Tunisia

Key indicators

Total population (millions), 2006	10.2
GDP (US$ billions), 2006	30
GDP (PPP US$) per capita, 2006	8,809
as share of world total (percent)	0.14
Current account balance (percent of GDP), 2006	–1.6
Human Development Indicator rank (out of 177 economies), 2004	87

Source: UNFPA, IMF, UNDP

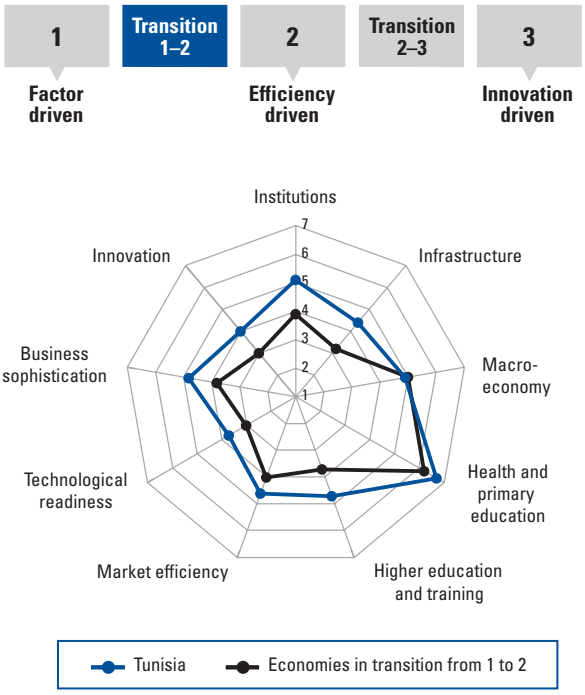
Competitiveness rankings

	Rank within country group 2* (out of 40)	Overall rank (out of 128)	Score (1–7)
Global Competitiveness Index 2007	**3**	**29**	**4.7**
GCR 2005–06 (out of 117 economies)		37	4.5
Basic requirements	**4**	**33**	**5.3**
1st pillar: Institutions	4	26	5.1
2nd pillar: Infrastructure	3	37	4.4
3rd pillar: Macroeconomy	14	39	4.9
4th pillar: Health and primary education	5	33	6.7
Efficiency enhancers	**6**	**40**	**4.3**
5th pillar: Higher education and training	5	36	4.7
6th pillar: Market efficiency	7	36	4.6
7th pillar: Technological readiness	9	47	3.7
Innovation factors	**2**	**28**	**4.4**
8th pillar: Business sophistication	3	31	4.8
9th pillar: Innovation	2	27	4.0

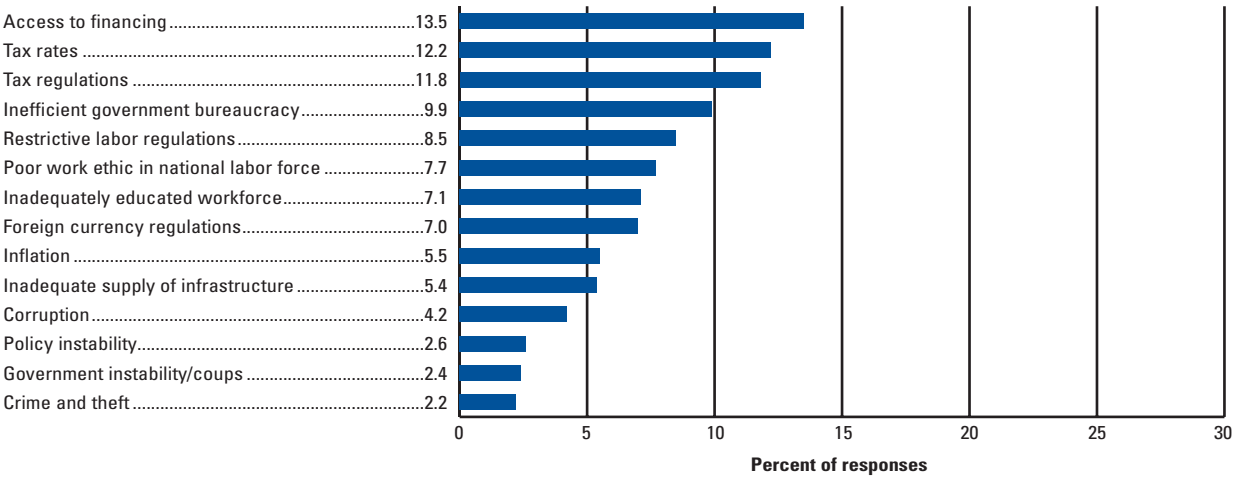
Gender Gap Index 2006 (out of 115 economies) **90**

* Country group includes the countries in the same stage of development as well as those transitioning toward it.

