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TUNISIA: Follow-up of Tunisian-American Joint Commission on Trade and Investment, January-July 1990

FINAL REPORT

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EXECUTIVE SUMMARY

Scope of Work

The purpose of this consultancy was to provide follow-up assistance to the December 1988 mission to the United States of the Tunisian-American Joint Commission for Trade and Investment (JCTI). The activities requested and accomplished were:

1. To contact US businesses that attended the four meetings of the JCTI in December 1988 and explore their interest in investment in Tunisia. Some 225 business from 134 companies that attended the conferences in Washington, New York, Atlanta and Houston were contacted and interviewed, their views were ascertained and, as needed, further contacts with Tunisia were promoted. Lists of attendees were compiled and furnished USAID/Tunis.
2. To identify European subsidiaries of US firms, particularly in the electronics sector, for possible trade and investment with Tunisia; 75 companies were contacted of which about half were deemed appropriate to pursue. Of these remaining companies 11 were selected to visit that represented a good cross-section of the American electronics industry in Europe. Interviews were held in Europe and business interest developed. However, conversations with Tunisian businessmen revealed that additional effort is required to develop sufficient data on the diverse Tunisian electronics sector. It was decided to suspend this effort to concentrate on remaining tasks.
3. To develop a sectoral JCTI mission to the US to meet with US firms interested in agriculture and aquaculture.

Intensive interviews were held with American agribusiness companies that had experience in Tunisian products (tomatoes, dates, spices, citrus and other products). Discussions were held with large food processors, small producers and wholesalers. The conclusion was reached that there existed little possibility for joint investment or commercial activities between American and Tunisian enterprises.

Interviews with US aquaculture experts and firms revealed solid interest in Tunisia as an area of development. Consequently, the consultancy used the remainder of the available effort to develop and oversee a Tunisian mission to the United States to meet with aquaculture producers. A broad range of interested American companies were selected and interviewed for their suitability and applicability for the Tunisian market. The mission was organized and supervised and was held June 21 - June 29 in Washington, D.C., Florida, California and Arizona.

Follow-up activity to the mission, which aims to coordinate contacts between the American and Tunisian firms, is being accomplished. A brief discussion of the results of that effort will be provided at end of the effort for attachment to this report.

4. To Provide Technical Assistance to Tunisians

The consultant visited Tunisia twice. In the first trip, consultations were held with the Tunisian government investment officials, financial experts and businessmen, and USAID officials as to the conclusions reached in the follow-up to the initial JCTI mission. In the second trip, aquaculture businessmen and government officials were oriented for the upcoming aquaculture mission. In addition, conversations were held with some individuals in the electronics sector to ascertain the possibility for increased US-Tunisian cooperation.

Recommendations

A. Investment Promotion

The strategy of "triangulation," investment and joint-ventures in Tunisia by American firms aiming at the European market, continues to be the best means to promote American investment. For cultural, geographic and economic reasons, the logical market for Tunisian products and services is Europe. Soft loans and subsidized investment projects, through the EC, and development agencies, furthers this tendency; America does not provide similar, competitive financing in the region.

Promotion efforts should continue to be developed in the sector-specific, direct manner developed in this JCTI follow-up. Conversations with sectoral interests, be they in aquaculture, electronics or textiles, provide a firm understanding of the strengths and weaknesses of the Tunisian promotion effort. Through direct contacts with the global market, Tunisia's industry can develop and adjust its strategy. The alternative approach of a broad public relations campaign for foreign investment, while needed from time-to-time, does not produce these solid results.

Promotion should continue in the aquaculture, agriculture and electronics sectors. If the General Motors facility does come on line in Tunisia, joint-ventures with smaller, automobile-part manufacturers are possible. Industrial sectors which will continue to generate American investment interest are textiles and petroleum and petroleum-related services. These industries have well-established contacts between U.S. and Tunisia businessmen.

B. Possibilities for Investment and Joint Ventures: Electronics

The domestic Tunisian electronics sector must be surveyed to assess its capability, structure and willingness to participate with medium-size U.S. companies to source American firms in Europe. Communication between and among Tunisian electronics groups must also be assessed and developed, and contacts with American firms encouraged.

In the electronics area, triangulation is possible between US and Tunisian suppliers of major US electronics companies with subsidiaries in Europe. An American supplier to IBM in Chicago, for example, could form a joint-venture with a Tunisian firm to supply IBM/France.

A four-stage approach is recommended:

1. A two-week survey of Tunisian electronics companies to assess institutional, technical and capital capabilities.
2. From the results in stage one, contacts developed with mid-sized American electronics manufacturers and suppliers of major multinational corporations located in the US to assess the possibility of joint-venture production in Tunisia for the European market. The purpose would be to transfer "just-in-time" and other time and transport sensitive functions to Tunisia to provide the same function for European firms that the American suppliers accomplish in the U.S.
3. Development of a meeting/mission between interested parties. The site would be determined later but could be either in the U.S., Tunisia or Europe.
4. Follow-up to the mission to ensure continued communication and to promote all possibilities.

C. Forthcoming JCTI Mission

The Tunisian and American governments have agreed to hold the next JCTI mission in Tunis, tentatively scheduled for November 1990. From the results of the follow-up of the 1988 JCTI mission, the following recommendations are offered:

1. While, by its nature, the meeting will require formal proceedings between government and business officials, emphasis should be placed on direct, business-to-business development. Small workshops and individual meetings with possible trade and investment partners and government officials should be developed.
2. An individual familiar with Tunisia should assist in developing contacts with American business and assisting

Tunisia business in forming its role in the mission through the Tunisian-American Chamber of Commerce and Investment Promotion Agency.

3. A general theme of the conference should be developed, unified by presentations and a professional document discussing the current environment, recent events and critical investment issues in Tunisia. Rather than having a public relations event, the conference theme and document should provide a frank assessment of current possibilities.
4. Preparation of the theme, the documents and identification of American participants must begin immediately if a successful mission is to be held in November. Typically, Chief Executive Officers and Chief Financial Officers require a year's notice in the scheduling of conferences. Mid-level managers require at the least, three months notice.

D. Tunisian Investment Promotion Efforts

Continued support for institutional development of investment promotion is recommended. These efforts should be channeled through the national investment promotion agency (API), the US-Tunisian Chamber of Commerce (TACC) and sectoral, industrial organizations that work closely with industry.

Institutional development is critical because of a dearth of resources and manpower which continues to hamper the Tunisian investment promotion effort. A relatively small number of businessmen and government officials see their efforts spread too thin to maintain a consistent investment promotion policy. In the United States only one person is in charge of coordinating investment promotion efforts at the Tunisian Embassy, and he has other responsibilities as well. With most Tunisian companies run by a few individuals or a family, the ability to manage the enterprise and expend time exploring and developing new ventures is limited. Tunisian industrial organizations are not sufficiently developed to participate in investment promotion to any large degree.

E. Aquaculture

As a result of the mission, three American aquacultural groups (Aquatic Technologies, Blue Water International and Aquatic Systems Inc.) have expressed an interest in visiting Tunisian sites soon. Tunisian banks, aquacultural companies, and government officials are enthusiastically cooperating with these private visits. While an immediate venture is not likely at this time, all agree that some cooperation is possible as markets and technologies develop. Since conversations have already been held with all of the major U.S. aquaculture groups that have the capability to work with Tunisia, additional USAID effort is not foreseen at this time.

In the time remaining in this project, the consultant will maintain and develop the contacts with American aquacultural companies establishing in the Tunisian mission to the U.S.

Conclusions

A. Investment Climate

The bottom line is: Foreign investment will improve in Tunisia when the ease of operations and the return on capital is greater than elsewhere, be it Morocco, Egypt, Southern or Eastern Europe.

With the domestic Tunisian market effectively closed by formal and informal barriers, foreign investment must necessarily look towards export. Tunisia's competitive advantage rests in its well-managed, small operations with well-trained workers that is close to a large European market. Expertise exists in a variety of areas including aquaculture, textiles, electronics and automobile parts.

The JCTI experience shows that large American companies, their interest diverted elsewhere, are unlikely to come to Tunisia. Investment potential exists, rather, in developing linkages with medium-sized foreign firms that service the larger US companies.

The chief problem is of size. While Tunisia's investment partners express satisfaction at the quality of Tunisian work, the relative smallness of Tunisian companies inhibits the potential to develop linkages with foreign concerns. Typically, Tunisian companies do not have the time and resources to spend in the long negotiations over joint-ventures and, being small, levels of confidence are frequently low. Comparative advantages of large companies in other countries cannot be established. Increased sectoral and industrial cooperation between Tunisian firms is required before industrial investment can succeed further.

Tunisia must concentrate on linking the efficient small and medium-sized enterprises into more viable units. This problem is particularly true in investment promotion for Tunisian enterprises because of a lack of a well-developed communications network that provides information for the transfer of new technologies or the development of possible new markets. Encouragement to form larger ventures must come through the promotion of viable industrial organizations and other legal and tax incentives.

Tunisia faces serious competition for foreign investment from Morocco and Egypt, both of which enjoy many of the same benefits as Tunisia, but offer cheaper labor and a considerably larger local market. The size of the local market is important in the electronics and other export-oriented sectors because many companies invest to produce components to earn hard currency to

import assembled machinery for sale domestically.

Extraneous political and economic events outside of Tunisia will further block investment efforts. Events in Eastern Europe have directed investment interest towards that region, to the exclusion of other parts of the world. The Persian Gulf crisis makes investment promotion more difficult. Still, US business is continues to be driven by opportunities if they present themselves.

