher foreign direct investment flows. This is in line with the goals set for external financing, which seek to favour mobilisation of external resources in this form, given the many advantages it holds for the country (especially as an alternative to external indebtedness) to reduce debt and improve its parameters.

A. CURRENT TRANSACTIONS

The balance of current transactions yielded a deficit of 2,109 MTD in 2008, representing 4.2% of GDP. This compares to 1,175 MTD and 2.6% in 2007. This widening was attributable to higher trade deficit, which expressed in terms of FOB-FOB, rose from 3,685 MTD in 2007 to 4,941 MTD in 2008. The deficit in the balance of factor income also widened, up from 419 MTD in 2007 to 675 MTD. This 256 MTD increase was caused by higher expenditure for return on foreign capital, while worker remittances rose but at a slower pace. The balance of services yielded a surplus that grew to 3,257 MTD, up from 2,699 MTD in 2007. Higher receipts held for all services, with tourism continuing to contribute the largest share.

CURRENT TRANSACTIONS BALANCE

Description	2004	2005	2006	2007	2008
Receipts (In MTD)	19,015	21,159	23,719	28,536	34,089
<i>Annual variation (%)</i>	19.1	11.3	12.1	20.3	19.5
Expenditure (In MTD)	19,577	21,548	24,543	29,711	36,198
<i>Annual variation (%)</i>	15.8	10.1	13.9	21.1	21.8
Balance (In MTD)	-562	-389	-824	-1,175	-2,109



1. TRADE

Expressed in terms of FOB-CIF, the trade deficit widened by 1,577 MTD (31.4%) in 2008 to 6,604 MTD. This increase was due on the one hand to higher commodity prices, especially for oil, the price of which hit record highs in July before starting out on a downturn in the months that followed and in the other hand to the adverse effect of the international financial crisis on the real economy, affecting exports by certain sectors sensitive to lower foreign demand over the last quarter of the year. Thus the rate of coverage fell from 79.4% in 2007 to 78.2% in 2008.

BALANCE OF TRADE

Description	2004	2005	2006	2007	2008
Exports FOB (in MTD)	12,404	13,794	15,558	19,410	23,637
<i>Annual variation (%)</i>	19.9	11.2	12.8	24.8	21.8
Imports CIF (in MTD)	16,185	17,292	20,003	24,437	30,241
<i>Annual variation (%)</i>	15.3	6.8	15.7	22.2	23.8
Balance (in MTD)	-3,781	-3,498	-4,445	-5,027	-6,604

Source : National Statistics Institute

Exports went up by 21.8% to 23,637 MTD (vs. 24.8% and 19,410 MTD in 2007), on the strength of higher value for sale of all products except textiles/clothing, which posted virtual stagnation. Exports of mining/phosphates/phosphate-based products and energy went up sharply by 133.7% and 30% respectively in 2008 (vs. 30.5% and 55.5% in 2007), trends that resulted exclusively from the sharp increase in prices for these products.

Exports by manufacturing industries continued to grow, but at a slower pace than the year before. The value of sales by the textiles/clothing sector remained virtually unchanged, after increasing by 16.4% in 2007. Exports by mechanical and electrical industries grew at a slower pace, especially in the last quarter, while growth for the year came to 18.3%, down from 30.9% a year earlier. There was a 6.9% drop in exported quantities of textile and clothing and slower growth in those of mechanical and electrical goods, posting an increase of 15.6% vs. 24.2% in 2007.

Imports went up by 23.8% to 30,241 MTD (vs. 22.2% and 24,437 MTD in 2007), with growth in all goods except textiles/clothing, for which purchases dropped by 1.1% vs. an increase of 18.6% in 2007, following a 0.8% drop in the volume of imports after increasing by 8.9% a year earlier.

The considerable increase in imports was due mainly to a sharp increase in the value of energy products (+63.7% vs. +5% in 2007) and mining/phosphates/phosphate-based products (+255.4% vs. +8.7% in 2007), amplified by rising prices for these products. The import price index rose in 2008 by almost 263% for mining/phosphates/phosphate-based products and 47% for energy.

Imports by other sectors continued to grow, but at a slower pace than the year before. This was the case in particular for agriculture/agrofood industry imports, which posted slower growth of 26.8%, down from 38.9% in 2007 under the combined effects of slower-growing prices (+20.8% vs. +28.7% in 2007) and lower growth in volume (+4.9% vs. +7.9% in 2007). This was also the case for imports by mechanical/electrical industries, which went up by only 14.3% vs. 26.9% a year ago, mainly because of a lull in the evolution of prices for these products, which went up by just 6.7% in 2008 vs. 18.2% in 2007.

Soaring prices for both imported and exported commodities yielded a net negative figure for 2008 of some 350 MTD (380 MTD in 2007), accounting for some 22% of the increase in the trade deficit compared to 2007.

An analysis of trade by group of products shows that the widening of the trade deficit compared to the previous year was due mainly to deterioration of the balance of energy balance. The balance of food and that of capital goods were also negative and greater than in 2007. The traditional surplus in the balance of consumer goods narrowed, affected in particular by virtual stagnation in sales by the textile/clothing sector. On the other hand, the balance of raw materials and semi-finished products improved in 2008, taking advantage of a high increase in the value of exports by the mining/phosphates/phosphate-based product sector.

TREND IN THE BALANCE OF TRADE BY CATEGORY OF PRODUCTS (In MTD)

Description	2004	2005	2006	2007	2008
Food	190	135	277	-425	-751
Raw materials & semi-finished products	-1,897	-1,762	-2,110	-2,828	-2,759
Capital goods	-2,307	-2,249	-2,450	-2,915	-3,162
Consumer goods	740	888	679	1,005	902
Energy	-507	-510	-841	136	-834
General balance	-3,781	-3,498	-4,445	-5,027	-6,604

Source : National Statistics Institute

The balance of energy showed a deficit of 834 MTD after posting a surplus of 136 MTD in 2007, a difference of 970 MTD that represents 61.5% of the widening of the trade deficit. Aside from the price effect, this result was caused by an increase in imported quantities for all energy products, while exports of energy products went down. Imports of energy products recorded a sharp increase, up by 63.7% to 4,914 MTD in 2008 vs. 5% and 3,002 MTD in 2007. This increase held for all products but especially natural gas (+113.2% vs. +48.6% in 2007) and refined products (+59.3% vs. +0.2% in 2007), under the combined effects of higher volume of imports (+47.5% for natural gas and +11.3% for refined products) and soaring prices, which hit record highs of up to 147 dollars for a barrel of Brent in July 2008. But export of energy products, worth 4,080 MTD, posted a slower rate of increase, down from 55.5% in 2007 to 30% in 2008. Such slower growth was due mainly to the 13.4% drop in exported volume of crude oil in 2008 compared to 2007's 59.8% increase.

The balance of food posted a deficit of 751 MTD (vs. 425 MTD in 2007), due to imports that grew faster (by 27.4% to 2,601 MTD) than exports (by 14.5% to 1,850 MTD). The rate of coverage thus dropped by 8.1 percentage points to 71.1%. Higher imports of foodstuffs involved in particular vegetable oil (+116.3%) and wheat (+35%), attributable to higher prices for these products. The average price for imported vegetable oil went up by 60.7%, hard wheat by 31.7% and soft wheat by 31.1% in 2008. The increase in export of food products was also due to higher prices for Tunisia's main exports, such as olive oil (+9.1%) and seafood (+2.1%), although shipped quantities were down by 2% and 6.5% respectively.

The balance of capital goods posted a deficit that grew by 247 MTD (+8.5%) in 2008 to 3,162 MTD. But the rate of coverage continued to improve, rising from 43.9% in 2007 to 45.3% in 2008, thanks to the 15.1% increase in exports compared to imports that went up by just 11.4%. Compared to

performance over the past two years (+41.7% in 2006 and +35.1% in 2007), export of capital goods posted significantly slower growth in 2008, coming to 2,622 MTD.

In particular, sales abroad by mechanical and electrical industries (the predominant component of capital good exports) went up by 18.3% in 2008 compared to 30.9% in 2007. Slower growth was attributable to fallouts from the international financial crisis, which lowered foreign demand, especially from automotive industries that were hard hit by the crisis over the last quarter of 2008. In terms of annual sliding, exports by mechanical and electrical industries went up by just 6% over this period, compared to 25.3% in the second quarter and 19.4% in the third quarter. Imports of capital goods also posted slower growth (+11.4% vs. +25.6% in 2007), amounting to 5,784 MTD. As for sales, purchases in this category of goods grew more slowly over the closing months of the year, as economic growth slowed and uncertainty about the business environment grew throughout the world.

The surplus in the balance of consumer goods went down by 103 MTD in 2008 to 902 MTD as imports grew at a higher rate than exports. The rate of coverage thus fell to 113.4% vs. 115.9% in 2007. With virtual stagnation in sales of textiles and clothing, export of consumer goods went up by just 3.6% to 7,610 MTD, compared to 18.6% and 7,345 MTD in 2007. Growth in imports also slowed, up by just 5.8% to 6,708 MTD compared to 15% and 6,340 MTD in 2007, affected by the drop in imported textiles/clothing and slower growth in other industrial goods for consumption.

On the other hand, the deficit in the balance of raw materials and semi-finished products narrowed from 2,828 MTD in 2007 to 2,759 MTD in 2008. Export of raw materials and semi-finished products grew by 48.5% to 7,475 MTD in 2008, influenced in particular by higher income from sale of mining/phosphates/phosphate-based products, up by 133.7% despite the drop in exported quantities (-28.9% for raw phosphates, -26.5% for phosphoric acid, -10.2% for DAP and -8.9% for triple super phosphate). Soaring prices for these products helped to more than offset the drop in volume, with a higher export price index for mining/phosphates/phosphate-based products that tripled compared to the 2007 figure to a record level of 625.5% in 2008.