Stage of development



The most problematic factors for doing business



Note: From a list of 14 factors, respondents were asked to select the five most problematic for doing business in their country/economy and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

Tunisia

The Global Competitiveness Index in detail

■ Competitve **Advantage** ■ Competitve **Disadvantage**

	INDICATOR	RANK/128	
	1st pillar: Institutions		
1.01	Property rights	36	■
1.02	Diversion of public funds	24	■
1.03	Public trust of politicians	13	■
1.04	Judicial independence	34	■
1.05	Favoritism in decisions of government officials	10	■
1.06	Government spending	3	■
1.07	Burden of government regulation	11	■
1.08	Business costs of terrorism	16	■
1.09	Reliability of police services	25	■
1.10	Business costs of crime and violence	23	■
1.11	Organized crime	42	■
1.12	Ethical behavior of firms	29	■
1.13	Efficacy of corporate boards	58	■
1.14	Protection of minority shareholders' interests	19	■
1.15	Strength of auditing and accounting standards	50	■
	2nd pillar: Infrastructure		
2.01	Overall infrastructure quality	37	■
2.02	Railroad infrastructure	25	■
2.03	Quality of port infrastructure	35	■
2.04	Air transport infrastructure quality	50	■
2.05	Quality of electricity supply	39	■
2.06	Telephone lines*	80	■
	3rd pillar: Macroeconomy		
3.01	Government balance*	78	■
3.02	National savings rate*	50	■
3.03	Inflation*	22	■
3.04	Interest rate spread*	22	■
3.05	Government debt*	70	■
3.06	Real effective exchange rate*	20	■
	4th pillar: Health and primary education		
4.01	Business impact of malaria	35	■
4.02	Business impact of tuberculosis	27	■
4.03	Business impact of HIV/AIDS	12	■
4.04	Infant mortality*	70	■
4.05	Life expectancy*	54	■
4.06	Tuberculosis prevalence*	36	■
4.07	Malaria prevalence*	1	■
4.08	HIV prevalence*	1	■
4.09	Primary enrollment*	26	■
	5th pillar: Higher education and training		
5.01	Secondary enrollment*	74	■
5.02	Tertiary enrollment*	61	■
5.03	Quality of the educational system	11	■
5.04	Quality of math and science education	9	■
5.05	Quality of management schools	20	■
5.06	Local availability of research and training services	33	■
5.07	Extent of staff training	37	■

	INDICATOR	RANK/128	
	6th pillar: Market efficiency		
6.01	Agricultural policy costs	5	■
6.02	Efficiency of legal framework	31	■
6.03	Extent and effect of taxation	19	■
6.04	No. of procedures required to start a business*	63	■
6.05	Time required to start a business*	12	■
6.06	Intensity of local competition	43	■
6.07	Effectiveness of antitrust policy	26	■
6.08	Imports*	53	■
6.09	Prevalence of trade barriers	44	■
6.10	Prevalence of foreign ownership	52	■
6.11	Exports*	56	■
6.12	Hiring and firing practices	32	■
6.13	Flexibility of wage determination	96	■
6.14	Cooperation in labor-employer relations	29	■
6.15	Reliance on professional management	57	■
6.16	Pay and productivity	29	■
6.17	Brain drain	43	■
6.18	Private-sector employment of women	5	■
6.19	Financial market sophistication	60	■
6.20	Ease of access to loans	38	■
6.21	Venture capital availability	31	■
6.22	Soundness of banks	66	■
6.23	Local equity market access	70	■
	7th pillar: Technological readiness		
7.01	Technological readiness	30	■
7.02	Firm-level technology absorption	36	■
7.03	Laws relating to ICT	49	■
7.04	FDI and technology transfer	34	■
7.05	Mobile telephone subscribers*	57	■
7.06	Internet users*	75	■
7.07	Personal computers*	69	■
	8th pillar: Business sophistication		
8.01	Local supplier quantity	30	■
8.02	Local supplier quality	33	■
8.03	Production process sophistication	37	■
8.04	Extent of marketing	55	■
8.05	Control of international distribution	29	■
8.06	Willingness to delegate authority	32	■
8.07	Nature of competitive advantage	26	■
8.08	Value chain presence	29	■
	9th pillar: Innovation		
9.01	Quality of scientific research institutions	33	■
9.02	Company spending on R&D	36	■
9.03	University-industry research collaboration	32	■
9.04	Gov't. procurement of advanced tech products	4	■
9.05	Availability of scientists and engineers	10	■
9.06	Utility patents*	70	■
9.07	Intellectual property protection	31	■
9.08	Capacity for innovation	31	■