B. Aquaculture

Aquaculture investments will grow substantially in Tunisia over the next few years because of its geographical and ecological position and because of strong interest in the industry's development on the part of Tunisian business and government officials and European interests. Some American ventures with Tunisia aquaculture are likely over the long-term as a result of this mission. In particular, Aquatic Systems, Inc. of San Diego, the largest producer of Hybrid Striped Bass, is in negotiations with Tunisian business and will be visiting Tunisia soon. Blue Water International and Aquatic Technologies are also continuing discussions and may visit Tunisia.

But much of Tunisian-US cooperation relies upon extraneous economic factors. Currently, most Tunisian aquaculturalists are interested in sea bass (loup de mer) and sea bream (dourade) production because of current know-how and the high price earned by these fish on European markets. The US has no major production experience in this area. However, as aquaculture experience shows, the price curve for sea bass and sea bream will soon lead to a shift to new species and American expertise in hybrid striped bass will become more valuable. Hybrid striped bass can be produced more cheaply and in more flexible conditions than sea bass and sea bream. However, one or two year's technological development is required as an investment before it can be put in place in Tunisia. This investment will likely emerge through direct negotiations between American and Tunisian businessmen.

The chief difference between American and Tunisian businessmen is over the value of technology that Americans would provide a new venture versus the question of capitalizing a new venture. American firms are willing to work closely with Tunisian companies but are not in the position to provide fresh capital. US companies with technology have offered to make investments in "sweat-equity" and knowledge rather than cash. However, most of the US and Tunisian businessmen agree that, given the right market and technology, these conditions will be overcome.

Technical resources were developed through mission contacts with American consultants that may be of use for the growth of Tunisian aquaculture industry. The mission saw examples of technological development in the use of oxygenation, recirculation of water,

geothermal technology, species development and other technical aspects. It met with experts who have worked closely with most major species, including shrimp, lobster, tilapia, catfish, hybrid striped bass, maji-maji, red fish and other fin fish. In addition, new ideas for the domestic Tunisian market developed, including the idea of creating a cooperative hatchery system.

C. Agriculture

Tunisia does not represent a viable alternative for US agricultural investment for tomatoes, dates and spices at this time. Some cooperation is possible in transfer of technology for production for the domestic market, but the Tunisian legislation and tax system militates against these ventures.

In the tomato sector, large food processors, small producers and wholesalers all agree that US domestic producers and Mexican and Caribbean farms are more efficient, when transportation and other just-in-time factors are considered. Europe is closed to much of Tunisian tomato production because of high tariff walls. A similar negative conclusion was also reached for dates and spices. In addition, the spice market is fairly saturated and large production is dominated by one major US concern, McCormick. It is developing a large investment in Morocco.

I. BACKGROUND AND GENERAL CONCLUSIONS

This report is a conclusion of a consultancy to provide follow-up assistance to the December 1988 mission to the United States of the Tunisian-American Joint Commission for Trade and Investment (JCTI). Three activities were requested in the initial scope of work. In summary, they were:

1. To contact US businesses that attended the four meetings of the JCTI in December 1988 and explore their interest in investment in Tunisia;
2. To identify European subsidiaries of US firms, particularly in the electronics sector, for possible trade and investment with Tunisia; and
3. To develop a sectoral JCTI mission to the US to meet with US firms interested in agriculture and aquaculture. The focus of the consultancy changed with the project's evolution. Meetings with subsidiaries of US electrical firms in Europe and the identification of potential trade and investment led immediately to a question of capacity and the level of technology of Tunisian firms. It was felt both by the consultants and USAID/Tunis that more analysis of the Tunisian electronics sector was required before proceeding further in this area.

Meetings in Tunisia in February further developed the focus of the third phase of the project. It was then decided that the most fruitful area for potential agricultural investment lay in the area of tomato and tomato processing with some effort to be made in date and spice production. Development of aquaculture contacts would also continue.

Considerable investigation in the United States in March and April suggested that Tunisia does not represent a viable alternative for US agricultural investment at this time. Large food processors (Heinz, Campbell, Hunt, etc.), small producers and wholesalers all agreed that US domestic producers and Mexican and Caribbean farms are more efficient, when transportation and other just-in-time factors are considered. The large tomato producers also confirmed that Europe is closed to much of Tunisian production because of high tariff walls. A similar negative conclusion was also reached for dates and spices. While a US investment in dates is currently in place in Tunisia, it developed out of a special relationship with an American oil company. It has been able to sell to a niche in the US market (chopped dates for cereal) that cannot be replicated. The spice market is fairly saturated and large production is dominated by one major US concern, McCormick. It is developing a large investment in Morocco.

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During the same period, however, discussions with US aquaculture experts and firms revealed solid interest in Tunisia as an area of development. Consequently, the consultancy used the remainder of the available effort to develop and oversee a Tunisian mission to the United States to meet with aquaculture producers. This mission was held June 21 - June 29 in Washington, D.C., Florida, California and Arizona.

This final report concentrates on the impact of the aquaculture mission to the United States. It also offers some general conclusions on overall issues of US investment in Tunisia. In-progress reports that discuss issues explored above in detail have already been submitted and are attached in appendices.

General Conclusions

Because of the broad scope of the consultancy, conclusions involve disparate issues in the area of potential US investment in Tunisia. Over the course of the consultancy, interviews and discussions were held with American firms in sectors as diverse as telecommunications, oil and other energy firms, textiles, tourism, food processing, pharmaceuticals, agricultural implements and supplies, automobile components and other manufacturing groups. More detailed interviews were held with American companies in the electronics area, tomato production and processing, date production, and aquaculture groups. Two visits were made to Tunisia, in February and May, to meet with interested Tunisian groups. Considerable discussions were held with officials and companies in the areas of agribusiness, aquaculture, electronics and manufacturing. From these American and Tunisian interviews, these general conclusions were deduced concerning possible US investment in Tunisia:

1. By their actions, Tunisian businessmen continue to prefer Europe for investment rather than United States. Tunisian efforts to form American contacts and develop a relationship to work towards common ends are more difficult in a nation that has not had a long history of extensive foreign investment. The European preference, quite obviously, exists because of a long history of business, market, education and cultural contacts. But most important, Europe is only a few hours from Tunis and does not require major travel.

Consequently, the best manner to attract US investment to Tunisia is through triangulation, the investment by European subsidiaries of US companies in Tunisia. In the electronics area, triangulation could be developed between US and Tunisian

suppliers of major US electronics companies with subsidiaries in Europe. An American supplier to IBM in Chicago, for example, could form a joint-venture with a Tunisian firm to supply IBM/France.

2. Europe, through the EC and development agencies, offers soft loans to many investment projects. America does not provide similar, competitive financing. Soft money can actually be a negative factor in that Tunisian firms, encouraged by some funding coming from Europe, tend to seek limited soft financing to the exclusion of other available ventures that require market rates for financing.
3. Structural difficulties of Tunisian industry, such as size of firms, inhibits ongoing contacts with potential investors. It may restrict confidence in potential ventures as well. Increased sectoral and industrial cooperation between Tunisian firms may be required before industrial investment can succeed further.
4. Tunisia faces serious competition for foreign investment from Morocco and Egypt, both of which enjoy many of the same benefits as Tunisia, but offer cheaper labor and a considerably larger local market. The size of the local market is important in the electronics and other export-oriented sectors because many companies invest to produce components in order to earn hard currency with which they can import assembled machinery for sale domestically. The competition from Morocco, in particular, will become more intense, as that nation develops its industrial structure, technological knowledge and infrastructure.

Further analyses of these issues are explored later.

II. TUNISIAN AQUACULTURE MISSION June 22-29, 1990

Introduction

A delegation of Tunisian businessmen visited the United States between June 22 and June 28 with the purpose of meeting US companies involved in aquaculture projects. Meetings were held in Washington D.C., Orlando, Fla., San Diego, Cal. and Tucson, Arizona with small, American aquaculture enterprises deemed suitable to receive the Tunisian delegation. The delegation was developed by the Tunisian-American Chamber of Commerce with USAID assistance. The direct help of M. Rachif Nafti, USAID/Tunis Private Sector Officer in the development of the mission in Tunis and its success in the United States was a major reason for the successes achieved. In addition, M. Abdessiem Mansour, Directeur des Project Agricoles of STUCID (Societe Tuniso-Seoudienne d'Investissement et de Developpement) was invaluable.

The Tunisian delegation represented companies and investment banks looking to expand in the aquaculture sector. Of the nine men, one is currently managing an aquaculture facility, one banker has been involved in aquacultural development, and one is the aquaculture specialist for the Ministry of Agriculture. The other six businessmen are high-level managers of conglomerates. Some have plans to proceed already approved by the bank and the government. Others are just beginning.

The participating American aquaculture enterprises were selected, over the past three months, based on a number of factors:

- a) Their understanding of Mediterranean aquaculture;
- b) The suitability of the species for Tunisian production;
- c) Their international experience;
- d) Their level of technological knowledge;
- e) Their size; and
- f) Their willingness to receive and talk with the delegation.