Imports of raw materials and semi-finished articles went up by 30.2% to 10,234 MTD in 2008, compared to 27.3% and 7,861 MTD in 2007. As was the case for exports, import of phosphate-based products went up sharply. Sulphur and ammoniac imports in particular were up by 646.4% and 103.8% respectively in 2008 to 1,150 MTD and 212 MTD. Similarly, imports of iron and steel were up by 34.3% to 1,407 MTD in 2008.

An analysis of trends in trade by regime shows a widening of the trade deficit for the general regime and a higher surplus for the offshore regime. The trade deficit under the general regime widened by 2,047 MTD (+23.5%) to 10,761 MTD, despite growth in exports under this regime at a faster pace (43.4%) than for imports (32.8%). This meant a 3.8 percentage point increase in the rate of coverage to 50.4%. The surplus under the offshore regime went up further from 3,687 MTD in 2007 to 4,157 MTD in 2008. This increase was due to a 7.8% increase in exports, vs. 5.6% for imports. The rate of coverage thus rose from 145.5% in 2007 to 148.6% in 2008.

2. SERVICES

The balance of services yielded a higher surplus in 2008, up from 2,699 MTD in 2007 to 3,257 MTD, an increase of 20.7% compared to 10.2% a year earlier. This was due to growth of receipts at a faster pace than expenditure.

BALANCE OF SERVICES

Description	2004	2005	2006	2007	2008
<i>Receipts (In MTD)</i>	4,521	5,217	5,717	6,291	7,409
<i>Annual variation (%)</i>	19.5	15.4	9.6	10.0	17.8
<i>Expenditure (In MTD)</i>	2,486	2,843	3,267	3,592	4,152
<i>Annual variation (%)</i>	19.7	14.4	14.9	9.9	15.6
Balance (In MTD)	2,035	2,374	2,450	2,699	3,257

Receipts from services, made up mostly of flows from tourism and those going to transport, were up by 17.8% to 7,409 MTD, compared to 6,291 MTD in 2007. Their share in current receipts, however, went down slightly by 0.3 percentage point to 21.7%, a slight drop due to lower growth in receipts from services compared to that for export of goods, which continued to represent the largest share in current receipts : 69.3% vs. 68% in 2007. Expenditure by services went up at a faster pace than a year earlier, coming to 4,152 MTD vs. 3,592 MTD in 2007, reflecting faster growth in transport fees and those of other services.

a. Transport

The balance of transport posted a surplus of 36 MTD in 2008, compared to a deficit of 29 MTD a year earlier. This improvement was attributable to growth of receipts at a faster pace than expenditure.

TRANSPORT BALANCE

Description	2004	2005	2006	2007	2008
<i>Receipts (In MTD)</i>	1,139	1,474	1,655	1,841	2,335
<i>Annual variation (%)</i>	21.6	29.4	12.3	11.2	26.8
<i>Expenditure (In MTD)</i>	1,244	1,436	1,643	1,870	2,299
<i>Annual variation (%)</i>	25.9	15.4	14.4	13.8	22.9
Balance (In MTD)	-105	38	12	-29	36

In rising to 2,335 MTD, transport receipts increased by 26.8% compared to 11.2% a year earlier, a trend attributable in particular to higher receipts from passenger tickets, the main component. These flows were up by 15.2% to 1,178 MTD, in line with the higher number of tourist entries in 2008.

The national carrier Tunisair, the leading Tunisian operator in air transport, posted receipts from plane tickets that increased by 16.7% to 621 MTD in 2008, compared to a drop of 5.5% and 532 MTD in 2007, in line with the 6.1% increase in the number of passengers to more than 3.8 million, compared to a drop of 4.7% and 3.6 million in 2007. Tunisair managed to achieve better indicators despite the opening of regularly scheduled flights to private Tunisian airlines, the progressive liberalisation of Tunisian skies to foreign companies and tougher competition in air transport worldwide. This was made possible by Tunisair's ongoing efforts in 2008 to implement restructuring and investment programmes, especially fleet renewal and modernisation as a means to enhancing competitiveness. The result was an increase in market share, up from 34.7% in 2007 to 35.4% in 2008.

The private company Nouvelair managed to boost receipts from ticketing in 2008, up by 21.7%. Worth of note that the two companies Nouvelair and Karthago airlines were previously specialised in charter traffic, but they moved ahead in 2008 by completing a merger in the works since 2006. The opening up of Tunisia's skies and ensuing tough competition led these two companies to enter into a strategic alliance to maintain market shares. The new company resulting from this merger is called Nouvelair and it is well positioned to meet increasingly stiff competition in a sector undergoing change.

The Tunisian Navigation Company (CTN), the leading operator in maritime transport, generated more receipts from ticketing. It continues to seek new market shares by developing maritime tourism during low and middle seasons and to improve services to clients in high season. It intends also to buy a new car ferry in an effort to enhance the current passenger fleet, with a view to improving conditions for passenger transport and bringing down the high cost of chartering boats.

Receipts from freight, the second largest component for transport, went up by 15.1% in 2008 to 160 MTD. This increase was closely related to the higher level of exported goods, most of which are transported by Tunisian companies such as Tunisair, the Tunisian Navigation Company, the Kerkennah Transport Company, and other private companies that work in transport of hydrocarbons. CTN plans to buy three freighters to help boost their standing against competitors in this field.

Receipts from chartering continued to grow in 2008 thanks to dynamic performance by private companies like Nouvelair and Karthago Airlines, which posted receipts of some 69 MTD and 160 MTD respectively in 2008, up from 52 MTD and 89 MTD a year earlier.

Royalties paid to the Tunisian State for transit across the country of two transcontinental gas pipelines going from Algeria to Italy went up by 242 MTD (+58.9%) to 653 MTD in 2008. This increase involved royalties both in cash and in kind and it was attributable to the combined effect of higher quantities of natural gas going to Italy and higher prices, especially over the first half of 2008. At 129 MTD, gas royalties in cash practically doubled from the 2007 figure, boosting its share of overall royalties from 15.8% in 2007 to 19.8% in 2008. Gas royalties in kind went up by 51.4% in 2008 to 524 MTD. But its share in total fell by 4 percentage points to 80.2%, compared to 84.2% a year earlier.

TRENDS IN GAS ROYALTIES

Year	In cash		In kind		Total in MTD
	In MTD	In % of total	In MTD	In % of total	
2004	97	48.5	103	51.5	200
2005	149	44.0	190	56.0	339
2006	89	24.7	271	75.3	360
2007	65	15.8	346	84.2	411
2008	129	19.8	524	80.2	653

Outlays from transport operations grew at a faster pace, up from 13.8% a year earlier to 22.9%.

In line with higher growth in import of goods, expenses for freight (the major component of transport costs) went up in 2008 to 1,497 MTD, compared to 1,210 MTD in 2007, an increase of 23.7% vs. 21.1% a year earlier. This increase was due mainly to higher rates, due in turn

to the more expensive cost of fuel. Most services in this area continue to be provided by foreign companies.

In a context of greater liberalisation in transport of merchandise and in order to meet tougher international competition, national companies have been pursuing efforts to modernise infrastructure, improve logistic services, and lower the cost and time frame for loading shipments at ports and airports, in order to boost competitiveness and increase market shares.

Expenditure for tickets from foreign transport companies maintained virtually their level of 2007 : 120 MTD.

Other expenditure, made up essentially of aeronautic and freight royalties, went up by 26.1% to 682 MTD, compared to 2.5% and 541 MTD a year earlier, in line with trends in air and maritime traffic.

b. Travel

The balance of travel continued to evolve in a positive manner in 2008, yielding a surplus that grew by 12.2% to 3,074 MTD, up from 2,740 MTD a year earlier. This increase was due to higher receipts, growing more quickly than expenditure: 10.3% and 0.9% vs. 9% and 2.6% respectively in 2007.

BALANCE OF TRAVEL-RELATED TRANSACTIONS

Description	2004	2005	2006	2007	2008
Receipts (in MTD)	2,454	2,779	3,028	3,300	3,639
<i>Annual variation (%)</i>	<i>20.4</i>	<i>13.2</i>	<i>9.0</i>	<i>9.0</i>	<i>10.3</i>
Expenditure (in MTD)	423	485	546	560	565
<i>Annual variation (%)</i>	<i>9.3</i>	<i>14.7</i>	<i>12.6</i>	<i>2.6</i>	<i>0.9</i>
Balance (in MTD)	2,031	2,294	2,482	2,740	3,074

Travel receipts grew, up from 3,300 MTD in 2007 to 3,639 MTD in 2008. This was due mainly to favourable trends in tourism, which generated 3,390 MTD in foreign currency flows, up from 3,077 MTD in 2007, an increase of 10.2%. This was because of the higher number of non resident entries, which for the first time exceeded the bar of 7 million tourists, corresponding to 4.2% growth vs. 3.2% in 2007. Non resident bednights went up by 1.5% in 2008, up from 1.3% a year earlier.

Despite a difficult international context marked by outbreak of the economic and financial crisis worldwide and tough competition from other countries on the southern rim of the Mediterranean and eastern Europe nations, real indicators in tourism continued to evolve favourably in 2008. Efforts were deployed to maintain competitiveness in tourism, including marketing initiatives that focus on promoting Tunisia as an attractive site, diversifying Tunisia's tourism products and enhancing the quality of services by upgrading hotels.

