

IV. TOTAL INDEBTEDNESS

Total indebtedness includes all financing in any form, aside from stock issues, obtained by resident non financial economic agents including the State from lending institutions, on capital markets, or raised abroad from either residents or non residents. In reaching 59,819 MTD in 2008 (up from 54,519 MTD a year earlier), the annual growth rate for total indebtedness rose from 6.5% in 2007 to 9.7% in 2008 because of faster growth (although to different degrees) in the indebtedness of other non-financial economic agents and of the State. The increase was much more marked for external financing than for domestic financing.

TOTAL INDEBTEDNESS

(In MTD unless otherwise indicated)

Description	End of period	2006	2007	2008	Variation in %		Structure in %	
					2007/06	2008/07	2007	2008
Domestic indebtedness		33,719	36,874	40,587	9.4	10.1	67.6	67.8
-State		8,957	9,696	9,660	8.3	-0.4	17.8	16.1
-Other non-financial economic agents		24,762	27,178	30,927	9.8	13.8	49.8	51.7
From the financial system		29,590	32,495	36,357	9.8	11.9	59.6	60.8
-State		5,165	5,674	5,781	9.9	1.9	10.4	9.7
-Other non-financial economic agents		24,425	26,821	30,576	9.8	14.0	49.2	51.1
On capital markets		4,129	4,379	4,230	6.1	-3.4	8.0	7.0
*Money market		236	263	256	11.4	-2.7	0.5	0.4
-State		0	0	0	-	-	0.0	0.0
-Other non-financial economic agents		236	263	256	11.4	-2.7	0.5	0.4
*Bond market		3,893	4,116	3,974	5.7	-3.4	7.5	6.6
-State		3,792	4,022	3,879	6.1	-3.6	7.4	6.4
-Other non-financial economic agents		101	94	95	-6.9	1.1	0.1	0.2
External indebtedness		17,472	17,645	19,232	1.0	9.0	32.4	32.2
-State		13,286	13,301	14,560	0.1	9.5	24.4	24.4
-Other non-financial economic agents		4,186	4,344	4,672	3.8	7.6	8.0	7.8
Total indebtedness		51,191	54,519	59,819	6.5	9.7	100.0	100.0
-State		22,243	22,997	24,220	3.4	5.3	42.2	40.5
-Other non-financial economic agents		28,948	31,522	35,599	8.9	12.9	57.8	59.5

Sources : Central Bank of Tunisia, Capital Market Council (CMF) and Ministry of Development and International Cooperation

In reaching 40,587 MTD at the end of 2008, the outstanding balance of domestic financing went up by 10.1% vs. 9.4% a year earlier, resulting from the differing impact of faster growth in loans from the financial system (11.9% vs. 9.8%) and the drop in financing on capital markets (-3.4% vs. +6.1%). The share of domestic financing in overall indebtedness remained virtually the same in 2008 as in 2007 : 67.8% and 67.6%. This was led by higher indebtedness of other non-financial economic agents (up from 49.8% to 51.7% in 2008) and lower share of State indebtedness (down from 17.8% in 2007 to 16.1% in 2008).

Posting 5,781 MTD in 2008, State indebtedness to the financial system continued on the path of slower growth, having gradually decreased from 24% in 2006 to 9.9% in 2007 and 1.9% the following year. This trend was based in particular on the drop in the outstanding balance of Treasury bonds held by banks (-12.6% vs. 11.2%), in line with diminishing State recourse to domestic borrowing resources, noting that net subscriptions to Treasury bonds

were negative in 2008. The amount of issues totalled 735 MTD, down from 1,488 MTD the year before, while redemption remained at virtually the same level. This situation was due to favourable trends in budgetary resources, notably for tax conditions in line with higher world prices for energy and commodity products, profits at certain public enterprises, and proceeds from privatisation.

