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**A. TITLE: SUPPORTIVE SERVICES AND HUMAN RESOURCES FOR INDUSTRIAL DEVELOPMENT IN TUNISIA; Mission Report**

**B. NAME: C. ECHEVIN (consultant)**

**C. PLACE VISITED: Vienna – Tunis – Vienna**

**D. DATES OF ASSIGNMENT: 12 November – 30 November 1991.**

**E. PURPOSE OF MISSION:**

This is a first mission to prepare for the main mission, the aim of which is to assess the business environment and technical and financial support service systems for industry in Tunisia and to examine the requirements for increased HRD and these various services. On this basis, the preparatory mission is to outline the detailed activities, data requirements and information analyses to be undertaken by the main project.

**F. ACHIEVEMENTS:**

The tasks performed during my mission are in accordance with the check list given during the briefing at UNIDO HQ prior to the mission. The information collected and other results of my activities during the preparatory mission that took place in Tunis from 14 November to 27 November 1991 are presented as below:

- 1) An overview of key features and recent trends in Tunisian industry.
- 2) Indicators of the size, structure and source of industrial services. Government policies affecting industry related services.
- 3) Response and suggestions by Government, industry and other relevant entities (UNDP).
- 4) Suggestions as to timing and collaborative arrangements for undertaking the main study. Selection of three qualified

candidates as local consultants.

- 5) Number, size, and industrial branch of enterprises and supportive services proposed for detailed investigation during the main project.

## **1. An overview of key features and recent trends in Tunisian industry.**

### **Industrial structure**

The economy of Tunisia is relatively diversified: agriculture accounts for 16 per cent of GDP, mining, oil and gas for 8 per cent, manufacturing industry for 17 per cent, while other, diverse industries and services make up the rest. Tunisia is endowed with rich natural resources, phosphate (10 million tons of annual output), oil (4.7 million tons per year) and natural gas (300 million m<sup>3</sup> per year). Exports of these products accounted for a quarter of the country's total commodity exports in 1990.

The manufacturing sector in Tunisia grew rapidly at an annual growth rate of 6.9 per cent during the sixth economic and social development plan (1982 – 86), and under the seventh plan (1987 – 91) the target growth rate was 6.3 per cent. The high growth rate in the manufacturing sector was achieved thanks to strengthened manufactured exports in textiles and leather goods, which together accounted for 38 per cent of total commodity exports in 1990. The industrial base in the Maghreb region is relatively strong. Capital goods industries, particularly electronics and automobile industries are now taking up an important position in the Tunisian manufacturing sector. A high proportion of the vehicles assembled in Tunisia are for export purposes. Especially after a plant built by General Motors started producing pickups and cars from completely knocked down kits in 1990, vehicle production has been expanded.

**Internal structure of the manufacturing industry in 1989:**

Agro-food industries	19.4 %
Building materials	15.8 %
Mechanical and electrical industries	13.4 %
Chemicals	13.0 %
Textiles and leather	23.8 %
Miscellaneous industries	14.6 %

**Employment**

Tunisia's population was estimated at 8.2 million in 1990, growing at an annual rate of 2.4 – 2.5 per cent. The economically active population is growing even faster at over 3 per cent annually. Given this demographic pressure and the consequent tendency for especially skilled Tunisians to migrate to Europe (primarily to France, Italy, Germany but also other countries), the government has accorded top priority to job creation in its economic policy.

The sixth and the seventh development plans sought to create 60 000 and a more modest 40 000 new job opportunities, respectively, while the labour force was increasing by 63 000 new entrants each year. However, only an average of 42 000 domestic jobs were generated during the sixth development plan and far fewer jobs than the target of 40 000 were created during the seventh development period. As a result, the unemployment problem has been exacerbated in recent years. In the mid-1991, the official unemployment rate is estimated to reach 15 per cent of the total labour force. The unofficial unemployment plus underemployment is likely to be even more serious than that unless the Tunisian industrial sector becomes more competitive and thus more able to absorb an increasing share of the growing labor force.

