NEW TUNISIA, NEW ECONOMIC VISION

Ministry of Industry and Trade

Wednesday 8th March 2017 – Prague, the Czech Republic

Beligh Ben Soltane-
International Marketing & Communication Director – INVEST IN TUNISIA Agency
Tunisia: Startup Democracy

New constitution
Parliamentary elections
Presidential elections
Rule of Law
Good gouvernance
Social and political plurality

Reconciliation with the values of the international community

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Content

1. TUNISIA’S SWOT ANALYSIS
2. TUNISIA’S FACTORS OF COMPETITIVENESS
3. PROMISING INVESTMENT OPPORTUNITIES PREVAILING IN TUNISIA
4. TUNISIA ECO DEVELOPMENT PLAN 2016-2020
5. TUNISIA 2020 + TIF 2017
- Widely praised parliamentary and presidential elections Q4, 14
- The democratic process is on the right track
- Tunisia’s economic recovery is expected to strengthen in 2017 (2.6 in 2017)
- FDI volume reached TND 2.2 b
- A diverse market-oriented economy with important agricultural, mining, tourism and manufacturing industries.
- Main focus on encouraging exports, FDI and Tourism.

- Economic recovery in Tunisia remains fragile.
  - GDP growing at about 1.5%
  - Unemployment remains high: 15% in 2016
  - Exports are heavily concentrated on European countries.
  - The country’s commercial and industrial bases are on the coast, and the interior has been less developed.

- Coalition government bodes well for future policy formation.
  - Pursuing an innovative economic strategy to overcome four key challenges: high rates of youth unemployment, a large number of marginal jobs, increasing income inequality, and substantial regional disparities.
  - Reviewing public finance system to achieve social justice and equitable sharing of the tax burden.
  - Designing a comprehensive development strategy

- High expectations on different levels.
  - Reducing Budget Deficit
  - High youth unemployment remains a significant problem.
  - Instability in Libya remains a serious threat.
1 - Proximity and free access to major markets

Access to a market of 800 million consumers

AGADIR AGREEMENT

FTA Turkey

EU FTA
1 - Proximity and free access to major markets

Flights similar price for high value/small size consignments e.g. electronic components, PCBs, etc...

Shipping time to mainland Europe is 4 to 5 days

- Proximity and free access to major markets
- Flights similar price for high value/small size consignments e.g. electronic components, PCBs, etc...
- Shipping time to mainland Europe is 4 to 5 days

- Arrivals to Paris Tuesday
- London Wednesday or Thursday
- Sailings to Marseille 3 times a week
  - Containers or grouped consignments
  - Saturday despatch popular

- Tunisia on Mediterranean rim
The availability of highly qualified HR with proven expertise enables Tunisia to be well ranked.

A performing education system:
- 99% of young Tunisians are at school
- 337,000 students (62.3% girls)
- 198 higher education Institutions
- More than 1,000 vocational training centers

A huge pool of Talents:
- Over 65,000 new graduates each year
- An exceptionally high Multi-lingualism
- 35% of graduates specialize in fields of engineering, computer science, communications & other technical fields

Source: ????
2- Competitive costs

A European Know-How at Competitive Labour Costs

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Minimum Wage (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vietnam</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Tunisia</td>
<td>130</td>
</tr>
<tr>
<td>10</td>
<td>Ukraine</td>
<td>180</td>
</tr>
<tr>
<td>13</td>
<td>Morocco</td>
<td>238</td>
</tr>
<tr>
<td>14</td>
<td>Slovakia</td>
<td>380</td>
</tr>
<tr>
<td>15</td>
<td>Romania</td>
<td>384</td>
</tr>
<tr>
<td>16</td>
<td>Bulgaria</td>
<td>536</td>
</tr>
</tbody>
</table>

Tunisia is ranked 2nd worldwide according to EMERGING MARKETS REPORT 2015

Better quality in shorter lead-times at lower costs
3- Friendly Business Environment

- Intellectual property protection
- Freedom to Invest
  - 100% capital holding
  - 10% corporate tax
- Flexibility in recruitment procedures
- Off-shore bank accounts
- Free transfer of profits, and capital gains
- Advantages for import and export

“Opportunities prevailing before 2011... still do exist, but must today appear MORE ATTRACTIVE...”

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3- Investment incentives

1. Investment grants for industrial projects in regional development areas, in tourism and agriculture

2. Vocational Training Subsidy up to 50% of initial training costs and up to 25% of continuous training costs

3. Subsidies to investment for Environmental protection, Technology Transfer and R&D, Regional and Agricultural Development

4. Subsidy to employer’s social contributions and of infrastructure expenses in regional development areas

Supporting Agencies to serve Investors
3- Modern Infrastructure

- 15 Cyber Parks
- About 150 Industrial Areas
- An extensive 20K. Km paved roads network
- 7 Commercial Ports
- 9 International Airports
- 10 Poles of Competitiveness

Tunisian infrastructure includes

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...offer already recognized by worldwide references

- 3,346 foreign companies
- 20,000 MTND
- 361,225 jobs
FDI mainly substantial in manufacturing sector... (Energy excluded)

FDI Breakdown by sector

Stock

- Leather & Shoes: 2.6%
- Plastics: 4.7%
- Agri-business: 5.4%
- Textile & Clothing: 13.5%
- Construction Materials: 36.1%
- Electric & Electronics: 13.8%
- Mechanical, metallic & metallurgic: 9.8%
- Chemicals & Rubber: 7.9%
- Pharmaceuticals: 3.5%
- Miscellaneous: 2.5%

38% Services
9% Tourism
52% Manufacturing Industry
1% Agriculture

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Major firms continue to hire...
Investment Opportunities