Although there is a large American aquaculture industry, most of it is engaged in the production of catfish and, secondly, the stocking of streams with gamefish. The production of finfish that may have application to Tunisia (hybrid striped bass, maji-maji, redbfish, carp) is a very small percentage of the industry. In addition, there is a broad range of American "artisanal" aquaculture experience: small enterprises with limited commercial applicability. Many fish farmers own a pump, aeration equipment and one large tank. They are unable to expand. While there do exist major aquaculture groups, most work closely at their sites, developing and improving on the technology, modifying when needed and expanding whenever possible. Very much like large American

developing and improving on the technology, modifying when needed and expanding whenever possible. Very much like large American agriculture, their business environment is their site. While they may be capable of joint-ventures, they do not look to expand either in the United States, or elsewhere.

The chief area for cooperation is technical companies that have developed aquacultural systems in a variety of areas and nations. Typically, these technical companies are poorly capitalized. If they do make large investments, they are in "sweat-equity" and knowledge rather than cash.

In sum, relatively few American enterprises exist with advanced technology and knowledge of fin culture, large enough and willing to be suitable for joint-venture with Tunisian enterprises. Those that do exist were contacted.

General Results

The mission achieved its objectives. It introduced Tunisian businessmen to American aquaculture experts. It stimulated sufficient interest for possible future joint ventures. While a firm deal was not reached, confidence was developed on both sides, leading to future contacts and negotiations. There were also indirect results that will assist the Tunisian aquaculture industry in its future development.

Currently, negotiations are proceeding between Tunisian and American firms the mission visited. A technician representing Aquaculture Technologies of San Diego is planning to visit Tunisia in the near future. Talks are proceeding between Mr. Andrew Pincon (Florida) and some of the Tunisian companies concerning cooperation with Mr. Pincon's London operations. Ongoing communications between some Tunisian interests and the Planetary Design Corporation of Tucson are exploring possible cooperation.

At the end of the mission, a general meeting was held in Tucson in which all participants, except one, expressed their belief that the mission was worthwhile and could lead to commercial and investment contacts in the future. Subsequently, in late July in Tunis, a meeting of the participants at the Tunisian American Chamber of Commerce expressed high satisfaction with the trip. They believed that cooperation was possible over the mid- to long-term and are proceeding independently to develop these contacts.

The visit to the United States, however, underlined the fact that most Tunisian aquaculturalists are currently interested in sea bass (loup de mer) and sea bream (dourade) production -- in which the US has no major production experience -- because of current know-how and the high price on current European markets earned by these fish. The availability of soft, EC credits, some technical assistance and the species factor all contribute to the

concentration of efforts in Europe. On the other hand, the price curve on sea bass and sea bream will soon lead to a shift to new species as new Tunisian, Moroccan, Greek, Turkish and Israeli production flood the European market. Most Tunisians will not be able to gain soft EC credits. Finally, there are many sites and Tunisian entrepreneurs; the road to aquaculture success for Tunisia -- as with any agricultural product -- is diversity of species, technologies and producers.

In conclusion, some American ventures are likely over the longer-term as a result of this mission.

Specific Results

After a week of intensive business discussions and visits to aquaculture sites and experimental laboratories, the Tunisian delegation gained a good understanding of the state of American aquaculture and the implications for joint-ventures. In summary:

1. The mission succeeded in contacting American aquaculture producers and in developing an interest in work in Tunisia. Above all, it made contact with the world's largest and most successful producer of hybrid striped bass, Aquatic Systems, Inc. of San Diego. The company will send a technician to Tunis in the near future to explore possibilities. Aquatic Systems has worked for the past twenty years on "super-intensive" cultivation of the fish, using geothermal springs, oxygenation and other technical variants to provide strong yields. The chief market for the fish is the United States, although the company does market the product in Europe. While it is far too early to guarantee a joint-venture, the mission did succeed in establishing sufficient commercial rapport to heighten interests on both sides.
2. Technical resources were developed through its contacts with American consultants that may be of use for the growth of Tunisian aquaculture industry. Much depends on the willingness of Tunisian businessmen to maintain these contacts as their projects develop. The delegation, comprised chiefly of businessmen, saw examples of technological development in the use of oxygenation, recirculation of water, geothermal technology, species development and other technical aspects. It met with consultants, businessmen and technicians who have worked closely with most major species, including shrimp, lobster, tilapia, catfish, hybrid striped bass, maji-maji, red fish and other fin fish.

Tunisian and American participants agreed that while the species of any future joint-venture is important, far more critical is the technical capacity of any venture. The site and the product can be developed given the correct conditions.

3. Differences between Americans and Tunisians in all of the meetings arose over American capital participation. The Tunisian point of view was "what guarantee do we have you will succeed, or, leave and go home" versus the American point of view that it is unable to cooperate with capital. American firms are willing to work closely with Tunisian companies but are not in the position to provide capital. Typically, they will provide technicians at cost, financed by the Tunisians, plus technology, and will take out profits only when an enterprise is successful. A second disagreement arose early in the discussions when it became apparent that some Tunisian businessmen were underestimating the value of technology to be provided. This became less of an issue later in the mission.

The inability of American firms to provide substantial capital investment is based on a number of factors. Summarized briefly, they are:

- American aquaculture is capital poor and small in size. Aquaculture is a developing field that is still in its infancy. It is highly experimental. Successful laboratory experiments frequently cannot be replicated in large production. Unpredictable elements such as climate or disease can frequently ruin years of experimentation. With such a high risk, large corporations have avoided aquaculture by and large. Indeed, the International Finance Corporation of the World Bank (IFC) told the mission that it would only put up financing if it was fully collateralized with other, non-aquaculture holdings.
- American aquaculture is technically driven. The development of this industry is based mostly on years of difficult research, trial and error, without strong capital inputs. Most have been financed with sweat equity, sometimes supported by government grants.
- In this emerging sector with large market potential, American aquaculture surplus capital, when available, is reinvested in ongoing enterprises. American firms enjoying strong successes prefer to continue to strengthen their existing enterprises rather than take new risks abroad in different environments and political and economic systems.
- US government financing is primarily limited to University experimentation. Unlike in European countries, the US government does not provide financial incentives for aquacultural investment overseas. If there is any financial help, it comes at the state level and through universities and agricultural assistance programs. In conversations with OPIC, the Tunisian delegation learned that government financing is

only available to ventures that are at least 25% owned by American firms. That financing is relatively expensive compared with European and Tunisian investment bank rates. In comparison, France, Denmark, Belgium and Italy offer soft-loans at highly favorable terms for EC investments in North Africa.

4. Europe has financial and geographical advantages. It also shares some of the same species technology in loup de mer and dourade fish. Why then go to America? The mission learned that with all their disadvantages, American firms offer some major advantages. First, while, the price of these two species is currently high, new facilities are coming on line around the Mediterranean, in Egypt, Israel, Turkey, Greece and Tunisia. The possibility of a glut in the fish will force major economies that will require new technological skills that the Americans possess. Second, alternative species will allow for new market access. Third, it became clear in the mission that American technology using super-intensive facilities is the most advanced in the world, allowing for greater production in smaller areas. Fourth, America leads the world in fresh water and geothermal aquacultural technology which allows for expansion of possible sites. Fifth, while the French, Italians, Danes and Belgian may offer attractive investment packages through soft loans, there are not sufficient European companies to cover the large numbers of aquacultural sites that are planned in Tunisia. If the country wants to fulfill its potential it needs to look for partners in America, Asia as well as Europe.
5. The Tunisian mission developed some ideas for the domestic industry. Most important, the representative of the agricultural ministry, together with the business delegates agreed to explore the possibility of a cooperative hatchery program. This idea came out of discussions with Mr. Robino about the economies of scale -- individual hatcheries versus larger, more developed structures. They also discussed the need to develop an aquacultural association for the development of joint ventures and introduction of new technology.
6. Although some members of the mission previously were aware of them, alternative aquaculture strategies were examined, including the use of geothermal resources, highly salinated water and recycling of fresh water in areas of scarcity (as is Tunisia).
7. The mission provided training for those members of the delegation who are making aquacultural investments for the first time. The problems and complexities of this new field were appreciated. Technological issues were developed: salinity, temperature, water hygiene and the importance of

critical costs such as for energy and liquid oxygen or ozone. The requisite pilot projects take at least one to two years to guarantee results. Finally, an understanding that the "market" drives everything in aquaculture was brought home more than once. Even if a joint-venture is developed and all technological problems are worked out, market needs and fluctuations determine the success of the venture. For example, the proliferation of global shrimp farming, aimed at a once scarce market, has led to glut and large losses. In Tunisia, the government sought to introduce carp and found that it could not distribute the fish food without charge.

8. After initial reticence, all members of the delegation developed a high level of confidence by the time they reached San Diego. Serious negotiations were achieved at that meeting.

Additional Factors

The Tunisian push towards aquaculture is the result of governmental decision to stimulate the industry. Government investment banks are taking the initiative, promising financing for those with viable projects. The Central Bank provides rebates for interest paid in the development of export-oriented projects. In addition, there are certain tax advantages in making new investments. The recent success of two sea bass and sea bream ventures has increased the interest among major Tunisian industrialists. However, unlike with industry, or even traditional agriculture, aquaculture's risk is high and requires intense experimentation over a long period of time. In the United States and Europe, industrial conglomerates have not been able or willing to enter into this area. While the Tunisian government provides some good research, the economics must be determined by the private sector itself. A cooperative, private sector analyses of all the possible variables in this industry is urgently needed.

Unlike the United States and Europe, Tunisia lacks large-scale research and technological development in the aquaculture area. It is and will remain highly dependent upon outside companies for its survival. Indeed, many major questions remain in this high-tech area. At some point, a general conference of Tunisian aquaculture companies should be developed both to provide information and to organize the nation's sector. This developing Tunisian industry needs to assess training requirements and to develop lines of communication with the outside world. Consultants from Europe and the United States might be used. Additionally, the University of Arizona is prepared to assist. European companies, in particular, are eager to become involved in Tunisian aquaculture.