A programme to redistribute allocations was launched to limit the effects of the world crisis (the impact of which was already being felt in the closing months of the year) and to focus on traditional markets. A monitoring unit was also set up to closely follow trends in economic conditions in countries from which large numbers of tourists come and to maintain ongoing contacts with the leading tour operators. The sector being highly sensitive to conditions at this time in partner countries (especially European countries, which remain by far Tunisia's

main clients in tourism), it is important to make greater efforts and be more vigilant so that 2009 starts up in the best possible conditions, keeping tourism indicators at acceptable levels in an international environment marked by tough competition.

TRENDS IN THE MAIN INDICATORS OF TOURISM

Description	Units	2004	2005	2006	2007	2008
Tourist receipts	MTD	2,290	2,611	2,825	3,077	3,390
<i>Annual variation</i>	%	20.3	14.0	8.2	8.9	10.2
Non resident bednights	In thousands bednights	30,665	33,587	34,086	34,546	35,049
<i>Annual variation</i>	%	21.2	9.5	1.5	1.3	1.5
Non resident entries	In thousands persons	5,998	6,378	6,549	6,762	7,049
<i>Annual variation</i>	%	17.3	6.3	2.7	3.2	4.2

Sources : BCT and ONTT

The European market continued to be in first place, with more than 4.1 million entries in 2008, corresponding to a growth rate of 1.4% vs. 2.3% in 2007. Bednights went up by 1.3%, up from 0.7% a year before, with the average stay remaining 8 days. But the respective share of Europeans in non resident entries and bednights went down slightly to 58.3% and 93% respectively in 2008, compared to 59.9% and 93.2% in 2007. Tourist receipts from this zone, however, grew to 2,821 MTD, up from 2,600 MTD in 2007, an increase of 8.5%. The share of receipts from this zone remains predominant, at 83.2% of overall tourist receipts, compared to 84.5% in 2007.

Entries and bednights for French tourists, the leading European clients, rose by 4.5% and 7% respectively in 2008, compared to 8.2% and 4.4% a year earlier. Consequently, relevant flows posted higher growth, amounting to 876 MTD in 2008, an increase of 15.4% vs. 759 MTD and 12.6% in 2007.

Indicators for German and Italian tourists reflected renewed growth in 2008. In effect, German entries were up by 1.5% in 2008 and bednights by 1.4% in 2008, compared to drops of 6.1% and 5.6% a year earlier. Italian entries and bednights more or less stagnated, after dropping by 4.3% and 5.8% respectively in 2007. These two countries provided foreign currency receipts amounting to 542 MTD and 278 MTD respectively in 2008, compared to 500 MTD and 262 MTD a year earlier.

But other traditional markets suffered downturns in the level of entries and bednights. This was the case for Great Britain (-18.5% and -14.9%), the Czech Republic (-18.1% and -15.3%), Austria (-18.3% and -31.2%) and Spain (-17.7% and -14.7%). Tourist receipts from these countries were down by 7.1%, 7.2%, 18.9% and 7.8% respectively in 2008, to 224 MTD, 77 MTD, 43 MTD and 71 MTD.

For visitors from the Arab Maghreb, entries increased by 8.4%, amounting to almost 2.8 million, up from 4.3% and 2.6 million a year earlier. Aside from a 1.2% drop in entries by Algerian tourists, there were favourable trends for all other countries. Libya was in first place with more than 1.7 million entries : 25.1% of total and an increase of 14.4% in 2008 compared to 22.8% and just 4.9% in 2007. Bednights for visitors from the Maghreb went up by 5.6%, representing just 3.3% of non resident bednights, a share that remains fairly modest, since tourists from the Maghreb do not generally stay in hotels. Better indicators meant higher

receipts from visitors from the Arab Maghreb countries, posting 21.3% growth to 455 MTD in 2008 compared to 13.6% and 375 MTD in 2007.

Receipts from other categories of travel went up by 27 MTD to 249 MTD in 2008. Flows related to medical care grew by 26.9% to 85 MTD, compared to 21.8% and 67 MTD a year before, along with more than 20% increase in the number of foreign patients at Tunisian medical establishments, thereby enhancing the image of Tunisia as a particularly attractive destination for medical care, with more than 125,000 foreign patients in 2008, mainly from neighbouring and European countries.

Aside from the diversity and quality of health services, Tunisia's attractiveness is enhanced by fast growing health tourism and infrastructure that meets international standards. Progress in Tunisian health tourism was also favoured by a set of measures that seek to enhance the sector's competitiveness, promote private initiative and encourage both domestic and foreign investment in this field.

Receipts from travel for studies and internships went up by 7.7%, from 26 MTD in 2007 to 28 MTD, as more and more foreign students opted to study in Tunisia.

Receipts from business travel also grew, rising to 68 MTD vs. 62 MTD a year earlier, the result of promotional efforts for the convention trade.

Outlays for travel posted slightly lower growth, up from 560 MTD to 565 MTD in 2008 for an increase of 0.9% compared to 2.6% in 2007.

Expenditure by Tunisians for their travel abroad (the main component of expenditure for travel, with a 57.3% share in total) amounted to 324 MTD, a decrease of 2.1% in 2008 vs. 331 MTD and a growth of 2.5% in 2007.

However, expenditure for studies and internships rose by 3.7% from the 2007 figure to 84 MTD.

At the same time, outlays for business and official travel were up by 4.6% in 2008 to 68 MTD, compared to 65 MTD the year before. The increase in the annual allocation for exporter business travel, which went up by 50,000 to 300,000 dinars¹ as per a decision taken at the beginning of 2008, had only a low incidence on the high level of expenditure.

Travel expenditure related to medical care continued to involve minor amounts : 11 MTD in 2008 vs. 10 MTD in 2007.

c. Government transactions

The surplus in the balance of government transactions widened further in 2008, yielding a surplus of 49 MTD vs. 15 MTD a year earlier. This development was due to the combined effect of 15.4% increase in receipts and 2.2% drop in expenditure.

¹ Cf. BCT circular to authorised intermediaries n° 2008-01 of 14 January 2008.

BALANCE OF GOVERNMENT TRANSACTIONS

Description	2004	2005	2006	2007	2008
Receipts (in MTD)	137	156	177	195	225
<i>Annual variation (%)</i>	12.3	13.9	13.5	10.2	15.4
Expenditure (in MTD)	145	151	155	180	176
<i>Annual variation (%)</i>	9.8	4.1	2.6	16.1	-2.2
Balance (in MTD)	-8	5	22	15	49

Receipts, going mainly to foreign diplomatic missions and the local offices of international institutions in Tunisia went up by 15.4%, from 195 MTD in 2007 to 225 MTD in 2008. Expenditure by Tunisian diplomatic missions and other governmental institutions abroad was down slightly from 180 MTD in 2007 to 176 MTD in 2008.

d. Other services

After posting deficits over the past two years, the balance of other services yielded a surplus of 98 MTD in 2008. This recovery was made possible by receipts that grew at a faster pace than expenditure (+26.7% and +13.2% respectively) compared to 11.6% and 6.5% in 2007.

BALANCE OF TRANSACTIONS RELATED TO OTHER SERVICES

Description	2004	2005	2006	2007	2008
Receipts (in MTD)	791	807	856	955	1,210
<i>Annual variation (%)</i>	15.3	2.0	6.1	11.6	26.7
Expenditure (in MTD)	674	770	922	982	1,112
<i>Annual variation (%)</i>	18.2	14.2	19.7	6.5	13.2
Balance (in MTD)	117	37	-66	-27	98

Flows for large-scale works and technical services (the main component of receipts) continued to grow in a positive manner in 2008, amounting to 367 MTD vs. 247 MTD the year before, an increase of 48.6%. This involved mainly receipts as counterpart for services by Tunisian companies in the form of subcontracting and processing work as well as technical assistance and expertise provided to non resident operators.

Receipts from commercial costs and international trade recorded an increase of 13.6% to 234 MTD, compared to 9% and 206 MTD in 2007. The main reason for this increase was higher growth in export of goods.

Similarly, in relation to the higher volume of transactions abroad, receipts from financial services (made up essentially of banking fees and commissions) went up by 16 MTD to 106 MTD in 2008.

Receipts related to communication services and to computer/information services continued to grow, to 134 MTD and 44 MTD in 2008 respectively, compared to 114 MTD and 34 MTD in 2007. Higher inflows to these sectors were attributable mainly to Tunisia's comparative advantages, including skilled human resources, modern infrastructure and a favourable investment environment.

And in August 2008, a new structure to promote research and innovation in ICTs was officially set up. A technological pole (Tunis-Techshore) is on the drawing board, for off shoring services serving foreign markets. The Hewlett Packard group also plans to set up in the near future a research centre to develop its activities on the Tunisian market.

Efforts to enhance Tunisia's positioning as an African and Mediterranean technological site and to promote research and innovation in this field were compensated by Tunisia's ranking as first in Africa and 35th in the world in the Davos 2007-2008 report on ICT. Also on the rise was the number of foreign companies investing in this field.

Receipts related to office costs transferred by non resident companies to their branches and agencies in Tunisia went up by 25 MTD to 140 MTD.

Flows for personal/cultural services and those related to royalties and license fees went up from 4 MTD and 38 MTD respectively in 2007 to 7 MTD and 40 MTD in 2008.

On the other hand, receipts related to insurance premiums and indemnities were down by 5.5% to 52 MTD.

Expenditure for other services recorded an increase of 13.2% to 1,112 MTD, compared to 6.5% and 982 MTD a year earlier.