- Electronics
- Aerospace Industries
- Call Centres & BPO
- Textiles & Clothing
- Renewable Energies
- ICT
- Food processing industries
- Financial Services
- Automotive components
The automotive components industry in Tunisia is...
The major European car manufacturers sourcing from Tunisia

World leading suppliers with large production units already present in Tunisia

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Aerospace industries, an A buoyant industry

Number of Companies

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>11</td>
<td>40</td>
<td>65</td>
<td>75</td>
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</table>

Jobs created

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>1310</td>
<td>3835</td>
<td>9193</td>
<td>13000</td>
</tr>
</tbody>
</table>
An efficient value chain

**Segments**

- Mechatronics engineering
- Electronic components
- Software Development
- Computer Aided Engineering & Mechanical Studies
- Surface treatment
- Wire harnesses
- Foundry & mechanical machining
- Sheet metal cutting and assembly
- Aircraft assembly casting
- Plastic parts: composite materials

- Maintenance, Repair and Overhauling

**Main actors**

- Safran & Telnet Altran partnership, Sogeclair, Vignal Artru, Genovia...
- Mecahers, Thalès, Stelia
- Eurocast, Atrics, Segnere SA, Aéroprotec, Storm Aircraft, AGBI, ASTF, MAT...
- Tunisair Technics, Sita, Aviation IT Services Africa, Sabena Technics MIR

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ICT & Outsourcing

Geographical and cultural proximity
Same Time zone + Central Europe (UTC+1)
Presence of major brands
Operational costs among the most competitive in the Euromed Area
Competitive and Available Pool of Talents at European standards level
A world Class Infrastructure (Class A + dedicated areas)
Very favorable implementation conditions

1,800 Companies
+300 foreign companies
+34,000 jobs

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Textiles and Clothing

2nd Exporting Sector

2nd supplier of France

8th supplier of Europe

ENTREPRENEURIAL FABRIC

1,822
Incl. 1,079 foreign

JOBS

230,000

Confirmed know how

Just in time delivery

Available trained manpower

Presence of major Brands

celio* Groupe Van de Velde adidas Lee Cooper

UNITED COLORS OF BENETTON. GUESS Chantelle

ZARA TED LAPIDUS PARIS van Laack

MaxMara NAFNAP NATURANA

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Agrifood Industry

Have you ever heard that TUNISIA is:

1st world exporter of DATES

3rd world Producer of OLIVE OIL

10th world Producer of TOMATOES

2nd African country exporting organic products

- ENTREPRENEURIAL FABRIC
- 1064 COMPANIES (113 FOREIGN)
- JOBS
- 71 000

Une synergie entre les centres de recherche et les entreprises

Une production BIO en plein essor

Des produits de qualité, saveur et goût naturel

Des incitations fiscales en faveur du secteur

Among the major groups that trusted TUNISIA:

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A Promising Potential for Renewables Energies

Solar Energy Potential

Wind Energy Potential

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1. The New Development Plan 2016-2020

2. Public & Private Projects

- Good Governance
- Economic Hub
- Human Development and Social Inclusion
- Meeting inland regions aspirations
- Sustainability
Recent Reforms

**Banking Law**
- Establish a modern banking system
- Boost confidence in the banking system
- Preserve financial stability and protect against financial and economic crises

**Tax System**
- Introduce a modern tax system
- Introduce new tax incentives
- Reduce public debt

**Renewable Energy**
- Enhance sustainability
- Attract private investors
- Allow exportation of renewable energy
- Organize a national plan for electricity generated by renewable sources

**Public-Private Partnership (PPP)**
- Diversify financial resources to develop infrastructure and boost investment
- Enhance the private sector’s role in the economy
- Regulate market concentration
- Challenge monopolistic practices
- Regulate price and advertising display
- Establish the competition authority

**Competition Law**
- Reinforce Anti-Terrorism measures
- Restore investor and consumer confidence

**Anti-Terrorism**

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New Investment Law Outlines

### A New Law to Foster Investment

<table>
<thead>
<tr>
<th>Market Access</th>
<th>Guarantees and Obligations</th>
<th>Encouraging Investment Mechanism and Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>✅ Remove structural obstacles</td>
<td>✅ Facilitate dividend repatriation</td>
<td>Investment incentives</td>
</tr>
<tr>
<td>✅ Reduce the specification note revision</td>
<td>✅ Indicate refusal reasons</td>
<td>✅ Specific subsidies</td>
</tr>
<tr>
<td>✅ Shorten authorization delays</td>
<td>✅ Property Law</td>
<td>✅ Tax exemption (up to 10 years)</td>
</tr>
<tr>
<td>✅ Ability to recruit an increasing number of executive staff</td>
<td>✅ Arbitrage procedures</td>
<td>✅ Hiring foreign labour force up to 30% of managerial staff for the first 3 years.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✅ Financial incentives up to 30% of invested amount - Ceiling MDT 3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public Structures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✅ Higher Council of Investment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✅ Tunisia Investment Authority</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✅ Tunisian Investment Fund</td>
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International conference

TUNISIA 2020
ROAD TO INCLUSION SUSTAINABILITY AND EFFICIENCY

4500 attendees
1500 foreigners

88 countries represented

Over 400 journalists

2247 Connex Me users

TUNIS 29 & 30 NOVEMBER 2016
Tunisia back on stage to meet its Development Plan Objectives 2020

Regaining Trust among Financial Institutions and Foreign Investors

Financial Agreements

MTND 15

Announced Pledges

MTND 19

ADB announced its return to Tunisia – Opening a regional HQ for North Africa

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SAVE THE DATE
9th - 10th November 2017
Tunis
Organized by
TUNISIA INVESTMENT FORUM
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tunisiainvestmentforum.tn
"Looking for Growth, Think Tunisia."

THANK YOU!

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