Contacts must not be lost with the other participating American firms. The consultants, small and poorly capitalized, nonetheless offer benefits which could be effective for particular needs.

SUMMARY OF MISSION

Friday, June 22

Meeting Site: Radisson Park Terrace Hotel, 1515 Rhode Island Ave.

Participants included Monica McKnight, USAID/Tunis and Gary Vaughn, USAID.

8 A.M. Orientation Meeting: Sydney Lewis, Ernst & Young, Charlene Robinson, Ernst & Young and Miles Wortman, Business International

9 A.M. Terry Newendorp, Taylor-DeJongh Ltd.
American aquaculture consultant.
Phone: 202-667-9519 Fax: 202-462-2768

Mr. Newendorp consults on international project financing services, structuring projects, identifying sources of funding and providing trade advisory services. His company provides access to technology for non-US companies. Mr. Newendorp has worked on development of American aquaculture projects in Tunisia. In particular, he worked in the Houston Aquaculture venture which has apparently failed. He described the causes of the failure: the weak technological base of the American company and the large up-front technical fees the American partner requested. He discussed the possibilities and problems in potential Tunisian-American aquacultural joint ventures.

10 A.M. Mr. Fares Zaki, International Finance Corporation,
Phone: 202-473-0531 Fax: 202-334-0235

Mr. Zaki discussed possibilities for project financing and the benefits and limits of aquacultural projects. While IFC rates are favorable, financing requires 100% collateralization for aquacultural projects because of the high risk associated with such ventures.

11 A.M. Mr. Michael Robino, Bluewater International of Delaware
Phone: 301-652-3553 Fax: 301-654-9355

Mr. Robino has twenty years experience in the development of aquacultural systems for shrimp, lobster and hybrid striped bass. He showed and discussed slides that illustrated his work in the United States, Asia and the United States. His chief facility is in Delaware. Mr. Robino gave a frank presentation of the nature of aquaculture technology in the United States and possibilities for the Tunisian mission. As with every

other expert consulted, he suggested that joint-ventures in which American partners provide capital would not be possible. He would be willing to provide assistance and technology and discuss reduction of fees in exchange for profits.

- 2 P.M. Mr. Clark Fisher, OPIC, Investment Insurance Officer
North Africa/Middle East Region
Mr. Brian Treadwell, Financial Officer, Overseas Private
Investment Corporation
Phone: 202-457-7000

OPIC provides financing for joint-ventures that have at least 25% American participation and for export financing of American products and products from developing nations. Tunisian participants deemed the financing expensive since the Tunisian government provides a 2% reduction in interest rates for export-oriented programs and EC facilities are also "soft." OPIC must approve the suitability of the project and the partners. In addition, OPIC will provide political risk insurance against expropriation and currency loss due to political decisions for American investors overseas.

- 3 P.M. Mr. Martin Sterenbuch, Aquaculture Enterprises:
langostine production
Phone: 202-223-6910 Fax: 202-452-0067

Mr. Sterenbuch is a principal of the firm that farms the product "langostinos de Puerto Rico," a high-end, fresh water langostine that sells to American restaurants. Mr. Sterenbuch presented slides of the facility and discussed possibilities for joint-venture in Tunisia. Because of a dearth of fresh water and for climactical reasons, pilot projects would be required.

Jack Summers, Aquaculture Technologies Ltd. Lafayette, La.

Phone: 212-838-2188 Fax: 212-207-8689 and
Phone: 318-237-5175 Fax: 318-233-4591

Because of extraneous reasons, the mission could not visit the large aquaculture facility of Aquaculture Technologies in Lafayette, La. Mr. Summers sent a video cassette of the firm's capabilities in the production of tilapia and hybrid striped bass. The site is fully-integrated, the largest, freshwater farm in the western hemisphere. Mr. Summers hopes to travel to Tunis in one of his visits to a facility the firm is managing in Malta.

Monday, June 25

Mr. Andrew Pincone, Blue Water International, Moorehaven Florida and Nan-Heng Yang, Vice President, Black Tiger Company (US and Taiwan)
Mississippi Offices, Phone: 601-769-0669
Moorhaven, Fla., Phone: 813-946-0713

The mission visited the site of US Fish, Inc. on a Seminole Indian reservation. Managed by Mr. Pincone, the site is fully integrated in the production of catfish and tilapia. It contains 5 acres of nursery ponds for 10 million fingerlings, 150 acres of ponds for 2 million pounds per year production of fish and a processing plant with a capacity of 8,000 pounds of processed fish per day. The mission was shown the patented system used by Blue Water to provide ozone for the intensive production of fingerlings and in ponds. Ozone allows for increased production by eliminating bacteria. A harvest of fish and processing for delivery fresh to New Jersey the next day was seen.

Mr. Pincone provided a slide presentation of his experiences in Europe, Asia and the United States in the production of various fin species and shrimp. While his chief experience is with water treatment and management systems, he has worked closely with Louisiana State University and is currently advising Taiwanese business interests in the development of shrimp farms. He is currently developing a large hybrid striped bass project in Mississippi. Mr. Pincone consults to Lloyds of London on aquaculture insurance risk.

In frank discussions, Mr. Pincone and the mission discussed possibilities for involvement in Tunisian discussions. As elsewhere, Mr. Pincone said he would not take any capital risk in Tunisia since his own finances were devoted to large US projects. He would be willing to negotiate a fee structure that would postpone some payments until after profits were earned. However, he believed that any consultation would cost a minimum of \$10,000 monthly. The Tunisian delegation suggested that it would not be prepared to negotiate such an arrangement since there was no guarantee against failure on the part of the American technician.

Wednesday, June 27

Jack Van Olst, President, Aquatic Systems, Inc. and James Carlberg, Vice President and Philippe J. Vergne, Shrimp Culture Specialist.
Phone: 619-452-5766 Fax: 619-452-0075

Aquatic Systems is the leading company for hybrid striped bass in the world. It has some twenty years of experience, first in the Scripps Institute and San Diego State University and then in this private firm. Production is based on super-intensive cultivation using geothermal resources, liquid oxygen and other confidential methods. The facility is based in Palm Springs, California. Its brand is sold "high-market" to major restaurants in the US and Europe. Because of past problems with the theft of technical knowledge, the firm does not provide access to its site until confidentiality agreements are signed.

The principals of the firm are scientists who have published more than 160 papers in learned journals on their findings. They have also worked on consultation projects throughout the world on lobster and shrimp production and conservation and production of fresh and salt water fish. They currently have four joint-ventures around the world. M. Vergne will oversee a shrimp project in Morocco, currently under construction.

After 20 years of development, the company's hybrid striped bass production took off three years ago. Current annual sales are \$4 million and these are expected to double in 1991. There are plans to invest an additional \$4 million in operations over the next year which would lead to the growth in production by 10 times by the end of the century.

Serious discussions were held as to the possibility of joint cooperation in Tunisia. Aquatic Systems has joint-ventures in which it shares profits equally with its partners; the ventures pay technicians their salaries but there are no consultation fees and Aquatic Systems, itself, receives no benefit.

Since M. Vergne travels frequently to Europe and Morocco, a visit is planned to Tunisia that will allow for exploration of sites and of possible investment arrangements.

Thursday, June 28

Beth Hodges, Associate Director, Planetary Design Corporation and University of Arizona; D. J. Baumgartner, Associate Director; Kevin M. Fitzsimmons, Aquaculture Research Specialist; Abeid Anouti, Scientist; James T. Fountain, Business Manager; Deborah Howard, Associate.
Phone: 602-294-4808 Fax: 602-573-0852

Planetary Design Corp is the private arm of the University of Arizona. Its facility is a leading experimental station in the fields of halophytes, hydroponics, aquaculture, solar energy and other advanced techniques. It receives 70% of its support from private projects. It established shrimp farms in Mexico and is working in projects in the Gulf States and Saudi Arabia. It also developed the impressive "Land" exhibition of aquaculture at Walt Disney World that was viewed by some of the Tunisian mission.

Mr. Fitzsimmons and Mr. Anouti accompanied the mission on a tour of the site and the experimental projects. It was clear that the institution is a major center of research in all of the above areas. Subsequently, in meetings, discussions were held as to the viability of sending Tunisian experts to the center for training. Contacts will be pursued later.

Mission Participants

1. Othman Beji, C.G.P., an engineer with the government fisheries office.
2. Nabih Beljuth, Groupe Poulina. Groupe Poulina is the fastest growing industrial conglomerate in Tunisia. Originally based on egg production, the group has expanded into agroindustry, construction, real estate and other sectors.
3. Abdelgelil Ben Amor, BDT, The Tunisian Development Bank is one of the sources of financing for aquaculture projects.
4. Mohamed Haddad, Aquaculture Du Sud Tunisien, looking at aquaculture technology for a new site.
5. Mr. Said Kaddour, SOLIC, manager of a large industrial group
6. Ali Khalfallah, Pecheries de Jerba, director of an active aquaculture project.
7. Zouari Kamel, Afrique Travaux, a company of public works and tourism with plans for expansion into aquaculture.

8. Lazhar Mankai, Groupe Khechine, a large Tunisian industrial group involved in tourism, industry and porcelain manufacturing. M. Mankai is managing director of the aquacultural site that is approved for financing. It is now choosing the technology.