Payments made for major works and technical services (the major component of expenditure) came to 406 MTD vs. 345 MTD in 2007. This increase was due mainly to the volume of work in major infrastructure initiatives, such as the suspension bridge linking Rades to la Goulette built by a Japanese company and completed in early 2009.

In the line with higher volume of transactions with abroad, expenditure in the area of insurance premiums and indemnities, commercial costs and international trade, and financial services went up by 42 MTD, 16 MTD and 1 MTD respectively to 236 MTD, 145 MTD and 90 MTD in 2008. Expenditure relating to communication went up by 13.9% to 41 MTD in 2008, while that relating to computer and information services went down by 4 MTD to 25 MTD.

Representing just a small part in overall payments for other services, expenditure relating to royalties and license fees and personal/cultural services came to 15 MTD and 13 MTD in 2008, compared to 13 MTD and 9 MTD in 2007 while expenditure related to office cost maintained their 2007 level (17 MTD).

3. FACTOR INCOME

For the fourth straight year, the balance of factor income yielded a deficit of 675 MTD, vs. 419 MTD a year earlier. This result was attributable to expenditure that grew at a faster pace than receipts.

BALANCE OF FACTOR INCOME

Description	2004	2005	2006	2007	2008
Receipts (in MTD)	1,925	1,961	2,223	2,574	2,768
<i>Annual variation (%)</i>	12.2	1.9	13.4	15.8	7.5
Expenditure (in MTD)	1,774	2,338	2,346	2,993	3,443
<i>Annual variation (%)</i>	15.7	31.8	0.3	27.6	15.0
Balance (in MTD)	151	-377	-123	-419	-675

Made up mainly of capital income, expenditure went up by 15 % to 3,443 MTD, compared to 27.6% and 2,993 MTD in 2007. Such slower growth was due on the one hand to slower growth in transfers to remunerate foreign direct investment and on the other to a drop in payment of interest on medium and long term debt compared to 2007 figures.

Receipts were up by 7.5% to 2,768 MTD, compared to 15.8% and 2,574 MTD in 2007, despite faster growth in remittances by Tunisian workers abroad, which represent the major part of receipts from factor income. This was because of inflows from interest on investment in foreign currency assets, which dropped despite an increase in assets. The drop in rates of remuneration and the desire to secure safe investments in a context of crisis and uncertainty caused reduced flows.

a. Worker remittances

Worker remittances by Tunisians living abroad rose from 2,199 MTD in 2007 to 2,436 MTD in 2008, an increase of 10.8% vs. 9.4% a year earlier. This increase involved faster growth in transfers in cash, while those in kind went down.

WORKER REMITTANCES BY MODE OF TRANSFER

Year	Total		Cash input		In kind input	
	MTD	Variation (%)	MTD	In % of total	MTD	In % of total
2004	1,783	10.7	1,346	75.5	437	24.5
2005	1,807	1.3	1,391	77.0	416	23.0
2006	2,010	11.2	1,537	76.5	473	23.5
2007	2,199	9.4	1,681	76.4	518	23.6
2008	2,436	10.8	1,929	79.2	507	20.8

Inputs in kind dropped from 518 MTD in 2007 to 507 MTD, a decrease of 2.1% after an increase of 9.5% the previous year. Their share in total thus dropped from 23.6% in 2007 to 20.8%.

On the other hand, transfers in cash went up by 14.8% to 1,929 MTD, higher than 2007 figures of 9.4% and 1,681 MTD respectively. Thus share in total rose by 2.8 percentage points over the previous year's figure to 79.2%.

Expressed in foreign currency, work remittances in cash rose by 13.4%, a result that reflects the low impact of the foreign exchange effect on these transfers. The impact of 4% appreciation of the dinar against the dollar was virtually offset by that resulting from 2.9% depreciation of the national currency against the euro.

An analysis of worker remittances by country of origin shows that most remittances come from European countries, amounting to 2,150 MTD (88.3% of total), in line with the size of the Tunisian emigrant community in these countries estimated at some 874,000 as of the end of 2008.

France remains well ahead, with transfers of some 1,172 MTD, almost half of all transfers, with some 578,000 Tunisians living in France. Germany and Italy are in second and third place with respective envelopes of 368 MTD and 340 MTD.

Transfers from Arab countries represented 9.2% of overall worker remittances, amounting to 225 MTD. These flows come mainly from Gulf and Arab Maghreb Union countries, up from 139 MTD and 52 MTD respectively in 2007 to 160 MTD and 60 MTD in 2008.

Transfers from North America rose from 33 MTD in 2007 to 42 MTD in 2008.

b. Capital income

The balance of capital income yielded a deficit of 3,091 MTD, compared to 2,598 MTD the year before, a widening of 493 MTD or 19%. This development was due to the combined effects of the 15.1% increase in expenditure and the 11.7% drop in receipts, compared to 28% and 76.5% respective increases in 2007.

BALANCE OF CAPITAL INCOME

Description	2004	2005	2006	2007	2008
Receipts (in MTD)	142	154	213	376	332
<i>Annual variation (%)</i>	36.5	8.5	38.3	76.5	-11.7
Expenditure (in MTD)	1,758	2,318	2,324	2,974	3,423
<i>Annual variation (%)</i>	16.3	31.9	0.3	28.0	15.1
Balance (in MTD)	-1,616	-2,164	-2,111	-2,598	-3,091

Expenditure rose from 2,974 MTD in 2007 to 3,423 MTD in 2008, due mainly to the higher level of return on of foreign direct investment, which rose by 23.6% to 2,412 MTD. Their share in total transfers of capital income thus rose to 70.5% vs. 65.6% in 2007. In particular, transfers by energy companies went up by 27.3% to 1,837 MTD, in line with a sizeable increase in FDI flows to this sector over the past few years and soaring oil prices, especially in the first half of 2008, which boosted transfers in kind. Lower prices over the closing months of the year led to lower value for these transfers for the period.

Return on of direct investment made by businesses in other sectors (especially telecommunications and manufacturing industries) went up by 13.2%, in line with the high level of investment over the past few years, characterised by greater diversification in sectors benefiting from this investment.

Repayment of interest on medium and long term debt went down slightly, from 887 MTD in 2007 to 859 MTD in 2008. There was a drop for the second straight year, reflecting a lower level of recourse to borrowing capital as per State orientations that give priority to foreign direct investment as the main source of external financing.

Interest on medium and long term debt paid by the Administration and by businesses went down by 3.8% and 2% respectively in 2008 to 573 MTD and 286 MTD, corresponding to 66.7% and 33.3% of total, vs. 67.1% and 32.9% in 2007.

Broken down by type of cooperation, interest on financing in the framework of bilateral cooperation and on that coming from international financial markets went down from 200 MTD and 330 MTD respectively in 2007 to 188 MTD and 313 MTD in 2008. Interest paid to international institutions maintained virtually the same level : 358 MTD.

Receipts from capital income went down by 11.7% to 332 MTD, after rising by 76.5% (376 MTD) in 2007. Representing 95.5% of receipts from capital income, interest paid on investment in foreign currency came to 317 MTD in 2008 vs. 362 MTD in 2007, despite the higher level of assets in foreign currency in 2008.

4. CURRENT TRANSFERS

The surplus balance in current transfers went up from 230 MTD in 2007 to 250 MTD in 2008, in line with the drop in expenditure, which continued to involve just minor amounts, down by 19.4% to 25 MTD. Receipts went up at a slower pace : 5.4% vs. 18.1% in 2007.

BALANCE OF CURRENT TRANSFERS

Description	2004	2005	2006	2007	2008
Receipts (in MTD)	165	187	221	261	275
<i>Annual variation (%)</i>	39.8	13.3	18.2	18.1	5.4
Expenditure (in MTD)	22	26	27	31	25
<i>Annual variation (%)</i>	-8.3	18.2	3.8	14.8	-19.4
Balance (in MTD)	143	161	194	230	250

Inflows amounted to 275 MTD, with almost the half coming from the private sector in the form of fellowships, grants in kind and technical assistance to associations and non governmental organisations for an envelope of 136 MTD. Funds going to the public sector went up by 13 MTD over the previous year's figure, posting 139 MTD. The majority of these funds are in the form of taxes and levies. There was 25 MTD in expenditure, down from 31 MTD in 2007. This was made up mainly of payments by private Tunisian operators to foreign consular services working in Tunisia.

B. CAPITAL AND FINANCIAL TRANSACTIONS

The surplus in the balance of capital and financial transactions grew considerably in 2008, up from 2,105 MTD in 2007 to 4,022 MTD in 2008, an increase of 1,917 MTD. This positive result was due mainly to the considerable surplus in the balance of foreign investment, which came to 3,156 MTD in 2008 vs. 1,980 MTD in 2007. The balance of medium and long term borrowing capital posted a deficit for the third year in a row, down sharply from 290 MTD in 2007 to 4 MTD in 2008. The sharp decrease in amortisation of medium and long term debt took place along with a more moderate drop in drawings on loan capital. The surplus balance of capital transactions dropped by 115 MTD compared to the 2007 figure.