The number of Tunisians working abroad is currently estimated to be as high as 400 000, mainly in Western Europe and Libya. This has acted as a safety valve for Tunisia. Now, however, the current recessionary economic trend in western Europe and increasing migration for eastern Europe have led these governments to show concern for their own tight domestic employment conditions and more and more to restrict the arrival of additional migrant labour from North Africa. Consequently, the flow through the safety valve is likely to be further restricted, if

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possible, at the same time as the pressure within Tunisia itself is increasing. An explosion could follow, or there could develop various ways to circumvent restrictive migration policies in Europe.

## **2. Indicators of the size, structure and source of industrial services. Government policies affecting industry related services.**

### **2.1 Structure:**

R&D, technical assistance:

Three technical centers established with the aid of UNIDO. One center for patent rights.

Engineering, technical study firms:

Some fifteen companies with 20 to 200 employees. Some 100 free lance engineering consultant firms

Accounting and financing services:

120 certified accountants employing 500 persons.

Communication activities:

35 artisan agencies.

Informatics:

Some twenty important companies, sometimes as subsidiaries of industrial enterprises.

### **2.2 Government policy :**

A new investment code was promulgated in 1989 replacing the earlier code of 1972. The new code offers a number of advantages to local and foreign investors specially in export oriented enterprises. The investment code for service activities is presented in Annex 1.

### **3. Response and suggestions by the Government, industry and other relevant entities (UNDP).**

The National Planning and Statistical Institute showed a significant interest in the analytical studies of Industry Supportive Services (ISS) for Tunisia.

Ministry of Industry suggested that we formulate realistic, new measures to assist and promote the development of ISS in Tunisia.

Most of the industrialists interviewed did not show a keen interest, but said that they are ready cooperate when the main mission is coming for an investigation. They often asked me about UNIDO's assistance to private industry.

UNDP ResRep, M. FOKELADEH would prefer the study to start at the same time in all the Maghreb countries. For the ResRep the real problem is to harmonize policies for ISS in the five countries. He claimed that if the project was implemented only in Tunisia, the main objective of overall industrial development in the Maghreb region would not be achieved. It should also be noted that the Maghreb countries have requested UNIDO to assist specifically in the harmonization of human resource policies in all Maghreb countries.

### **4. Suggestions as to timing and collaborative arrangements for undertaking the main study. Selection of three qualified candidates as local consultants.**

The mission should be sent to Tunisia as a split mission in early 1992 for two different periods of two weeks each with a break of three to four weeks in the middle of the period. In this way the team of experts can spent significant time analyzing the collected information during the first mission and can prepare better for the second mission to complete the project, taking into account all the experiences made in the first mission. As flights between Tunis and European cities are relatively cheap, a split mission format would not increase the total project cost so much as to outweigh the associated benefits.

Three candidates of local consultants were interviewed during the preparatory mission. They were all found to be qualified for the job as local consultant during the main project as per the Job Descriptions given to me during the briefing in Vienna. Their CV's are attached in Annex 2.

**5. Number, size, and industrial branch of enterprises and supportive services proposed for detailed investigation.**

**5.1 Industrial enterprises (list in Annex 3) :**

Distribution of enterprises by activity: (source : *Repertoire INS des 5000 entreprises de plus de 10 employes*)

<u>Code</u>	<u>Industrial Branch</u>	<u>Number of Enterprises</u>
00	Agriculture and fishing	45
10	Agro-food industries	70
20	Ceramics and glass	344
30	Mechanical and electrical	459
40	Chemicals	169
50	Textiles, garments, and leather	984
60	Miscellaneous	519
66	Gas and oil refining	12
67	Power generation	1
68	Water	2
69	Public works	69
72	Trade	649
76	Transport and telecommunications	122
79	Hotels, cafés, and restaurants	322
85	Merchant services	383