9. Abdessiem Mansour, Director of Agricultural, Agribusiness and Fisheries Project, Stucid, Societe Tuniso-Seoudienne d'Investissement et de Developpement. Stucid is the Saudi Arabian investment bank in Tunisia that has substantial capital invested in functioning aquacultural projects in Tunisia.

10. Rachid Nafti, Private Sector Officer, USAID/Tunis.

11. Miles Wortman, USAID, Mission Coordinator.

APPENDIX A

FINAL REPORT: PHASE I - JCTI FOLLOW-UP

FINAL REPORT: PHASE I. JCTI FOLLOWUP

March 5, 1990

The first phase of the Tunisian investment project is a followup of meetings of the Tunisian-American Joint Commission on Trade and Investment (JCTI) held in Washington, New York, Atlanta and Houston in December 1988. The effort has involved the development of a complete list of participants and their phone numbers, establishing contact with them and understanding the impact of the JCTI meeting on their investment and trade decisions and their continued interest in Tunisia as a partner.

The enclosed final report represents the fruits of these efforts and is organized in the following manner:

I. Summary of Findings.

Introduction
 Overview and Background

II. Recommendations

General
 Specific

III. Overview of companies with a strong interest in investment in Tunisia.

IV. Call reports: Houston Aquaculture and Blair Steel Co.

V. Report of discussions with participants, their interests, views and needs.

VI. Hard lists of all participants used as a source for this report.

I. SUMMARY OF FINDINGS

Introduction

The conclusions of the JCTI follow-up, described in greater detail below, are:

- 1) The JCTI mission was successful in presenting the Tunisian "message" to a broad audience. Interest in investment and trade was stimulated, yielding concrete business opportunities as well as enforcing ongoing ties.
- 2) Any future investment missions should have follow-up coordination both in Tunis and the United States as an integral component of the basic project
- 3) Future trade and investment mission should be limited in size and to sector. Meetings should be restricted to tables where all participants can discuss and explore views, informally, because of their common industrial concerns.
- 4) While the Tunisian government has undertaken effective reform of its foreign investment code, informal obstacles in both the public and private sector continue to obstruct initiative.

The JCTI follow-up effort contacted and spoke with approximately 225 individuals from 134 companies that attended the conference (In many cases, more than one official from a business went to one or more of the meetings). A review of all participants identified in this process shows the following breakdown:

Washington	57 companies	20 Non-Business, Consultants, Trade or Commercial Assocs.
New York	32 Companies	27 Non-Business, Consultants, Trade or Commercial Assocs.
Atlanta	8 Companies	33 Non-Business, Consultants, Trade or Commercial Assocs.
Houston	37 companies	36 Non-Business, Consultants, Trade or Commercial Assocs.

From these contacts, this follow-up effort has uncovered:

- 7 companies for which follow-up from Tunisian businessmen could still yield results;
- 8 companies that continue to explore investment possibilities actively, have Tunisian contacts and do not require assistance;
- 9 major companies that participated in the meeting and that possess long experience in Tunisia and are well represented there.
- 6 companies that are actively trying to sell new products to Tunisia over one year later as a result of the conference.

Overview and Background

The December JCTI missions were planned to be a first step in the development of an investment promotion program in the United States. Its goals were limited: to promote a general view of Tunisia's good investment and trade climate as a first step to closer relations between the two nations. All participants (the Tunisian Ministry of Industry and Commerce, Tunisian businessmen, US Dept. of Commerce, US Dept. of State and USAID) understood, prior to the meetings, that concrete deals would not likely emerge from this initial effort; the development of foreign investment confidence takes many years of ongoing effort. Success would have to come from smaller, follow-up missions by both government officials and individual businessmen.

The general purpose of the meetings was achieved. All participants interviewed recalled the meeting and most had high praise for the information provided. Concrete trade investment interest exists in these areas:

1. Traditional economic areas: petroleum and textiles
2. Aquaculture and new agricultural techniques: desert farming, hydroponics, biotechnology
3. Food exports (from Tunisia): olive oil, dried fruits and others
4. Steel: milling of European steel for reexport.

In addition, a large group of business people attended in an effort to sell various products to Tunisia (services, telecommunications, oil drilling, etc.).

A key response of all who tried to develop some trade and investment business with Tunisia was the difficulty in maintaining a sustained contact with either Tunisian businessmen or public sector officials. This may, of course, reflect the type of business that the Americans are proposing. But even in successful, ongoing relationships, long delays have been the rule in business negotiations. The net effect of this factor is to rule out the participation of mid-sized American concerns in Tunisian-American investment relationships. Expressed in other terms, the Tunisia limits its options to a handful of large American corporations that have the resources, patience and knowledge to maintain a long-term negotiation.

II. RECOMMENDATIONS

A. General

The basic goal of the original mission was achieved: to begin to publicize Tunisia as an attractive area for investment. The lack of any immediate and ongoing coordination to follow-up on this mission was indicated in the difficulty in sustaining contacts between small and medium-sized American firms and Tunisian officials. Any future investment missions should have follow-up coordination both in Tunis and the United States as an integral component of the basic project; contacts should be nurtured, information developed and passed along and new possibilities explored among both Tunisian and American businessmen. Coordination should be assisted between professional and peak associations, Chambers of Commerce and other concerned groups in both nations.

Second, while this mission was successful in presenting the Tunisian "message" to a broad audience, it could not make the most effective use of the talents of the Tunisian participants and the American audience because of its general nature. An optimal trade and investment mission should be done at one round-table where all participants can discuss and explore views because of their common industrial concerns. In order to accomplish this, future missions should be circumscribed in size and goals. The size of commercial missions should be limited and the invited participants should be screened to insure meaningful discussions. Presentations should be limited and informal. Mission location should be determined by the locale of interested companies rather than by other, external factors.

Third, while the Tunisian government has undertaken effective reform of its foreign investment code, informal obstacles continue to obstruct initiative. The political will to attract investment has been announced, but the individual desire among various public and private sector officials clearly has not followed. Investment does not automatically flow to a country after policy reform, it must be aggressively promoted and attracted in the global competitive environment. This is all the more so with the opening of eastern Europe to some of the same financial and investment markets that Tunisia seeks. In order to achieve the professed goals of the Tunisian government, more activity and energetic entrepreneurship must be promoted at the managerial level of government, in the private sector and in professional associations. At the same time, goals must reflect the realities of the international order.

Investment will come to Tunisia when the ease of operations and the return on capital is better than elsewhere (e.g. southern or eastern Europe). It is recommended that additional focus be given on how to accomplish this goal.

B. Specific

Some strong interest was expressed by American businessmen in doing business with Tunisia. In the best cases, discussions continue between Tunisians and Americans. Where direct contact between Tunisian and Americans now exists, there should be no follow-up. Interference could obstruct or destroy initiatives. Rather, effort should be devoted to those areas where American interest has been stymied. In general terms, American corporations have faced difficulty in maintaining contacts or developing commercial leads in agribusiness, aquaculture, steel, the import of olive oil, dates and similar products.

Strong follow-up and coordination is suggested for those companies listed on the next page who require assistance to promote ongoing projects.

III. OVERVIEW: INTEREST IN TUNISIA

Commercial and investment interest in Tunisia, revealed in this investigation, extends from companies that continue to be curious about potential business relationships to those engaged in concrete negotiations with Tunisian public and private sector authorities. In between are companies that continue to seek opportunities but have not developed any serious contacts or agreements.

Note: Companies with the greatest developing interest in Tunisia are those who do not need to be contacted and who are not willing to discuss their enterprises openly.) (see next page: *Companies with Interest in Tunisia that do not require assistance.* and *Other Companies With Ongoing Interest in Tunisia*

A. Firms and Individuals To Be Contacted

The following individuals should be contacted by the appropriate Tunisian authorities to assist in what could be profitable dealings for the Tunisian people:

Agribusiness and Aquaculture

Terry Newendorp, 202-667-9519 is concerned with a number of deals that seek to invest in Tunisia in the areas of advanced agriculture and aquaculture. Mr. Newendorp represents a number of serious investors some of whom would prefer not be identified at this juncture because of the delicacy of the negotiations. Also see *Call Report: Houston Aquaculture*

Kent Litchfield General Foods/Kraft Business Manager Mediterranean 1-914-335-1465 and **Guy Pichon; General Foods/France** 33-1-47-52-23-23 General Foods continue to explore possibilities in North Africa; they are currently talking seriously with Morocco.

Philip Greenburg Orient Atlantic Elmsford NY 914-347-2440 sent a couple of follow-up messages to Tunisians but did not get prompt enough answers and "gave up." He continues to be interested in the purchase of large quantities of semi-processed dates as well as in canned tomatoes. Curiously, Greenburg says that he made inquiries into the purchase of Tunisian olive oil, but the olive oil representatives in Tunisia felt that they were "covered" already, since their principal market is France.

Mr. John Devettan, International Food Marketing Services 1-404-843-9661 expressed strong interest in Tunisian Olive Oil and has a customer who now seeks to develop a source for his private label brand. He did make inquiries concerning Tunisia after the first meeting but did not gain response.

In addition: Albert Abecassis Everett Trading 966-3550 is interested in importing capers. **Mr. Amir Biberger, Barclay Seafood Corporation** 226-2265 Tunisians spoke to him about importing shrimp. At the time the market was very bad. Today the market is improving and there may be possibilities later this year.