Funding to other non-financial economic agents in 2008, despite difficult international economic conditions, took off on an exceptional upturn (14% vs. 9.8%), in line notably with the higher cost of imports and the increase in advances to certain public enterprises to constitute stocks and their financing. In effect, the increase in facilities granted by the financial system reflects higher growth in loans from ordinary resources (15.1% vs. 10.8%), while loans from special resources continued to fall although at a lower rate than the year before (-1.9% vs. -2.9%). It should be noted that sale and writing off of claims carried out by certain banks continued to drop in 2008, involving 128 MTD vs. 138 MTD the year before.

Financing mobilised on capital markets fell from 4,379 MTD in 2007 to 4,230 MTD in 2008, a drop of 3.4% vs. an increase of 6.1% a year earlier. This trend reflects mainly that of net public subscriptions to Treasury bonds (-3.6% vs. +6.1%), in line with a sharp drop in funds issued in this framework. After falling by 6.9% in 2007, the outstanding balance of debenture loans issued by other non-financial economic agents remained virtually unchanged in 2008, despite an increase in issues amounting to 29 MTD vs. 14 MTD a year earlier.

On the money market, there was less financing between businesses, as reflected in the lower outstanding balance of treasury bills in 2008 (-2.7% vs. +11.4% in 2007), reflecting excess liquidity in the financial system.

After moving to renewed growth in 2007, financing by means of external indebtedness continued to go up, from 17,645 MTD in 2007 to 19,232 MTD in 2008, an increase of 9% in 2008 compared to 1% in 2007 and -3.5% a year before. This increase involved both State indebtedness (9.5% vs. 0.1%) and that of other non-financial economic agents (7.6% vs. 3.8%).

State indebtedness (the main component, representing 76% of external indebtedness) continued on the same upward trend in effect since 2007, reaching 14,560 MTD in 2008 vs. 13,301 MTD a year earlier. This occurred despite the absence of recourse to international financial markets for the second straight year because of international conditions and the climate of distrust prevailing in this period of financial crisis. The State has rather limited mobilisation of bilateral and multilateral borrowings. This trend was led by a notable drop in service of external debts, from 3,334 MTD in 2007 to 2,608 MTD in 2008. Resources mobilised for the year under review involved mainly loans contracted with the European Investment Bank (289 MTD), the French Development Agency (170 MTD) and the African Development Bank (170 MTD). The outstanding balance of Treasury bonds held by non residents involved only 0.114 MTD in 2008, compared to 0.243 MTD in 2007, well below expectations after the measure taken in 2007 to increase the maximum rate of bonds equivalent to Treasury bonds that can be subscribed to or acquitted from 10% to 20% of the overall estimated six-month amount of issues.

The external indebtedness of other non-financial economic agents grew as certain businesses drew on external borrowings, notably TAV-TUNISIA (204 MTD) in the framework of construction of the Enfidha Airport, the Tunisian electricity and gas company *STEG* (107 MTD), the sanitation board *ONAS* (22 MTD) and the national water distribution utility *SONEDE* (20 MTD).

Review of the total indebtedness ratio in percentage of GDP shows a slight regression from 119.5% in 2007 to 118.9% in 2008. Similarly, the external indebtedness ratio came to 38.5% of gross national disposable income (GNDI), compared to 38.8% in 2007, in line with the goal set in the XIth plan.

MAIN FINANCING PARAMETERS OF NON-FINANCIAL ECONOMIC AGENTS

(In % unless otherwise indicated)

Description	2006	2007	2008
Total indebtedness/GDP in current prices	123.6	119.5	118.9
*State	53.7	50.4	48.1
*Other non-financial economic agents	69.9	69.1	70.8
Domestic indebtedness/GDP	81.4	80.8	80.7
*State	21.6	21.2	19.2
*Other non-financial economic agents	59.8	59.6	61.5
External indebtedness/GDP	42.2	38.7	38.2
*State	32.1	29.2	28.9
*Other non-financial economic agents	10.1	9.5	9.3
State domestic indebtedness/Domestic indebtedness	26.6	26.3	23.8
Domestic indebtedness of other non-financial economic agents/Domestic indebtedness	73.4	73.7	76.2
External indebtedness /GNDI	42.1	38.8	38.5
GDP in current prices (in MTD)	41,408	45,629	50,325
GNDI in current prices (in MTD)	41,522	45,459	49,997