**CHARACTERISTICS OF FIRMS:**

<u>By sector:</u>	<u>Size of Enterprise</u>	
	<u>Large</u>	<u>Medium</u>
10 . . . . .	1 . .	—
20 . . . . .	1 . .	3
30 . . . . .	1 . .	9
40 . . . . .	1 . .	4
51 . . . . .	1 . .	7
52 . . . . .	— . .	3
60 . . . . .	— . .	4
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Total . . . . .	5 . .	30

By region:

Tunis . . . . .	2 . .	21
Near Tunis (20 to 50 km) . . . . .	1 . .	5
In the north . . . . .	1 . .	2
Far in the south . . . . .	1 . .	2
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Total . . . . .	5 . .	30

The above distributions of characteristics ought to be used to stratify the sample of firms to be investigated during the main project in order to achieve statistical and cost efficiency in the sampling.



**5.2 Industrial supportive services proposed for detailed investigation  
(list in Annex 4).**

R&D and technical assistance: . . . . .	3
Standards and norms: . . . . .	3
Engineering: . . . . .	5
Maintenance: . . . . .	1
Spare parts: . . . . .	1
Informatics: . . . . .	6
Accounting, finance: . . . . .	2
Personnel recruitment: . . . . .	1
Communication, advertising: . . . . .	3
Management and training: . . . . .	5
Export-import services: . . . . .	4
Organization of trade fairs: . . . . .	1
Zoning (land use planning): . . . . .	1
Miscellaneous services (security, building maintenance): . . . . .	3
Leasing: . . . . .	1
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TOTAL . . . . .	40

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**PERSONS CONTACTED:**

M. Ali KHAKIFA, Directeur de la gestion et de la programmation industrielle. Direction générale de l'Industrie.

M. Naceur HABARI, chef du service de la coopération industrielle, Direction générale de l'industrie.

M. Ben Youssef LARBI, Directeur du développement régional, Agence de promotion de l'industrie.

M. Ali Ben GAID, PDG de l'Institut national de la normalisation et de la propriété industrielle (INNORPI).

M. Ahmed Fouad CHARFI, Directeur des projections industrielles. Ministère du Plan.

M. Ali Cheikh KHALFALLAH, P.D.G du Centre technique des industries mécaniques et électriques (CETIM)

M. Slaheddine CHIBANI, Directeur du laboratoire de mécanique, CETIM.

M. Fredj MIGHRI, Directeur du laboratoire des matières plastiques, CETIM.

M. LAROUCI, PDG du Centre national du Cuir et de la Chaussure.

M. MEDIMAG, Directeur générale adjoint de l'Office de la formation professionnelle et de l'emploi.

Mme TOUATI, chargée des études sur l'emploi, la formation et la démographie, Institut d'études quantitatives.

M. Sassi ZARRATI, Institut national de la statistique.

M. CHETOUANE, chargé de projet, centre de conseil et de développement, Union tunisienne des Industriels, commerçants et artisans (UTICA).

M. Taoufik TOURKI, PDG SYNATEX CONFECTION.

M. Afif KILANI, PDG de la Société Electroménagers de Tunisie.

M. Fawzi BEN TCHIKOU, conseiller auprès de la Direction générale, Société électroménagers de Tunisie.

M. BEN AYED, PDG de POULINA.

M. Raouf Ben MANSOUR, service financier du groupe POULINA.

M. Mohamed Chekib MHEDEBI, PDG de la Société tunisienne d'ingénierie et construction métallique (TECI).

M. Said DRIRA, directeur générale adjoint de la S.C.E.T, Tunisie.

M. le Directeur générale de la SERAH, Société d'études et de réalisations agricoles et hydrauliques.

M. Ezzedine SAIDANE, Directeur central des opérations de Banque, Banque internationale arabe de Tunisie.

M. Fawaz FOKELAHED, représentant résident du PNUD.

Mme Nancy BAKKOUR, chargée de programmes.