Textiles

Both **Max Furetta** at **Eurotrading Corp.** 201-944-6804 and **Chet Holly Sanroy Corporation** 736-0929 should be contacted to explore possibilities concerned blue jean manufacturing

IV. OVERVIEW: INTEREST IN TUNISIA (Continued)

B. Companies with Interest in Tunisia that do not require assistance.

Edward Durante, Durante International, is in the process of installing a fertilizer plant in Tunisia.

James Brown Sinclair Manufacturing/Solar Cells Inc. 419-5371211. Mr. Brown says that he is involved in an ongoing investment project with Tunisia that involves manufacturing with a potential export component.

Lawrence Bustle, Cincinnati Milacron 1-703-486-5661 and **M. M Fene of Cincinnati Milacron France Lyon** 78694115 are exploring investment potentials in Tunisia, without any immediate success.

Peter Nebb, of M International 3504 Redwood Ct Fairfax, Va 22030, acting as a representative of **Stratoflex, a subsidiary of Parker-Hannefin**, is directing a joint-venture project that, he said, is developing out of last year's meeting to manufacture hoses, fuel-lines and tubing, chiefly for export to Europe and oil-producing states. This will be an industrial complex; raw materials will be imported and the finished product exported. He has a representative in Tunisia already.

Gary Salmo, Townsley Ltd 947-4044 established contacts with a Tunisian textile firm as a result of this meeting. While Mr. Salmo did not wish to reveal the nature of the dealing, he says negotiations are currently progressing.

Haddad & Son of Bugle Boy Active, 629-3434, is a textile concern that already has facilities in Tunisia

Al Blair, Blair Steel Co. 713-789-9295. See *Call Report: Blair Steel*

M. Evans, Maurice Pincoffs Co. 713-681-5461 was in negotiations with Tunisian groups over the purchase of pipe but the talks broke off, from the Tunis end, apparently without explanation.

C. Other Companies With Ongoing Interest in Tunisia

Companies that continue to maintain a strong interest in Tunisia and sent representatives to the JCTI meetings are: General Motors, Coca-Cola, Dole Dried Fruit and, from oil companies, Conoco, Marathon, Phillips, Springfield Overseas, Mobil and Tenneco.

III. OVERVIEW: INTEREST IN TUNISIA (Continued)

D. Companies Seeking To Develop Projects or Seek to Sell to Tunisia

A number of companies are newly interested in Tunisia as a market. Among those that attended the meeting who continue to pursue commercial deals are:

Vernon Pike, Schwaben Enterprises 703-522-4550. Water-based absorbents.

William E Buckman M & W Pump Company. Hydraulically driven pumps. 1-305-426-1500

Societe du Commerce Afrique and William S. Stevens Attorney. Duty-free store in Tunisia

Mr. John Devettan, International Food Marketing Services 1-404-843-9661. Development of sources for food imports to the US.

James B. Ghanem, Hub Inc. 713-952-6100 . Steel.

Richard and Jean Park; Tectrade. Export Trade. 1-713-690-8600

IV. CALL REPORT: HOUSTON AQUACULTURE

Note: Since discussions concerning this venture continue, the participants do not wish to have outside interference.

Chief contact: John Combs
Houston Aquaculture System
5858 Westheimer
Suite 703
Houston, TX 77057
713-780-3899

Other contacts: Randy Henry and Dennis Murphree, Houston
Aquaculture

Consultant: Terry A. Newendorp
Suite 2
2219 California St, NW
Washington, DC 20008
202-667-9519

Two years ago, Houston Aquaculture began to develop an aquacultural investment project in Tunisia to produce shrimp. Production would be in estuary waters on the northern Mediterranean coast of the nation. The Houston Aquaculture group attended the Houston JCTI and Mr. Newendorp, both the Washington and Houston JCTIs.

As currently formulated, the shrimp enterprise involves the transfer of technology to the Tunisian enterprise with local financing and a local joint-venture partner. The local banking partners is BEST bank. OPIC may be involved in covering some hard-currency needs.

Mr. Combs says that the effort is floundering on "the difficulty in securing hard currency financing and government approval of the hard currency," although negotiations are still proceeding. He and his associates have visited Tunisia four times in the last two years and is expecting to travel there in the next month.

Mr. Newendorp informs that there have been a number of ongoing attempts to develop agribusiness and aquaculture involving Houston Aquaculture, Houston Contecs and the University of Arizona (Terry Newendorp). A hydroponics deal involving Houston Contecs did not work because, the Americans "did not go about it properly" according to my conversations. For information on that enterprise contact: Dr. Harold E. Hoelscher and Hussein Y Hoelscher Houston Contecs, Inc., a consulting engineering firm.

Mr. Newendorp also reports that the University of Arizona has worked with M. Rached Ben-Yetta to develop cultivation of halophytes, growing cattle grain under saline conditions in the desert. It is locust resistant. It has successfully implemented these projects at the U of Arizona, Saudi Arabia, Mexico, Egypt and Arizona. The deal fell apart because M. Ben-Yetta was unable to get the government approval required for a desertification project. Without the approval, he would not finance the needed studies

The University of Arizona would still be interested in doing the deal and establishing a test plot but requires about \$100,000 for a tractor, labor, some irrigation equipment and the use of 10-20 hectares for about a year, plus transportation costs of technicians.

Comments

The shrimp aquaculture project appears to be failing due to a combination of three separate factors, discerned from other conversations:

1. The decline of the global shrimp market;
2. The high transfer of technology fee of \$800,000 to be paid up-front; and
3. The issue of hard currency.

CALL REPORT: BLAIR STEEL CO.

Chief contact: Al Blair, 713-789-9295.

Mr. Blair attended the Houston JCTI. The Blair Steel Co. is a trading house that arranges deals for a variety of global markets. He is currently attempted to negotiate an arrangement to export steel coil from Italy into Tunisia. The coil would be converted there into tubular form and then reexported to the US. Mr. Blair represents a UK company, Michael Kidd Prime International in this enterprise.

The success of this enterprise hinges both on the demand in global markets for tube steel, the availability and willingness of the Tunisian steel mill to perform the operation and the price at which the operation can be accomplished.

Both Mr. Blair and Michael Kidd Prime International have been in direct contact with Tunisia over the past fourteen months but have met resistance at that end. The UK partners are planning a trip to Tunisia shortly.

Comments:

Clearly, from Mr. Blair's comments, the market for tubular steel is still strong but with an upsurge in the Tunisian economy, domestic demand may be taking capacity or other competitors may be paying more than these traders. A number of other steel companies were represented at the Washington and Houston meetings. Mr. Alex de Bagno of Siderius Inc, Steel Trading 713-667-2222 did not wish to talk. But Mr. James B. Ghanem, Hub Inc. 713-952-6100 said that he attempted to do business with the Tunisian steel operators but could not gain "any response." Mr. Evans of Maurice Pincoffs Co. 713-681-5461 "were talking with the steel operator but all of a sudden quit hearing from them."

V. JCTI PARTICIPANTS

A. WASHINGTON

Note: This information derives from two groups of data: first, from data sheets completed at the Washington meeting and, second, that from the US Dept. of State list of JCTI acceptances. Some of those who accepted did not attend. Those names that come from the Dept of State list are marked with an asterisk (*).

Aerospace

Patrick Briggs Bell Helicopter Textron 202-289-5850* and Willard Gallagher Textron*. Briggs says they attended to find sales representatives in Tunisia and to "sort through options." But, to date, they have yet to make any decisions about Tunisia.

Jane Chicala, Boeing 703-558-9600 Called and left message 3X, without response.

Peter Jacobi Gulfstream Aerospace 1-703-2769500* did not attend
Peter Edward Gulfstream 912-964-3000 is trying to sell airplanes to Tunisia but not setting up any office or investment there.

Willard Mitchell, Teledyne 703-522-2550 Called and left message 3X, without response.

Agriculture and Agribusiness

Robert Ladd, Haverhill International 1-301-921-0862 sells integrated broiler and egg operations/technology. He did not attend and no longer has interest

Terry Newendorp *See Houston*, Agribusiness, 202-667-9519

Gregory Muench, Archer Daniels Midland (ADM), 1-217-424-5200 supplier of soybean meal. No investment planned.

Vernon Pike, Schwaben Enterprises 703-522-4550. The company is seeking to establish a facility in Tunisia for the manufacture of starch-based water absorbents. They have a contact with a Tunisian partner but the partner wishes to gain USAID funding through the Ministry of Agriculture for a feasibility study to see if the technology can work. The project would lead to exports of the product throughout the Maghreb.

Agricultural Implements

Tim Young and Jerry C Schmeil 1-202-879-3054 Caterpillar International Marketing Manager Schmeil says: Caterpillar attended the meeting on an exploratory visit and to meet with its Tunisian dealer. He did talk with some Tunisians and made suggestions as to where within Caterpillar contacts could be made for their batteries. Generally, Caterpillar is not looking for places to build new products. It has too much capacity now. However, if any more information is needed on component part manufacturing. The product source planning group in Peoria Jim Martin 309-675-5642.

William E Buckman M & W Pump Company. Hydraulically driven pumps. 1-305-426-1500 Buckman is interested in the country initially to promote sales with an ultimate investment if sales take off. The company sells to government entities for agriculture and specialized pumps for aquaculture. It has a big presence in Nigeria. He is very interested in Agribusiness meeting.

Chemical

Robert M. Smith Monsanto 1-314-275-5750 **Called and left message 3X, without response.**

Construction, Architect, etc.