BALANCE OF CAPITAL AND FINANCIAL TRANSACTIONS

Description	2004	2005	2006	2007	2008
Receipts (in MTD)	4,142	3,668	6,811	5,043	6,252
<i>Annual variation (%)</i>	22.9	-11.4	85.7	-26.0	24.0
Expenditure (in MTD)	2,336	2,028	3,164	2,938	2,230
<i>Annual variation (%)</i>	22.8	-13.2	56.0	-7.1	-24.1
Balance (in MTD)	1,806	1,640	3,647	2,105	4,022

1. CAPITAL TRANSACTIONS

The surplus in the balance of capital transactions went down sharply, from 212 MTD in 2007 to 97 MTD in 2008, a drop attributable to the considerable decrease in receipts, while expenditure continued to involve low amounts. The 53% decrease in such receipts was due mainly to a sharp drop in cash grants from the European Union, which fell from 171 MTD in 2007 to 67 MTD¹ in 2008. Such financing served mainly to finance initiatives in the framework of the programme to support restructuring of health insurance (36.2 MTD) and the

¹ This concerns transfer of funds to the State in 2008.

vocational training sectoral programme (17.3 MTD). Expenditure went up from 3 MTD in 2007 to 4 MTD in 2008.

BALANCE OF CAPITAL TRANSACTIONS

Description	2004	2005	2006	2007	2008
Receipts (in MTD)	141	167	199	215	101
<i>Annual variation (%)</i>	65.9	18.4	19.2	8.0	-53.0
Expenditure (in MTD)	7	2	6	3	4
<i>Annual variation (%)</i>	-22.2	-71.4	200.0	-50.0	33.3
Balance (in MTD)	134	165	193	212	97

2. FOREIGN INVESTMENT

The balance of foreign investment posted a considerable surplus in 2008, coming to 3,156 MTD vs. 1,980 MTD in 2007. This improvement was the result of the higher surplus in the balance of direct investments, while the balance of portfolio investments (suffering from fallouts from the international financial crisis) posted a deficit.

BALANCE OF FOREIGN INVESTMENT¹

Description	2004	2005	2006	2007	2008
Receipts (in MTD)	862	1,091	4,565	2,162	3,602
<i>Annual variation (%)</i>	8.6	26.6	318.4	-52.6	66.6
Expenditure (in MTD)	95	151	166	182	446
<i>Annual variation (%)</i>	17.3	58.9	9.9	9.6	145.1
Balance (in MTD)	767	940	4,399	1,980	3,156

(i) Direct investment

The surplus in the balance of foreign direct investment went up considerably from the 2007 figure, rising from 1,941 MTD to 3,205 MTD, on the strength of considerable capital inflows under this form even if expenditure grew in 2008 at a faster pace than in past years. Foreign direct investment to Tunisia went up by 64.1% to 3,399 MTD, 0.2% of worldwide FDI and 3.8% of FDI to Africa. These flows served to finance the current deficit and to increase the level of reserve assets. The share of this category of financing in overall capital inflows thus went up from 41.1% in 2007 to 54.4% in 2008. The volume of FDI as a ratio of gross domestic product also improved, up from 4.6% in 2007 to 6.8%. Aside from the positive impact of foreign direct investment on financing of the economy and balance in the external sector, this form of financing favoured transfer of technology and creation of jobs that reached 17,000 in 2008, more than 15,000 of which were in industry. 2,966 companies with foreign holdings were set up in Tunisia at the end of 2008. Despite the international financial and economic crisis that shook the confidence of international investors and reduced liquidity on capital markets, good performance was achieved thanks to growing interest on the part of foreign investors for Tunisia as an investment site, on the strength of its favourable and competitive business environment.

BALANCE OF DIRECT INVESTMENT

Description	2004	2005	2006	2007	2008
Receipts (in MTD)	799	1,019	4,406	2,075	3,404
<i>Annual variation (%)</i>	5.5	27.5	332.4	-52.9	64.0
Expenditure (in MTD)	62	94	94	134	199
<i>Annual variation (%)</i>	0.0	51.6	0.0	42.6	48.5
Balance (in MTD)	737	925	4,312	1,941	3,205

¹ Statistical data presented in the tables include both Tunisia's assets and commitments, unless otherwise indicated.

Breakdown of 2008 foreign direct investment by beneficiary sector shows greater diversification and higher flows to all sectors. Investment in energy rose by 42.3% to 1,934 MTD, up from 1,359 MTD in 2007. The share of flows to this sector in overall direct investment dropped from 65.6% in 2007 to 56.9% in 2008. Investment by British Gas, the main investor in hydrocarbons in Tunisia, rose considerably in 2008, as work moved ahead on development of the Hasdrubal gas field and development of the Miskar initiative. British Gas thus remains the leading investor in this field, with a 41% share in overall investment in the energy sector in 2008. Several other oil companies also increased their direct investment in Tunisia: ENI-Tunisia, PW Resources, Pioneer Natural Resources and Winstar. Higher FDI to the energy sector involved both research & development and exploration, with flows up by 49.7% and 23.2% respectively in 2008 to 1,466 MTD and 468 MTD.

Investment in the services sector posted an exceptional increase to 804 MTD in 2008 (vs. 218 MTD in 2007), based in particular on flows to the financial, tourism and real estate and transport sectors.

Some 371 MTD went to the financial sector in 2008, broken down as follows :

- * 150 MTD to the Tunisian State following sale of 60% of shares in the Tuniso-Kuwaiti Bank for a total value of 300 MTD to the French group *Caisse d'Epargne*

- * 132 MTD with respect to *GROUPAMA*, the French group, holding of 35% in the Tunisian Insurance and Reinsurance Company (STAR) and this in the framework of capital increase in this company.

- * 57 MTD in the framework of participation by the French company *Société Générale* in capital increase at the International Banking Union (UIB)

- * 32 MTD for participation by Jordanian shareholders in the capital increase at the Arab Tunisian Bank

Investment in tourism and real estate went up considerably in 2008 to 199 MTD, rising from 72 MTD in 2007, after sale of shares in two Karthago hotels to the Libyan company Laico for some 131 MTD and transfers for construction of the *Tunis Sport City* by the Emirate group *Aboukhater* in the amount of 55 MTD.

Investment in transport also rose sharply, up from 61 MTD in 2007 to 189 MTD in 2008, corresponding to shares taken by the Turkish holding company *TAV Airport* for paying in and capital increase at *TAV-Tunisia*, which is the company in charge of building and running the *Enfidha Airport*.

The investment envelope for other services fell from 98 MTD in 2007 to 45 MTD in 2008. These investments went mainly to telecommunications, which received 40 MTD in investment funds in 2008, serving to fund expansion and development activities by the main operators in this field. The remaining 5 MTD involved computer/consulting/studies activities for the most part.

Foreign direct investment in manufacturing industries went up by 32.1%, from 486 MTD in 2007 to 642 MTD in 2008. But the share of investment for this sector in overall direct investment dropped by 4.6 percentage points from last year's figure to 18.9%.

Dynamic investment in manufacturing industries was due mainly to faster growth in flows to chemical and rubber industries, up from 92 MTD in 2007 to 216 MTD in 2008, a trend attributable to ongoing implementation of the *British Gas' LPG* initiative funded at some 188 MTD in 2008. FDI for the building materials sector also increased, up from 40 MTD in 2007 to 105 MTD in 2008, an amount that covers mainly investment by the Spanish company *SOMOLINE International* in *SOTACIB* in the amount of 80 MTD. Investment in the leather/footwear sector also went up, from 26 MTD in 2007 to 33 MTD.

On the other hand, investment in mechanical/electrical industries and in textiles/clothing dropped to 102 MTD and 50 MTD respectively, down from 149 MTD and 90 MTD a year earlier. Direct investment flows to agrofood industries were also down (15 MTD vs. 39 MTD in 2007).

For other branches of activity in manufacturing industries, FDI flows increased sharply, up from 50 MTD in 2007 to 121 MTD in 2008, 56 MTD of which were from sale of shares in the company *SAH*.

Investment in agriculture and fishing went up from 8 MTD in 2007 to 20 MTD in 2008, 12 MTD of which were mobilised by the Spanish company *Saint Lucar-Factory*, which invested in the agricultural company *la 5ème saison* (the fifth season).

RECEIPTS FROM DIRECT INVESTMENT BY BENEFICIARY SECTOR (Commitment) (In MTD)

Description	2004	2005	2006	2007	2008
Energy	274	386	940	1,359	1,934
Tourism and real estate	22	17	18	72	199
Manufacturing industries	312	375	347	486	642
Financial sector	38	120	22	0	371
Telecommunications	121	99	3,056	80	40
Other	29	19	20	74	213
Total	796	1,016	4,403	2,071	3,399

Expenditure for FDI rose to 199 MTD in 2008, up from 134 MTD in 2007. This increase from 2007 to 2008 was due to the combined effects of higher Tunisian investment abroad (assets) and an increase in cashing in by non residents of their investments in Tunisia.

After falling sharply in 2007, investment by Tunisians resident abroad took off once again in 2008 on an upturn, amounting to 52 MTD vs. 26 MTD a year earlier. Almost 40% of these investments were made in Algeria, for an amount of some 21 MTD. The rest went in large part to France, Mauritania and Libya. Investment by Tunisians abroad went mainly to industry and services.

Over the same period, foreign oil companies cashed in by repatriating materials, bringing the total to 93 MTD in 2008, up from 71 MTD in 2007. Worth of note that over the past three years, equipment imported by these companies that was used for oil exploration and drilling went up considerably, in line with higher FDI in this sector.

Non residents also sold off shares in Tunisian companies in the amount of 54 MTD vs. 37 MTD the year before. This higher level of cashing in involved mainly the automotive and textile/clothing sectors, due mainly to fallouts from the international financial crisis.

(ii) Portfolio investment

The balance of portfolio investments posted a deficit of 49 MTD in 2008 (following 2007's surplus of 39 MTD) despite higher receipts. This deterioration was due to the exceptional increase in expenditure, in line with the international financial crisis impact that was behind this major pull-out of investment by non resident shareholders.