* Hard data

Note: For descriptions of variables and detailed sources, please refer to "How to Read Country Profiles."

Tunisia

Steady Reforms Lead to Sustainable Growth

NADIA BOULIFA, World Economic Forum

Reforms have borne fruit in Tunisia and the country is experiencing high growth rates. Yet opportunities in technology-driven industries remain untapped, as access to technology is constrained.

Despite a fairly difficult external environment, Tunisia presents one of the most stable and reliable economies in the region. For more than 20 years it has been enjoying a progressive and prudent economic growth that encourages and eases local investments and strengthens the pillars of the Tunisian society. According to international institutions such as the World Bank and the International Monetary Fund, Tunisia is exemplary in its ability to make long-term reform plans that benefit all levels of society. By defining a clear vision and giving the priority to fields like poverty, education, and health (an excellent score for its stage of development, 6.7 out of 7), the government has paved the way for successful and balanced social and economic development. And although Tunisia shows higher literacy rates and performs better on health indicators than its neighbors, continued efforts are needed to catch up with international standards.

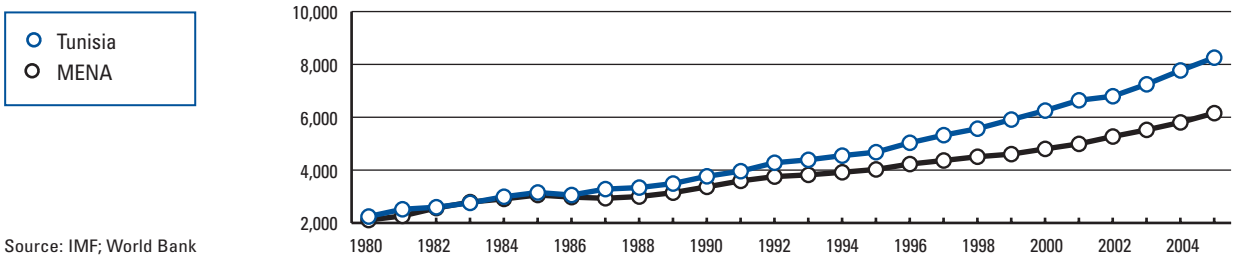
A general climate of security and confidence and an economic reform program relying on privatization and liberalization implemented since the 1990s have contributed to high-level sustainable growth (GDP growth is estimated at 4.6 a year on average in 2001–05). So far, the country has deployed many of its efforts in traditional economic sectors such as manufacturing, construction, agriculture, or services (essentially tourism), somewhat neglecting its innovative and creative potential. Data from the GCI shows that Tunisia has a good potential for attracting innovation-driven industries. Well-qualified staff for research activities are widely available, intellectual property rights are well protected, and the quality of research institutes is assessed as good. Yet so far the country has not taken advantage of its technological capacity, as incoming FDI does not tend to induce transfer of technology.

Tunisia's competitiveness remains hampered by a number of competitive disadvantages. These involve gaps in infrastructure, including telecommunications and the use of new technologies (it ranks 37th infrastructure, and 47th in technological readiness). Even though considerable improvements have been made to the road network, substantial efforts are needed in public transportation, air transport, and railways as well as extensive modernization and diversification of the Travel & Tourism sector. Tourism is a key element of the Tunisian economy, and its development is fundamental to maintaining high growth rates and lowering unemployment (14% in 2005). But as the country develops, it will need to move up the value chain and increase efficiency levels. The government is investing a lot of time and energy in democratizing the access to technology in all its facets. But the low use of technology still remains a clear disadvantage for business and social and cultural development.