Helen O. Lovejoy Bechtel 703-761-7249. No longer with Bechtel. Spoke with David Stearns x 7257 and there was no interest in Tunisia. Oscar Padilla 202-393-4747(Bechtel) They keep following Tunisia; they are in Morocco. They have nothing in the way of prospects. They would like to be kept informed

George Thomas, Sverdrup Corporation 1-703-525-1604 or Robert G. Ford same **Called and left message 3X, without response.**

Electronics

James Skidmore, NCR. 202-872-0717 has no memory of attending a meeting on Tunisia.

Food Processing

Kent Litchfield General Foods/Kraft Business Manager Mediterranean 1-914-335-1465 North Africa still of interest; they are examining possibilities in all countries. They are currently in negotiations with a Moroccan firm in a joint-venture licensing. They had two discussions with Tunisians that did not produce any result. The people to contact are in France. Guy Pichon; General Foods/France Box 309 92506 Reuil Malmaison, Paris, 33-1-47-52-23-23 On 6 Rue Lionel Terrey.

Robert Mohel, Grand Union Co. 201-890-6000 Did not attend. Sets up marketing projects in Grand Union.

Manufacturing

James Brown Sinclair Manufacturing/Solar Cells Inc. 419-5371211
He is working on a current project with Tunisia and has visited there two times. It is an investment. The project had begun before the Washington meeting. It is involved in manufacturing with a potential export component. Contacts in Tunisia.

Lawrence Bustle, Cincinnati Milacron 1-703--486-5661 accompanied Eur. rep: M. M Fene Cincinnati Milacron France Lyon 78694115

Art Callaghan, Westinghouse Electric Corp 1-202-835-2371* Called and left message 3X, without response.

D. King Cunningham, Ingersoll Rand 1-201-573-0123.* They have a representative in Tunisia. Tunisia is mostly handled through European office. Direct investment unlikely because of heavy capital and infrastructure requirements.

Peter Nebb, of M International 3504 Redwood Ct Fairfax, Va 22030, 703-385-8936 representative of Stratoflex, a subsidiary of Parker-Hannefin, is directing a joint-venture project that is developing out of last year's meeting to manufacture hoses, fuel-lines and tubing, chiefly for export to Europe and oil-producing states. This will be an industrial complex; raw materials will be imported and the finished product exported. He has a representative in Tunisia already.

A.I. Qayoom, General Motors 313-556-5000* Qayoom says that GM was in process of establishing its Tunisian j-v which will be fully operational and producing in about six months.

Harold Russell FMC Corp* 202-956-5200 Maintains relations. No investment envisaged.

Metallurgical

Alex Di Bagno, Siderius Inc, Steel Trading 713-667-2222 Called and left message 3X, without response. Houston

Petroleum

Alfred J. Boulos, Conoco attended in Houston. See Houston 1-713-293-3406*

R.T. Chamblin and James H. Brannigan and CP Giardini* Marathon Oil Co. 713-629-6600 They met with contractors at the Washington meeting. Marathon has been in Tunisia many years. They have an oil field in development which they believe will begin producing oil this summer.

James Hubbard, Phillips Petroleum 800-231-1212 Plastic Resins Manufacture and Sales.

Petroleum (continued)

Mary Lewin Springfield Overseas, Inc. Oil and Gas now has 3 permits for exploration. Investment there depends upon discovery.

Other oil companies that attended and which are in Tunisia are

Clifton Hinderly Ashland Oil*
John Parker*, Mobil Oil*
Jack Gregory* and Michael Antar* Tenneco

Oil service companies and consultants that attended are:

Darrell Black, Maxus Energy*
Roy Brown, Halliburton*
John Gustavson, Intl Petroleum Consultant
Samuel Hale, International Resources Group* 202-289-0100 Consulting in industrial energy. Did not attend but was listed.

Telecommunications

Mr. Hassine Saidane AT&T. 201-771-7069 The function of the international department, of which he is a part, has been shifted to planning for the business units. We must contact the business units in Europe. He will provide names and telephone number. He believes a two-layer strategy is possible. The first, by contacting AT&T in France and Belgium. Secondly, suggests when M. Ben Ali comes to the US, the embassy arrange a meeting with the Chairman of the Board of AT&T. M. Saidane, a Tunisian, is eager to help within AT&T.

From New York meeting: Edward Jesteadt Market Development Manager AT&T 201-953-7570 and Adel Labib, Market Development, Middle East

Jesteadt says that AT&T is not yet ready to expand to such areas as Tunisia given AT&T's limited resources. "We will be there in time," but cannot envision considering it now. They have turned down assembly operations in much larger markets: India, Turkey, Soviet Union, he says

Miscellaneous

Betsy Cotton, Phillipp Brothers 575-5900* Did not attend.

George I. Del Canto Central Bank for Cooperatives 303-740-4162
Banker Financing US Agricultural Exports. US Bank will provide finance under CCC

Talis Dzenitis, Sears Govt Affairs 1-202-737-4900*
633 Penn Ave NW DC 20004. He has no memory of meeting but if we have something going on, he would be happy to forward it on.

Miscellaneous (contd)

Carlo Kunz and Ernest Kohler, NewcoAG; Zug, Switzerland Not Contacted

J. C. Lilsequist Director, North Africa, Eastman Kodak 716-724-1743
Called and left message 3X, without response.

Charles Magness; Trade Audit Inc. Did not attend. The firm does consulting to central banks, etc.

Rick Mattei GE Mobile Communications 1-301-459-1617 Mattei was sent by Robert Wallis who is in charge of international. 804-528-7831 looking for opportunities for sales and distribution. Nothing happened. No interest in assembly.

Andrew Ng, Continental Grain 207-5100* did not attend.

Russel Pearson JC Penney; Govt Affairs Office.* No listing.

Fred Poteet Satellite Systems Corp. 1-804-497-3553 Sales not investment

William S. Stevens Attorney, Societe du Commerce Afrique. Looking to establish a duty-free store in Tunisia in j-v with Florida people

William Wubbena, Sherwood Intl Export* No phone listing.

Banking and Finance

Peter Beneville, Central Bank for Cooperatives

Javed Hkan, First American Bank

Roy Salameh, Citibank*

Jean-Pierre Schwartz, GIC Investment*

Miner Warner, Merrill Lynch Capital Markets*

Lewis Weston Investment Banking Consultant, Goldman Sachs

Non-Business, Consultants, Trade or Commercial Associations

Anita Blackman US Dept of Transportation; St Lawrence Seaway
Orin I. Durey, Dept of Fiscal Services, Maryland General Assembly
Harry Drier Center for Research and Vocation Education Ohio State
University.

James Dry USG/AID

H. E. Hoelscher, Consultant*

J.E. Justice Commonwealth of Virginia

Emil Herkert, Killan Assoc. 201-379-3400* Consulting engineers,
environment, waste water; looking

for clients in Tunisia

but no bites at the meeting.

Peter Koffssky US Dept of Agriculture.

Non-Business, Consultants, Trade or Commercial Associations (contd)

John Gustavson, Consultant*

Sheila Ellis Hixson, State of Maryland

**WT Irelan, Georgetown Venture Trading, Trading Investment
202-462-8469 Export-Import Recall. No Contact.
Consultant. ExAID/Tunisia.**

Ronald J. Lynott, Federal government liaison, Arthur Anderson

**Joseph McGavick Deloitte Haskins and Sells, Management Consulting,
Accounting 202-879-5630**

Van Muran, Consultant*

Mark Percy; Consultant

Bob Sargent, Consultant

June Schoenfeld Sole Propeiter

Ed Wise, USAID PRE/UI

A. JCTI: NEW YORK PARTICIPANTS.

Agriculture/Aquaculture

Nathaniel F. Queen. and Melissa Pearlman Aquaculture Technologies
838-2188 No longer with the company.

However the contact in that company is Dr. Gregory Lutz who is usually stationed in the Lafayette, La. facility. 1-318-237-5175

Sales

Werner Forster, Carrier International 930-1472. He went to meeting to support his distributor in Tunis; most of the Tunisians attending ought to become either a distributor or a manufacturer/licensee; Forster contacted his company that said that they were not ready to expand in that mode. Nor did he think that the Tunisians understood the depth of capital required to establish such operations.

Textiles

Mr. Max Furetta
Eurotrading Corp. 201-944-6804

They attended the NY conference and did not feel Tunisia meets their needs. They are in consumer products. However, they would like to be kept informed and would attend another meeting if it is held. They are not looking for investment. Their chief focus is exports to Europe of high quality goods. They did not like the quality of the Tunisian products, especially the Blue Jeans. I pointed out to him the sophistication of the Blue Jean operations in Tunisia and some names of manufacturers. I also suggested a possible triangulation with semi-manuf. US and Asian products sent to Tunisia for finishing and value-added.

Charles Haddad Haddad & Son and Jack Haddad Bugle Boy Active 629-3434 Jack says: Operations already in Tunisia. If we can find other people to do business there as well we would be interested in enhancing our operations there.

Mr. Chet Holly Sanroy Corporation 1350 Broadway, Room 705 New York, NY 10018. 736-0929

Sanroy is an importer of textiles for US chains (K-Mart, Caldor etc) He went to meeting to ascertain if Tunisian textiles could service US chains rather than higher-priced small order shops. He found that it could not. I asked if he looked into jeans. He said that at the time he did not but would be interested to be contacted today since they are considering jeans imports. They "getting close" to a deal with Morocco.

Textiles (contd)

Kathleen Kelly, Derby Classics. Derby Classics is not listed in the phone directory.