Receipts went up sharply in 2008 in line with the considerable increase in acquisition of shares by non residents on the Tunis stock market (*BVMT*), up from 87 MTD in 2007 to 198 MTD in 2008. About 74 MTD were from sale of shares in the company ARTES and 50 MTD for participation by non residents in posting of the company *PGH (Poulina Holding)* on the stock market.

Expenditure more than quadrupled in 2008 to 247 MTD, up from 48 MTD in 2007. This was mainly for sale of shares by non residents on Tunis stock market, rising sharply over the last quarter of the year as the impact of the international financial crisis grew. The Tunis stock market was not spared, despite the absence of sophisticated, highly risky assets and the low share of holdings by foreign investors in stock market capitalisation. The immediate effect of this crisis led to outflows of funds, the impact of which was quite limited in that the TUNINDEX closed for the year on an increase of 10.7% for 2008, unlike other financial centres. Aside from the psychological effect, certain investors moved to liquidate their positions in order to generate liquidity.

BALANCE OF PORTFOLIO INVESTMENT

Description	2004	2005	2006	2007	2008
Receipts (in MTD)	63	72	159	87	198
Annual variation (%)	70.3	14.3	120.8	-45.3	127.6
Expenditure (in MTD)	33	57	72	48	247
Annual variation (%)	73.7	72.7	26.3	-33.3	414.6
Balance (in MTD)	30	15	87	39	-49

3. MEDIUM AND LONG TERM BORROWING CAPITAL

Medium and long term borrowing capital yielded a negative balance for the third straight year. It did however narrow sharply, down from 290 MTD in 2007 to 4 MTD in 2008 due to the sharp drop in expenditure for repayment of debt and a more moderate drop in drawings on medium and long term borrowing capital.

BALANCE OF MEDIUM AND LONG TERM BORROWING CAPITAL

Description	2004	2005	2006	2007	2008
Receipts (in MTD)	3,073	2,125	1,941	2,157	1,745
Annual variation (%)	26.4	-30.8	-8.7	11.1	-19.1
Expenditure (in MTD)	1,885	1,876	2,991	2,447	1,749
Annual variation (%)	34.5	-0.5	59.4	-18.2	-28.5
Balance (in MTD)	1,188	249	-1,050	-290	-4

(i) Drawings on medium and long term borrowing capital

After recording an increase of 11.1% in 2007, drawings on medium and long term borrowing capital went down from 2,157 MTD in 2007 to 1,745 MTD in 2008, a drop of 19.1%. This decrease was due to the considerable drop in funds mobilised on financial markets and those granted in the framework of multilateral cooperation while funds from partner countries posted an increase.

BREAKDOWN OF DRAWINGS BY TYPE OF COOPERATION

Description	2007		2008	
	In MTD	Share (%)	In MTD	Share (%)
Administration	1,230	100,0	833	100,0
Bilateral cooperation	294	23.9	387	46.5
Multilateral cooperation	620	50.4	446	53.5
Financial markets	316	25.7	0	0.0
Companies	927	100,0	912	100,0
Bilateral cooperation	294	31.7	255	28.0
Multilateral cooperation	441	47.6	465	51.0
Financial markets	192	20.7	192	21.0
Total	2,157	100,0	1,745	100,0
Bilateral cooperation	588	27.2	642	36.8
Multilateral cooperation	1,061	49.2	911	52.2
Financial markets	508	23.6	192	11.0

Funds mobilised in the framework of multilateral cooperation fell by 14.1% in 2008 to 911 MTD, down from 1,061 MTD in 2007. The decrease between 2007 and 2008 was due to a drop in drawings from the African Development Bank (170 MTD in 2008 vs. 379 MTD in 2007) and the European Investment Bank (289 MTD in 2008 vs. 299 MTD in 2007) while funds made available by the World Bank went up slightly (211 MTD vs. 208 MTD in 2007). Worth of note that ADB and IBRD financed in 2007 programmes to support economic competitiveness : 102 MTD went to PACE 3 and 100 MTD to PACE 4.

This was also the case for funds raised on financial markets, which posted a considerable drop in 2008 to 192 MTD, down from 508 MTD in 2007, when the Central Bank contracted a debenture loan (Samurai VII) in the amount of 30 billion yen. The Administration did not seek funding on international financial markets in 2008 because of tougher loan conditions on these markets and the priority given to mobilising external resources to secure capital in the form of FDI. Drawings on these markets by businesses maintained their level of 2007 : 192 MTD.

Drawings on medium and long term borrowing capital in the framework of bilateral cooperation, on the other hand, went up in 2008 to 642 MTD, up from 588 MTD the year before. This increase in drawings concerned mainly funds granted by France (395 MTD vs. 293 MTD in 2007) and Japan (119 MTD vs. 72 MTD in 2007).

Breakdown of drawings on medium and borrowing term loan capital by category of beneficiary shows a sharp drop in funds mobilised by the Administration, which posted 833 MTD in 2008 vs. 1,230 MTD in 2007. Consequently, the Administration's share in overall mobilised resources went down from 57% in 2007 to 47.7% in 2008. This decrease was attributable to both the Administration's decision not to go on the international financial market against mobilising of 316 MTD in a debenture loan (Samurai VII) in 2007 and a drop in funds raised in the framework of multilateral cooperation, down from 620 MTD in 2007 to 446 MTD in 2008. Drawings by the Administration in the framework of bilateral cooperation, on the other hand, went up from 294 MTD in 2007 to 387 MTD in 2008.

The level of funds mobilised by businesses was lower, down from 927 MTD in 2007 to 912 MTD in 2008, a drop that was attributable to the lower level of drawings made available to businesses by partner countries down from 294 MTD in 2007 to 255 MTD in 2008. Resources mobilised in the framework of multilateral cooperation rose to 465 MTD in 2008, up from 441 MTD in 2007. It should be noted that in the framework of construction of the

Enfidha Airport, the company *TAV Tunisia* tapped a 214 MTD loan granted jointly by a banking pool (140 MTD) and the World Bank group (74 MTD). Funds mobilised on international financial markets maintained their 2007 level : 192 MTD.

Breakdown by beneficiary sector of drawings by businesses shows that 18.6% of mobilised flows (170 MTD) went to businesses in the energy sector. Those that went to other sectors, such as the financial and transport sectors, went up to 173 MTD and 325 MTD respectively : 19% and 35.6% of total. Operators working in various other sectors took advantage of some 244 MTD in funding, corresponding to 26.8% of overall funds available to businesses.

Financial drawings tied to transfer of funds in 2008 amounted to 1,276 MTD, representing 73.1% of total, down from 1,711 MTD and 79,3 % in 2007. The remaining 26.9% (469 MTD) were provided in the form of commercial uses tied to medium and long term payment facilities for businesses.

(ii) Retirement of medium and long term debt

Retirement of medium and long term debt posted a drop for the second straight year, down from 2,447 MTD in 2007 to 1,749 MTD in 2008, a decrease of 28.5%. This decrease held for payments made in the framework of multilateral cooperation and the international financial market that came to 835 MTD and 184 MTD respectively in 2008, compared to 1,057 MTD and 584 MTD in 2007. Similarly, repayment of principal on medium and long term debt to partner countries went down by 9.4% to 730 MTD.

BREAKDOWN OF MEDIUM AND LONG TERM DEBT RETIREMENT BY TYPE OF COOPERATION

Description	2007		2008	
	In MTD	Share (%)	In MTD	Share (%)
Administration	1,454	100,0	840	100,0
Bilateral cooperation	378	26.0	358	42.6
Multilateral cooperation	759	52.2	482	57.4
Financial markets	317	21.8	0	0.0
Companies	993	100,0	909	100,0
<i>Bilateral cooperation</i>	428	43.1	372	40.9
Multilateral cooperation	298	30.0	353	38.8
Financial markets	267	26.9	184	20.3
Total	2,447	100,0	1,749	100,0
Bilateral cooperation	806	32.9	730	41.7
Multilateral cooperation	1,057	43.2	835	47.8
Financial markets	584	23.9	184	10.5

By category of borrower, payments made by the Administration went down by 42.2%, from 1,454 MTD in 2007 to 840 MTD in 2008. The decrease involved all forms of cooperation. Payments to international institutions, in particular, experienced a drop of 36.5%, coming to 482 MTD vs. 759 MTD in 2007. This drop was due mainly to the lower level of repayments to the African Development Bank, which came to just 68 MTD vs. 461 MTD in 2007, a year in which early repayment of 346 MTD was made to ADB.

On the other hand, payments to the World Bank went up, from 162 MTD in 2007 to 283 MTD in 2008. Payments by the Administration to the European Investment Bank went up slightly, from 60 MTD in 2007 to 62 MTD in 2008. Payments to the Arab Fund for Economic and Social Development remained at the same level of 53 MTD as the year before.

Payments by the Administration to partner countries came to 358 MTD in 2008, compared to 378 MTD in 2007. This drop involved a number of countries, notably the United States (29 MTD in 2008 vs. 37 MTD in 2007), Italy (31 MTD in 2008 vs. 37 MTD in 2007) and Belgium (2 MTD in 2008 vs. 9 MTD in 2007). As for amortisation of debt owed by the Administration to the international financial market, there were no repayments in 2008 after reimbursement of 317 MTD a year earlier, the amount of settlement in 2007 of the Yankee debenture loan for 250 million dollars.