A significant improvement of the efficiency enhancers (higher education and training, market efficiency, and technological readiness) would greatly contribute to the development of the business sector. In particular, financial services reveal important limitations with respect to the levels of sophistication and soundness of the banking sector, and business lacks appropriate access to local equity markets. The country does not fully benefit from ICT because penetration rates for the Internet (ranks 71st), personal computers (ranks 73rd), and mobile telephones remain low. At the same time, the lack of know-how, sophistication, and effective management seriously compromises Tunisia's chances to become more competitive in creating interesting business opportunities.

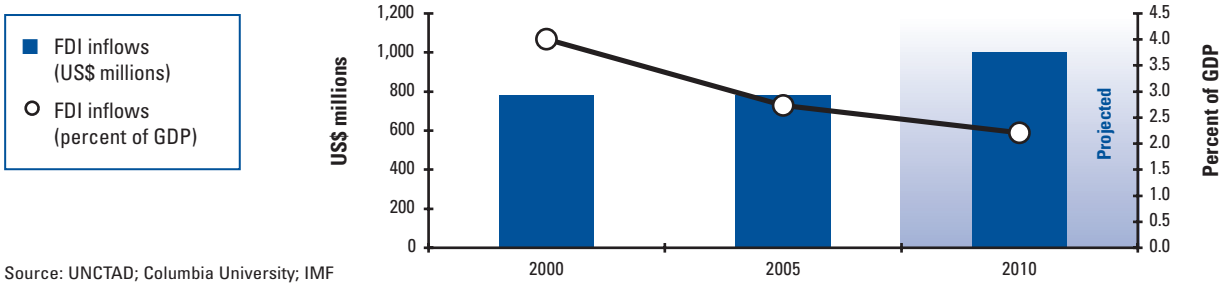
Tunisia

GDP (PPP US$) per capita, 1980–2005



Source: IMF; World Bank

Foreign direct investment (FDI)

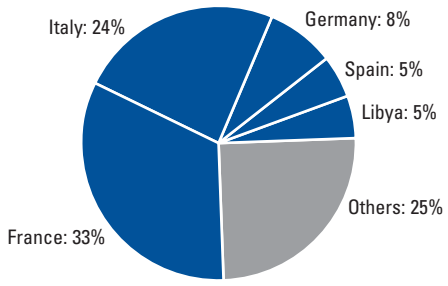


Source: UNCTAD; Columbia University; IMF

Trade

Exports by country of destination

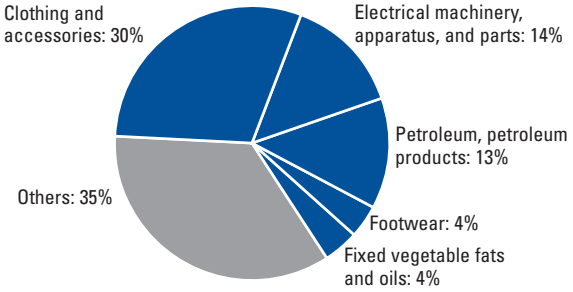
Share of total volume, 2005 (percent)



Total value of exports (US$ millions): 10,949

Exports by sector

Share of total volume, 2005 (percent)



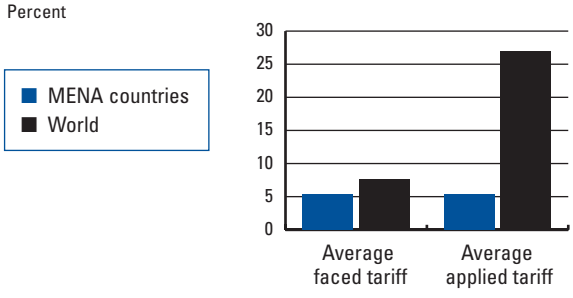
Trade diversification

Number of exported product groups out of 261

2001	16.1
2005	17.7

Tariffs

Percent



Source: International Trade Centre; UN Comtrade

Note: For descriptions of variables and detailed sources, please refer to "How to Read the Country Profiles."