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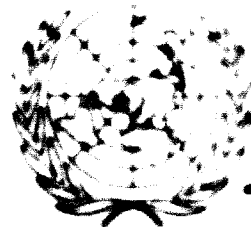
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INDUSTRIAL INVESTMENT
AND ITS PROMOTION

presented by

The Government of Tunisia

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We regret that some of the pages in the attached
copy of this report did not tie up in the proper
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TUNISIAN INDUSTRY AND ITS PROSPECTS

The political independence won by many African and Asian countries in the second half of the twentieth century was accompanied by a sudden and agonizing realization of the backward state into which their economies had remained compared with those of the richer nations.

In these conditions, political independence seemed ineffectual if it were not to be taken as the starting point for a real economic awakening, calling for drastic and appropriate measures to remodel the economic and social structure of these countries.

The conviction became more and more general that a policy of economic advancement must, in order to be comprehensive and effective, be written into specific planned objectives, in which industrialization, the pillar of modern civilization, would be called upon to play a part of primary importance.

Tunisian experience is an illustration of this awakening and the economic policy to which it has given birth.

During the Protectorate, the Tunisian economy had been mainly oriented towards foreign trade; soon after independence was achieved, it became an exchange economy, exporting its primary products in the raw state and importing almost exclusively consumer goods.

Industry was still in an embryonic stage, creating only 20 per cent of the gross domestic product, as compared with agriculture which was the leading sector representing 39 per cent of the gross domestic product and a multifarious third sector.

Only the extractive industries had undergone a certain amount of development, without, however, any notable pricing effect.

This sectoral imbalance was further aggravated by a lack of regional integration resulting from the fact that the country was divided between the north, a wealthy grain-producing region where colonization had centred all its equipment efforts, and the neglected centre and south, to which the native farmers had been driven back and where they remained bogged down in their backwardness.

In addition to this not very promising heritage for promoting real industrial development, the shortage of management personnel and of capital, the smallness of the market and the limitation of natural resources were so many obstacles to a policy of industrial promotion.

The Tunisian Government was fully aware that industry, by substantially helping to solve the problem of employment and raising national income, and by exercising a stimulating effect upon other sectors, was the primary requisite for any economic development.

Once its political and administrative system had been established and consolidated, from 1962 onwards Tunisia resolutely engaged in its "economic battle", drawing up a planning policy in which the industrialization of the country, regarded as the essential factor for vitalizing the economy, was to be undertaken in a harmonious and balanced fashion, both from the structural and operational point of view, through fruitful co-operation between the State and the private sector.

I. INDUSTRIAL DEVELOPMENT - CRUCIAL FACTOR IN ECONOMIC TAKE-OFF

According to the economic projections for the ten years 1962-1971, industry is to absorb 140,600,000 dinars¹ out of a total of 896,000,000 dinars to be invested over the period.

When the projected infrastructure investment, estimated at 413,600,000 dinars, and part of the investment in management training amounting in all to 77,000,000 dinars, are taken into consideration (these constituting the basic investments to promote industrial development), it is clearly apparent that the largest share in the planned effort is allotted to industry.

The same projections also forecast the highest growth in added value for the manufacturing industries, the index being expected to rise from 100 to 390 between 1957 and 1971, while agriculture in 1971 is expected to reach an index of 171 and trade, 216.

This situation is bound to cause profound changes in the structure of the Tunisian economy, considering that the growth rate for added value in the manufacturing industries was only 0.6 per cent between 1950 and 1956, whereas the figure for agriculture was 2.3 per cent and for trade 2.1 per cent.

However ambitious this programme may appear, in the light of the institutional and structural limitations of expansion, the development of the industrial sector will in fact probably exceed the forecasts, as it has accounted for an investment of 255,250,000 dinars out of a total of 775,650,000 dinars invested during the period 1962-1966, that of the first ten Developmental Plans.

This advance has not taken place without creating some distortions in the economy, which was until recently predominantly primary, both with respect to the balance of trade, as a result of the massive imports of investment goods, and with respect to investment profitability, since investments could not produce desirable results because of the substantial infrastructures required and the actual financing between investment and profits.

However, owing to the limited possibilities of domestic financing, it was necessary to turn recourse to foreign sources, which provided 31 per cent of total investments between 1960 and 1966, thus creating a heavy burden of indebtedness.