Repayment of debt principal by businesses came to 909 MTD in 2008, a decrease of 84 MTD. This drop was attributable mainly to the lower level of repayment to the international financial market (184 MTD) and partner countries (372 MTD) compared to 267 MTD and 428 MTD respectively in 2007, while payments to international structures went up by 55 MTD in 2008, to 353 MTD. The drop in repayments to draw down debt owed to partner countries concerned in particular the United States (30 MTD vs. 51 MTD in 2007) and Great Britain (15 MTD vs. 34 MTD in 2007). The increase in payments to international institutions in 2008 was due mainly to transfers to the African Development Bank (156 MTD in 2008 vs. 114 MTD in 2007).

C. OVERALL EXTERNAL POSITION

At the end of 2008, Tunisia's overall external position posted net commitments abroad amounting to 52,078.8 MTD vs. 45,515.9 MTD at the end of 2007, an increase of 6,562.9 MTD or 14.4% more than net commitments at the end of 2007. This increase was due mainly to the higher level of total commitments in the form of foreign investment. Commitments in the form of medium and long term external indebtedness went up mainly because of the foreign currency effect of depreciation of the dinar against the main currencies of indebtedness between end 2007 and end 2008, while repayment of medium and long term borrowing capital was greater than relevant drawings for the third straight year, yielding negative net flows. Reserve assets, made up for the most part of assets in foreign currency, posted a sizeable increase in 2008, reflecting the positive result of external payments as seen in the 2,053 MTD surplus in the general balance of payments.

OVERALL EXTERNAL POSITION OF TUNISIA

(Year-end outstanding, in MTD)

Description	2005	2006	2007	2008
Direct investments	-22,887.8	-28,203.0	-31,831.3	-37,894.0
Assets	71.4	114.9	143.0	202.4
Liabilities	-22,959.2	-28,317.9	-31,974.3	-38,096.4
Portfolio investments ¹	-1,009.2	-1,439.7	-1,813.1	-2,031.9
Assets	73.7	76.9	81.5	88.8
Investment securities	73.7	76.9	81.5	88.8
Claim securities	0	0	0	0
Liabilities	-1,082.9	-1,516.6	-1,894.6	-2,120.7
Investment securities	-1,082.9	-1,473.8	-1,827.6	-2,053.7
Claim securities	0	-42.8	-67.0	-67.0
Other investments	-21,890.6	-21,298.9	-21,560.9	-23,895.0
Medium and long term loans and borrowings to the Administration	-14,233.4	-13,470.4	-13,499.4	-14,753.5
Assets	0	0	0	0
Liabilities	-14,233.4	-13,470.4	-13,499.4	-14,753.5
Public origin	-8,117.2	-7,650.6	-7,618.0	-8,032.5
Private origin	-6,116.2	-5,819.8	-5,881.4	-6,721.0
Medium and long term loans and borrowings to the companies	-6,290.2	-6,355.0	-6,385.5	-6,692.3
Assets	136.3	129.7	122.1	131.0
Liabilities	-6,426.5	-6,484.7	-6,507.6	-6,823.3
Public origin	-3,506.8	-3,851.5	-4,475.8	-4,774.4
Private origin	-2,919.7	-2,633.2	-2,031.8	-2,048.9
Short term loan	-1,367.0	-1,473.5	-1,676.0	-2,449.2
Financial	-1,508.5	-1,508.1	-1,564.8	-2,076.0
Assets	1,174.4	1,289.0	1,882.4	1,745.0
Liabilities	-2,682.9	-2,797.1	-3,447.2	-3,821.0
Commercial ²	141.5	34.6	-111.2	-373.2
Assets	1,732.9	1,592.6	1,304.9	1,473.3
Liabilities	-1,591.4	-1,558.0	-1,416.1	-1,846.5
Reserve assets	6,033.4	8,806.7	9,689.4	11,742.1
Monetary gold	4.4	4.4	4.4	4.4
Special drawing rights	7.5	6.3	7.0	11.7
Reserve position at IMF	38.2	39.7	39.9	38.5
Foreign currency	5,983.3	8,756.3	9,638.1	11,687.5
Total	-39,754.2	-42,134.9	-45,515.9	-52,078.8

1. FOREIGN DIRECT INVESTMENT

At the end of 2008, Tunisia's gross commitments in the form of foreign direct investments came to 38,096.4 MTD, an increase of 6,122.1 MTD or 19.1%, in line with the high level of direct investment flows to Tunisia, which reached some 3.4 billion dinars in 2008.

Assets grew by 41.5% to 202.4 MTD at the end of 2008 vs. 24.5% and 143 MTD a year earlier. This development was due to the increase in 2008 of money invested abroad by Tunisians. Thus net commitments rose by 6,062.7 MTD (19%) to 37,894 MTD at the end of 2008, compared to 31,831.3 MTD at the end of 2007.

¹ A new methodology was adopted to determine the stock of investment portfolio as of 2001.

² As of 2001, stock of short term commercial loans is calculated in gross terms instead of net terms.

2. PORTFOLIO INVESTMENT

Gross commitments in the form of portfolio investment came to 2,120.7 MTD at the end of 2008, an increase of 226.1 MTD (+11.9%) over the 2007 figure. This trend was due to the combined effects of the 74.4% higher volume of securities purchased by non residents in 2008 and higher values for securities traded on the Tunis stock market, a trend reflected in the TUNINDEX's 10.7% increase in 2008 compared to 12.1% a year earlier. Assets went up slightly, from 81.5 MTD in 2007 to 88.8 MTD. Total net commitments in the form of portfolio investment thus went up by 12.1% to 2,031.9 MTD at the end of 2008 compared to 1,813.1 MTD at the end of 2007.

3. MEDIUM AND LONG TERM INDEBTEDNESS

At the end of 2008, the outstanding balance of medium and long term debt went up, from 19,728 MTD at the end of 2007 to 21,301 MTD. This increase was due to the foreign exchange effect of depreciation of the dinar against the main currencies of indebtedness between yearend 2007 and yearend 2008, while expenditure to draw down medium and long term debt in 2008 exceeded the amount of drawings made on capital drawings, yielding net negative transfers of 4 MTD.

The indebtedness rate expressing the ratio between the outstanding balance of medium and long term debt and gross national disposable income (GNDI) went down by 0.8 percentage points to 42.6% at the end of 2008 vs. 43.4% at the end of 2007.

In parallel, the medium and long term debt service ratio expressed as a percentage of current receipts went down by 4 percentage points to 7.7% in 2008, a result due to the combined effects of the 21.8% drop in service of medium and long term debt and the 19.5% increase in current receipts.

MAIN PARAMETERS OF MEDIUM AND LONG TERM EXTERNAL DEBT

(In MTD unless otherwise indicated)

Description	2004	2005	2006	2007	2008
Outstanding debt	19,408	20,373	19,683	19,728	21,301
Rate of indebtedness (% of GNAI)	54.6	54.2	47.4	43.4	42.6
Medium & long term debt service	2,662	2,716	3,881	3,334	2,608
Principal	1,885	1,876	2,991	2,447	1,749
Interest	777	840	890	887	859
Debt service ratio (in %)¹	14.3	12.8	16.4	11.7	7.7

¹ Calculated with reference to current receipts.

Net transfers of medium and long term borrowing capital posted net expenditure of 863 MTD in 2008 compared to 1,177 MTD a year earlier, a development based on the sharp drop in service of medium and long term debt, while drawings recorded a more moderate drop.

NET TRANSFERS OF MEDIUM AND LONG TERM BORROWING CAPITAL

(In MTD)

Description	2004	2005	2006	2007	2008
Medium and long term drawings	3,073	2,125	1,941	2,157	1,745
Medium and long term debt service	2,662	2,716	3,881	3,334	2,608
Net transfers	411	-591	-1,940	-1,177	-863

4. SHORT TERM EXTERNAL COMMITMENTS

At the end of 2008, short term net commitments came to 2,449.2 MTD, up from 1,676 MTD at the end of 2007, an increase of 773.2 MTD (+46.1%). This increase between 2007 and 2008 involved both financial and commercial net commitments.

Short term financial loans yielded total net commitments of 2,076 MTD as of end 2008 (compared to 1,564.8 MTD at the end of 2007), an increase of 32.7%. This trend was due to the combined effects of the higher level of gross commitments in this category that grew at by 10.8% to 3,821 MTD and the lower level of assets, down by 9.3% to 1,745 MTD.

Short term commercial loans yielded net commitments of 373.2 MTD vs. 111.2 MTD at the end of 2007, due mainly to the sharp increase in gross commitments for this category, which went up from 1,416.1 MTD at the end of 2007 to 1,846.5 MTD at the end of 2008, while assets went up only by 168.4 MTD to 1,473.3 MTD at the end of 2008.

5. RESERVE ASSETS

Reserve assets rose to 11,742.1 MTD at the end of 2008, up from 9,689.4 MTD at the end of 2007, an increase attributable to positive evolution of the general balance of payments.

Gross assets in foreign currency, the main component of reserve assets, went up considerably at the end of 2008 to 11,687.5 MTD, compared to 9,638.1 MTD at the end of 2007. Consequently net assets in foreign currency increased by 21.6% to 11,656 MTD, corresponding to 139 days of imports, compared to 9,582 MTD (141 days of imports) at the end of 2007.

Other components of reserve assets continued to involve just minor amounts. IMF's reserve position dropped slightly from 39.9 MTD at the end of 2007 to 38.5 MTD at the end of 2008, while special drawing rights (SDRs) showed a slight increase, up from 7 MTD to 11.7 MTD. Assets in monetary gold remained at the same level of 4.4 MTD as at the end of 2007.