¹ Tunisian dinars equal 500 FF.

This situation, worsened by some poor farming years, was the cause for the stabilization measures adopted in the second four-year plan, which led to a slight reduction in the industrial investment of the first three-year plan.

Nevertheless, the rise in industrial production enabled the growth rate of the gross domestic product to be maintained at 6 per cent between 1962 and 1968, despite of the 7 per cent fall in agricultural production in 1966 and 1967.

Moreover, industry, although only just beginning, made it possible to raise the level of Tunisian exports by 7 per cent in spite of the sharp fall in agricultural exports.

As regards the balance of payments, Tunisian industry, excluding tourism, already in 1966 enabled considerable savings to be made in foreign currency; these amounted to 16,700,000 dinars, broken down as follows:

Textiles	6,000,000 dinars
Petroleum products	2,100,000 "
Sugar refineries	3,200,000 "
Iron and steel products	2,800,000 "
Miscellaneous products	2,600,000 "
Total	<u>16,700,000 "</u>

Industry continues to occupy an important place in Tunisia's economic policy: a total of 617 million dinars to be invested during the next four-year plan, and in its operation in 1969, 161,200,000 dinars is to be allocated to industry, or 26 per cent of the gross fixed capital formation.

**II. THE BALANCED DEVELOPMENT OF INDUSTRY:
A CONTRIBUTION TO ECONOMIC EQUILIBRIUM**

The almost complete absence of any basic industry necessarily implied an open choice in the orientation of investments.

The policies elaborated in this regard have aimed at the most thorough processing possible of existing raw materials and the establishment of industries capable of satisfying domestic needs to the maximum extent, thus limiting reliance on imports of finished goods.

In the ten-year projections the largest share of investments is therefore reserved for industries meeting these criteria, such as:

<u>Industries</u>	<u>Investments</u>
Extractive	23,000,000 dinars
Food	10,100,000 "
Textiles	15,900,000 "
Chemicals	42,600,000 "
Metallurgical	23,000,000 "
	<hr/>
Total	115,600,000 "
	out of an overall investment of 140,000,000 dinars

These same basic industries should also, according to the projections, show the greatest increase in added value.

Extractive Industries

After an average of 4,500,000 dinars a year between 1960 and 1964, investments in this sector reached 16,600,000 dinars in 1967 and almost 20,000,000 dinars in 1972.

Added value in this sector rose from 10 per cent between 1960 and 1965 to 15 per cent between 1965 and 1966. After a slight fall in 1967 due to difficulties encountered in marketing phosphates, the advance was resumed in 1968.

The rise was mainly in:

- Phosphates, where production increased from 2,760,000 tonnes to 3,700,000 tonnes in 1968.
- Iron, where production increased from 831,000 tonnes in 1964 to 1,220,000 tonnes in 1968.
- Oil, where the increase in added value due to the discovery of the Borna and Deuleb fields was 11 per cent between 1966 and 1967 and 16 per cent between 1967 and 1968, with a production volume rising from 615,000 tonnes in 1966 to 2,500,000 tonnes in 1968.

The investment programme for the next four-year period will be oriented towards the modernization of existing deposits and the bringing of new ones into production so as to raise the output of phosphates to 5,000,000 tonnes by 1972 and to increase the output of other ores by 45 per cent.

Meanwhile attention will be given to the enrichment of these ores with a view to promoting exports of the products, which should amount to 64,300,000 dinars in 1972, as compared with 31,700,000 dinars in 1968 and 26,900,000 dinars in 1965.

Electricity

The annual growth rate in this sector was 8.5 per cent between 1964 and 1965, 10 per cent between 1965 and 1966 and nearly 20 per cent between 1967 and 1968, thanks to the construction of the new power station at La Coulette which raised output to 11,137 MW in 1968.

The amount invested in this sector averaged nearly 8 million dinars a year between 1965 and 1968 and is to be maintained at 9 million dinars up to 1972.

The agricultural and food industries, closely bound up with the farming situation, were affected by the fall in agricultural output during 1966 and 1967, with a drop of 11 per cent in added value.

Improvement in agricultural production and a complete reorganization of the food industries which has already been embarked upon will make it possible to bring about an increase in the added value pertaining to this sector, which is expected to rise from index 100 in 1968 to index 116.3 in 1972.

This sector, which already benefited from the existence of basic equipment in vegetable oil manufacture, cereal processing, and wine-making, has developed considerably since 1967 mainly as the result of the establishment of a number of preserved fruit and vegetable plants with a consequent rise in the output of such products from 20,000 tonnes in 1964 to 30,000 tonnes in 1968, a sugar refinery now covering all domestic market requirements, and the setting up of a dairy industry, as yet in its infancy.

Investments reached an average of 2,000,000 dinars a year between 1965 and 1968. The same rate will be maintained up to 1972 and will make it possible, in particular, to expand and improve the output of fruit and vegetable preserves, for which there are favourable export prospects.

The textile industries are an example of an industry geared to meeting domestic requirements. This industry has experienced a positive boom, since in six years added value rose from 6,200,000 dinars (1962) to 13,700,000 dinars (1968).

In this sector, Tunisian production now covers 90 per cent of the demand for cotton articles and 50 per cent of the demand for woollens.

Imports of textiles and garments have fallen from 14 million dinars in 1961 almost to the level of 3 million dinars forecast for 1968.

This sector, which has absorbed more than 16 million dinars in capital investment between 1965 and 1968, should be vigorous enough to penetrate foreign markets, in which export prospects are likely to become more definite.

Future investment, which will be channelled principally into the ready-made clothing and woollen sectors, will probably be restricted to 2,500,000 dinars annually, so that the value added will grow by 57 per cent in four years.

Although primarily intended for import substitution, this industrial output should also replace handicraft production as standards of living rise through the growth of a new demand pattern.

This industry, with its twofold effect, illustrates how economic structures have changed in a sector previously inert and incapable of real progress.

In the Chemical Industry the establishment of a second superphosphate factory increased the production of this sector by 40 per cent in 1965.

Furthermore, the erection of an oil refinery in Bizerta should raise production to 90,000 tons in 1972 from the 500,000 tons of 1960.

Such effort has yet to be made in this sector, which will absorb about 22 million dinars of gross fixed capital formation over the next four years, whereas capital investment between 1965 and 1968 did not exceed 1,100,000 dinars.

The added value in this sector should in fact reach 4,400,000 dinars in 1972 from 1,000,000 in 1961 and 3,200,000 in 1968.

Large-scale projects for the manufacture of compound fertilizers with sulphuric acid from elemental phosphorus-bearing gypsum, and for the establishment of a second oil refinery, should be completed by 1972 and will give Tunisia a sizable chemical industry able to contribute about 22 million dinars from exports in 1972 (compared with 3,700,000 dinars in 1965).

The Metallurgical, Mechanical and Electrical Industries have also expanded considerably, mainly since the establishment of the Seneel-Bouguiba Iron and steel works, which has helped to raise production in this sector by 75 per cent in 1968 by

comparisons with 1955, and the development of the industries mentioned grows ranging from more and more to amounts of activities and to industrial areas.

The output in 1955 of 1,200,000 tonnes by the iron and steel industry and 1,100,000 by the textile industry (against 1,000,000 tonnes and 1 million tonnes in 1950), show that the growth added in this sector has continued to advance in 1957 and 1958, at a rate of about 11 per cent.

Development reaching 11,000,000 tonnes in capital investment was registered in the years 1957 and 1958.

Although future capital investment will have to be reduced to 1,000,000 tonnes annually, the gross product of this sector will nevertheless continue to advance rapidly and will reach 11,000,000 tonnes in 1959 (and 1 million in 1957) and 1,000,000 in 1958. Such a result can be achieved by upgrading the installations and efficient of existing machinery plants, adopting the French model of complete change to ship repair and tractor building, and getting up units making cars and small products such as tires.

Finally, as a result of substantial new investments, several other manufacturing industries have succeeded in raising their value added from 11,000,000 tonnes in 1955 to 15,000,000 in 1957, with a projected figure of 17,000,000 in 1958.

Thus in the building materials industry the development of cement production, the establishment of concrete and brick-making factories and the expansion of other units have registered an average increase in output of 15 per cent over the last five years. A large part of this output was registered.

The iron and steel industries are gradually passing from the handicraft to the industrial stage.