TUNISIA'S EXTERNAL PAYMENTS : TREND IN CURRENT RECEIPTS AND CAPITAL INFLOWS
(5th edition) (In MTD)

Description	2005	2006	2007	2008
A – CURRENT RECEIPTS	21,159.1	23,718.9	28,536.0	34,089.1
EXPORT OF GOODS (FOB)	13,793.6	15,558.1	19,409.6	23,637.0
SERVICES	5,217.2	5,716.7	6,290.6	7,409.3
TRANSPORTS	1,473.6	1,655.1	1,840.6	2,334.9
Freight	131.5	134.3	138.8	159.8
Passengers	852.5	933.9	1,023.0	1,177.7
Other transports	489.6	586.9	678.8	997.4
<i>Of which : gas royalties</i>	339.4	359.7	410.7	653.2
TRAVEL	2,779.9	3,028.1	3,299.6	3,639.1
Tourism	2,611.0	2,825.2	3,077.3	3,390.2
Professional and official travel	51.9	56.5	61.5	67.8
Studies and training	19.1	24.7	25.5	27.6
Medical care	44.9	55.0	67.0	84.5
Other living expenses	53.0	66.7	68.3	69.0
GOVERNMENT TRANSACTIONS	156.4	177.1	195.0	225.2
Tunisian government	0	0	0	0
Foreign governments	156.4	177.1	195.0	225.2
OTHER SERVICES	807.3	856.4	955.4	1,210.1
Insurance premiums and benefits	52.9	53.1	54.9	52.3
Office costs	107.0	107.4	115.3	139.9
Commercial & international trade costs	187.6	188.9	205.8	234.4
Public works & technical services	195.9	212.7	246.9	366.5
Communication services	58.6	86.3	113.5	134.0
Financial services	74.8	87.4	89.7	106.0
Computer and information services	25.0	32.0	34.0	43.6
Royalties and licence rights	33.3	34.9	37.5	39.5
Staff and cultural services	4.8	3.5	4.4	7.2
Miscellaneous	67.4	50.2	53.4	86.7
FACTOR INCOME	1,960.5	2,223.2	2,574.2	2,768.2
Capital income	153.6	213.3	375.7	332.3
Interest on loans and investments	140.3	201.3	362.2	316.7
Dividends and profits	4.8	3.2	5.4	6.4
Direct investment income	8.5	8.8	8.1	9.2
Labour income	1,806.9	2,009.9	2,198.5	2,435.9
Worker remittances	1,550.6	1,735.3	1,853.2	2,125.6
Other labour income	256.3	274.6	345.3	310.3
CURRENT TRANSFERS	187.8	220.9	261.6	274.6
Tunisian private sector	99.4	112.2	135.3	135.7
Tunisian public sector	88.4	108.7	126.3	138.9

(In MTD)

Description	2005	2006	2007	2008
B – CAPITAL & FINANCIAL TRANSACTIONS	3,668.2	6,811.3	5,042.5	6,252.1
CAPITAL TRANSACTIONS	167.1	198.7	214.7	100.7
FINANCIAL TRANSACTIONS	3,501.1	6,612.6	4,827.8	6,151.4
DIRECT INVESTMENTS	1,018.7	4,406.5	2,075.3	3,403.7
Assets	3.0	3.6	4.5	5.0
Liabilities	1,015.7	4,402.9	2,070.8	3,398.7
Shareholding	1,014.5	4,401.1	2,068.4	3,396.6
Others	1.2	1.8	2.4	2.1
PORTFOLIO INVESTMENTS	72.5	158.8	87.1	198.5
Public sector	0	0	0	0
Assets	0	0	0	0
Liabilities	0	0	0	0
Private sector	72.5	158.8	87.1	198.5
Assets	0	0	0	0
Liabilities	72.5	158.8	87.1	198.5
MEDIUM AND LONG TERM LOANS AND BORROWINGS OF THE GOVERNMENT	1,395.8	837.4	1,229.9	833.2
Liabilities	1,395.8	837.4	1,229.9	833.2
Public origin	663.9	658.2	831.9	727.9
Private origin	731.9	179.2	398.0	105.3
<i>MEDIUM AND LONG AND BORROWINGS OF BUSINESSES</i>	729.5	1,103.4	927.3	911.8
Loans	0	0	0	0
Borrowings	729.5	1,103.4	927.3	911.8
Public origin	454.0	631.8	594.8	549.2
Private origin	275.5	471.6	332.5	362.6
SHORT TERM CAPITAL (net flows)	284.6	106.5	508.2	804.2
Loans	22.3	25.7	0	0
Borrowings	262.3	80.8	508.2	804.2
C-ADJUSTMENT OPERATIONS (net flows)	0	0	0	139.5
GENERAL TOTAL	24,827.3	30,530.2	33,578.5	40,480.7

**TUNISIA'S EXTERNAL PAYMENTS : TREND IN CURRENT EXPENDITURE AND CAPITAL
OUTFLOWS (5th edition)**

(In MTD)

Description	2005	2006	2007	2008
A - CURRENT EXPENDITURE	21,547.4	24,543.3	29,710.9	36,198.2
IMPORT OF GOODS (FOB)	16,340.5	18,903.3	23,094.6	28,577.9
SERVICES	2,842.8	3,267.0	3,591.5	4,152.7
TRANSPORT	1,436.3	1,643.8	1,869.6	2,298.6
Freight	863.4	998.5	1,209.7	1,496.8
Passengers	100.7	117.2	118.7	119.7
Other transport	472.2	528.1	541.2	682.1
TRAVEL	485.0	545.7	560.1	564.7
Tourism	273.7	323.3	330.7	323.9
Professional and official travel	51.7	58.9	64.9	68.0
Studies and training	75.7	79.1	80.9	83.6
Medical care	8.7	8.4	10.4	11.2
Other living expenses	75.2	76.0	73.2	78.0
GOVERNMENT TRANSACTIONS	151.2	155.1	179.9	177.1
Tunisian Government	151.2	155.1	179.9	177.1
-Technical assistance	8.8	20.6	27.6	15.6
- Other	142.4	134.5	152.3	161.5
Foreign governments	0	0	0	0
OTHER SERVICES	770.3	922.4	981.9	1,112.3
Insurance premiums and benefits	167.1	189.4	193.8	236.3
Office costs	9.6	14.7	16.8	17.0
Commercial & international trade costs	110.1	123.4	129.1	144.5
Public works & technical services	255.0	301.6	345.4	405.7
Communication services	36.0	40.9	36.2	40.5
Financial services	65.1	86.9	89.1	89.8
Computer and information services	12.7	23.7	28.6	25.2
Royalties and licence rights	9.7	14.2	13.0	15.4
Staff and cultural services	7.7	13.0	9.3	13.4
Miscellaneous	97.3	114.6	120.6	124.5
FACTOR INCOME	2,337.8	2,346.2	2,993.7	3,442.7
Capital income	2,317.5	2,324.3	2,974.2	3,423.3
Interest on medium & long term loans	840.6	889.9	886.8	858.9
Interest on short term loans	36.6	39.1	65.6	57.0
Dividends and profits	178.7	67.5	58.8	85.1
Direct investment income	1,247.8	1,315.4	1,951.3	2,412.3
Rent	13.8	12.4	11.7	10.0
Labour income	20.3	21.9	19.5	19.4
Work remittances	9.6	9.2	9.3	6.8
Other labour income	10.7	12.7	10.2	12.6
CURRENT TRANSFERS	26.3	26.8	31.1	24.9
Tunisian private sector	26.1	23.3	26.7	24.6
Tunisian public sector	0.2	3.5	4.4	0.3

(In MTD)

Description	2005	2006	2007	2008
B – CAPITAL & FINANCIAL TRANSACTIONS	2,028.7	3,163.5	2,937.6	2,229.8
CAPITAL TRANSACTIONS	2.1	5.8	2.6	3.5
FINANCIAL TRANSACTIONS	2,026.6	3,157.7	2,935.0	2,226.3
DIRECT INVESTMENTS	94.0	94.1	133.6	199.3
Assets	16.4	44.0	25.7	51.6
Liabilities	77.6	50.1	107.9	147.7
Shareholding	72.5	46.9	92.3	134.9
Other	5.1	3.2	15.6	12.8
PORTFOLIO INVESTMENTS	56.8	72.5	48.7	246.6
Public sector	0	0	0	0
Assets	0	0	0	0
Liabilities	0	0	0	0
Private sector	56.8	72.5	48.7	246.6
Assets	0	0	0	0
Liabilities	56.8	72.5	48.7	246.6
MEDIUM AND LONG TERM LOANS AND BORROWINGS OF THE GOVERNMENT	1,111.6	1,730.6	1,454.4	839.9
Liabilities	1,111.6	1,730.6	1,454.4	839.9
Public origin	887.5	1,263.2	1,078.3	790.9
Private origin	224.1	467.4	376.1	49.0
<i>MEDIUM AND LONG AND BORROWINGS OF BUSINESSES</i>	764.2	1,260.5	992.6	909.5
Loans	0	0	0	0
Borrowings	764.2	1,260.5	992.6	909.5
Public origin	244.6	328.5	330.6	357.0
Private origin	519.6	932.0	662.0	552.5
SHORT TERM CAPITAL (net flows)	0	0	305.7	31.0
Loans granted	0	0	305.7	31.0
Borrowings	0	0	0	0
C-ADJUSTMENT OPERATIONS (net flows)	35.3	50.1	47.3	0
GENERAL TOTAL	23,611.4	27,756.9	32,695.8	38,428.0
BALANCE	1,215.9	2,773.3	882.7	2,052.7