The tyre factory in Banat should achieve production worth 1,000,000 tonnes in 1958, and the ammonia plant (for paper) in Banat will also reach the output, valued at about 1,000,000 tonnes.

The capital investment planned for these industries between 1957 and 1958 will probably be about 11,000,000 tonnes and will enable them to develop their output likely to be worth 20,000,000 tonnes in 1958 (against 11,000,000 in 1955).

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THE NATIONAL ASSOCIATION OF STATE AGENTS OF THE FIRE INSURANCE
OF THE UNITED STATES OF AMERICA

That in the organization of the National Association of State Agents of the Fire Insurance of the United States of America, it is the purpose of the Association to promote the interests of the public and to secure the most efficient and economical administration of the fire insurance business in this country.

It is the policy of the Association to cooperate with the State Legislatures and the public in the regulation of the fire insurance business, and to see that the public interest is protected in the administration of the same.

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	1954	1955	1956	1957
Assets	1,000,000	1,200,000	1,500,000	1,800,000
Liabilities	500,000	600,000	700,000	800,000

Assets, liabilities, and net worth figures are shown in the table above. The net worth of the company is calculated as the difference between assets and liabilities. The net worth is shown in the table above.

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IV. THE PROSPECTS FOR DEVELOPING EFFICIENCY AND IMPROVING PRODUCTIVITY

The foregoing brief survey of industrial development shows the scale of the advance made by a young country which, despite limited resources and opportunities, has demonstrated that the will to progress is a nation's most valuable asset.

This development has not, however, been devoid of difficulties and problems. In consequence Tunisia, eager to consolidate its achievements and to penetrate foreign markets in competition with the industrialized countries, firmly intends to take energetic steps in the near future to improve the productivity of its existing undertakings through more efficient and scientific management.

Industrial development has, moreover, been included in Tunisian economic policy as a tool of economic and social improvement, which is to be carried forward in harmony with the other sectors supporting or engendering expansion.

Thus our planning has not neglected to give the necessary impetus to the primary sector and to enable it, despite the years of drought to develop and contribute to the economic advance of the country.

In addition, far-reaching structural reforms of the commercial sector have adapted it to our development targets and so made it an efficient tool for the expansion and development of industrial production rather than a sector of superabundant services.

TUNISIA: FACTS AND FIGURES

Area: 164,000 square kilometres
 34% port; 60% agricultural land

Population: 4.7 (million)
 annual growth 2.0%
 labour force: - 60% agriculture
 - 10% industry
 - 10% commerce and services

Transport: railroads: about 1,222 miles
 (north and central coast: connect the important mining and agricultural areas to sea ports)
 roads: (1956): 7,507 miles
 harbours: 2 deep-water ports: Tunis, Bizerte, Sousse, Sfax

Gross National Product and Per Capita Income:

total: 500 million
 per capita: 10,216

External Trade

	<u>1957 (in million)</u>
exports of goods and services	121.5
imports of goods and services	171.5

Composition: 100% (in % of exports)

rock phosphate	10
olive oil	6
crude oil	9
wine	4
tourism	17
others	54

Orientation:

40% France; 12% Italy; 26% Eastern Europe; 22% USA; 10% Algeria

Imports:

Composition:

textile
 industrial raw materials
 fuel oil
 manufactured goods

Suppliers:

France 40%; Italy 12%; Eastern Europe 26%; USA 22%; Algeria 10%

SECRET DOCUMENT

Further to the above the project development and test apparatus shall be fitted
with a set of instruments (see) to be used for measuring the rate of a process under
investigation, the instrument shall be calibrated to standard conditions, and the
test conditions shall be stated, and the results shall be reported in a form
and manner which shall be agreed in advance with the test engineer and the
personnel of the laboratory. The test conditions shall be stated in a form
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certificate.

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The Government of the State of New York, Department of Social Services, Office of the State Comptroller, is pleased to announce that the State Comptroller has approved the proposed budget for the State of New York for the fiscal year ending June 30, 1964. The proposed budget is based on the assumption that the State will receive a certain amount of federal aid, and that the State will be able to raise a certain amount of revenue from the State Tax and Finance Department. The proposed budget is subject to the approval of the State Comptroller and the State Legislature.

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STATE OF NEW YORK
DEPARTMENT OF SOCIAL SERVICES
OFFICE OF THE STATE COMPTROLLER





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