James Koynak, Christian Dior 661-1300 recall

Barron Orr Maidenform (Whitney Eckler returned call, leaving message)
953-1400 Called and left message 3X, without response.

Mr. Chandry Paspuletti, Leslie Fay Company 221-4000 Called and left message 3X, without response.

Gary Salmo, Townsley Ltd 947-4044 established contact with a Tunisian textile firm as a result of this meeting. They are currently in negotiations and will let me know if he requires any assistance.

Irene Wallender 302-0660. There has been a downturn in the garment business. There is no thought to expansion at this time.

Trading

Albert Abecassis

Everett Trading Co. 966-3550

Interested in importing capers, and packing drums. They are also interested in the quality of olives from Tunisia since they do a large business with Morocco. They are not interested in olive oil (they say the Spanish are holding the market in olive oil).

Mr. Amir Bibergal

Barclay Seafood Corporation 226-2265

Importers of Seafood, Shrimp.

Tunisians spoke to him about importing shrimp. At the time the market was very bad. Today the market is improving and there may be possibilities later this year.

Joseph Bijay

Morsley Inc. Production Engineer. 819-0900

No longer employed at company which has no interest in Tunisia.

Noel Blackman The Shore Group

201-826-9100

Seafood but Blackman is no longer with the Shore group.
Contact Shore group for Aquaculture.

Trading (contd)

Mr. Noel Blackman Global Seafares
Two Executive Blvd, Suffern NY 10901-4114
914-357-5600 Fax 914-357-7043

Blackman now has his own company, Global Seafares which is the representative for the University of Hawaii oceanic program. They have experience in milkfish and mullet. They have an ongoing project in Egypt with a combination of AID, government of Egypt and private funds. Blackman had negotiations with Roger Bismuth on the possibility of doing aquaculture work in Tunisia but these talks faded, from the Tunisian side.

Jeffrey Burnstein Laura Apparel 827-0900 **Called and left message 3X, without response.**

Timothy Davies
Comptroller, Atalanta Corporation
Atalanta Plaza, Elizabeth, NJ 07206 1-201-351-8000
also at meeting: Edward Adler Vice President, Grocery Atalanta Corp

They are interested in food imports, in particular, canned groceries, tomatoes, canned fish. Cheese. They are not interest in olive oil although the food-processing industry would be.

Philip Greenburg
Orient Atlantic Elmsford NY 914-347-2440
They sent a couple of follow-up messages to some Tunisians but did not get prompt enough answers and "gave up." They were interested, and are interested in semi-processed dates. They import large quantities. They are interested in canned tomatoes. They once made inquiries as to Tunisian olive oil, but the olive oil representatives in Tunisia felt that they were "covered" already, since their principal market is France.

Gary Marcus, United Merchants and Manufacturers 930-3900 is no longer employed with the company. Nobody at the company is aware of the Tunisian meeting

Mitchell Manson American Roland Food Corp 741-8799 due back 1/22
Called and left message 3X, without response.

Gary Marcus United Merchants and Manufacturers, 930-3900 **Called and left message 3X, without response.**

Ed O'Flaherty Sloan's Supermarkets 795-5600 Nothing developed from it; an indirect buyer. 36 stores. They do not do direct buying. They have, from time to time, done promotional distribution with governments (UK, Germany), and that is why they attended, but not relevant.

Mimi Platcow Associated Merchandising 536-4000 **Called and left message 3X, without response.**

Trading (contd)

Keith Rabin, Arriba Imports 563-0029.
Manuf. giftware, hand-crafted goods. He was looking for contacts to buy artisanal goods. Especially interested in bird cages. He got the names of Tunisian suppliers from M. Kasri. He wrote the suppliers but they never responded. He is still interested.

Janet Sieler, Finora 309-1500 At the time, the division she was in was handling commodities; that division has been closed out; she is now working in wastepaper products and doesn't think Tunisia is a good market.

Maktouf Tauofek, Allied Transtech Corp. No telephone listed

Jacques Weizmann, Passport Wine No telephone in NYC. No telephone listed

Miscellaneous

Fred Dankert, Imcon Printing 1-201-728-2909 Interested in selling ink and printing technologies; nothing came out of meeting but still interested.

Delbert Gregory CPC International 201-894-4000 **Called and left message 3X, without response.**

Edward Jesteadt and Adel Labib, Market Development, Middle East Market Development Manager AT&T 201-953-7570. See Washington, "Telecommunications."

John Stern, Dicker International; 962-3232 Toy Factories. They are negotiating with some Tunisians but the negotiations are at an impasse since the Tunisians want to have the names of customers before the factories are built or agreements are signed.

Non-Business, Banks, Consultants, Trade or Commercial Associations

George Abruzzi, Computer and Software News
Jamid Akhrass, Bankers Trust
David Andelman Public Relations 614-4000
Andre Backar, Bears Stearns - Called but he has no knowledge of new investments.

Carles Bell, Consultant
Howard Boreett, US Dept of Commerce
Lewis Cohen US Dept of State
George Clark, Citibank
Janet Cox Port Authority Trading Compnay

**Non-Business, Banks, Consultants, Trade or Commercial Associations
(contd)**

John Ernst, Consultant
Frank Ferrari, African-American Institute
Thomas P. Grose, Bankers Trust
Susan Hagerty, Shearson Lehman
John and Mary MacArthur, Consultant
Charles Murray, Consultant
Robert Neff Business Week
Alain Ober Manufacturers Hanover
Harry Ryan, NY Daily News
Robert Stebbings Attorney
Adrian Tew, Consultant
Marion Thomson, USAID Sub-contractor
Roger Tuteur, Tuteur Associates
G.K. Van Dermandele, International Finance Corp
David Wachtel, Institutional Investor
Oren Whyche, Citibank
Miles Wortman USAID Sub-contractor

C. JCTI: ATLANTA PARTICIPANTS.

William Carlin, Program Control administrator and Lisa Ramsey, Scientific Atlanta 404-925-5000. Attended meeting but with little impact.

Harold Chitwood, Golden Poultry Co. Import/Export of Poultry with considerable sales to the Maghreb. But no business resulted with Tunisia.

Mr. John Devettan, International Food Marketing Services 1-404-843-9661. Mr. Devettan is interested in importation of quality food products. He expressed interest in Tunisian Olive Oil. He has a customer currently who seeks to develop a source for his private label brand. He did make inquiries concerning Tunisia after the first meeting but did not gain response.

Charles and Mark Hendricks, Hendricks Technology. (Did Not Return Calls)

H. Russell Lester, West Point Pepperell, 404-645-4657. West Point Pepperell was taken over by Farley Industries last year that disbanded all international operations.

Stan Odronic, Manager International Market Development International Paper 901-763-6860 (Did Not Return Calls)

Bob Peterson, ITT Business Services 1-404-956-1156. Telephone system and microwave sales; nothing resulted from meeting.

Mr. Legrand C. Whitney, National Data Corporation did not attend.

Non-Business, Banks, Consultants, Journalists, Trade or Commercial Associations

Gloria Aichel, International Business Council

Mr. Roy Bowen, Textile Industry Association

Ms. Cindy Chapiro, C & S National Bank

Mr. McKinley Conway, Conway Data 1-404-446-6996 is a consultant

Mr. Nimer Abu Dabbeh, First Alliance Capital

Mr. Dale Lakin, Atlanta Chamber of Commerce

Mr. Carlos Martel, Multisource Group. Consulting International Trade and Foreign Investment.

Mr. Elias Marto, First Alliance

Dillard Munford, Munford, Inc. 1-404-352-6641

Mr. Redfarm, Monarch Capital Group

Kathe Roger, Georgia Dept of Industry and Trade

Mr. Mahendra Srivastava, Intl Trade Bank

Mr. Cedric Sussman, Southern Center

Ms. Louise Suggs, Mayor's Office

Non-Business, Banks, Consultants, Journalists, Trade or Commercial Associations (contd)

Mr. Umit Taftali, Ballantine Group
Mr. Patick Tracy, NMB Bank
Mr. Lanny Williams, Dept. of Agriculture
Mr. Rida Mansur Zletan, First Alliance Capital
Ms. Mary Zumet, US Arab Chamber

Eric Johnson, Journalist
Ms. Maria Sapparto, Journalist
Ms. Michele Russo, Telejournalist
Ms. Maria Hylbak, Telejournalist
Mr. Jim Heath, Telejournalist,
Ms. Anita Sharp, Journalist
Ms. Courtayne Chandler, Turner Broadcasting
Ms. Zolo Murdock, CNN

No Listing

Charles Carter, Universal Leaf Tobacco
Georgia Falwatt, Savannah Foods
George Langston, Forstmann & Co. Textiles
Mr. Nabil Loukil

D. JCTI: HOUSTON PARTICIPANTS.

Agribusiness Workshop

Timothy R. Barron, President Dole Dried Fruit 209-449-6500
*Currently participating in a Joint Venture with STUSID and GID

Jim Berstein. see Jim Newtown, Import/Export

Edward Durante, Evelyn McAllister and Jamal Marzouki, Durante International 1-713-961-0566. The firm is in the process of installing a fertilizer plant in Tunisia.

George Grimm, Pennzoil Sulfur 713-546-8565, Pennzoil had some oil and gas interest in Tunisia but his section of the company is involved in selling sulfur for fertilizer; he has contacts and makes sales to Tunisia.

Agribusiness Workshop: Aquaculture and New Agricultural Products

See Call-Report

Import/Export

Steel

Al Blair, Jim Holloway Blair Steel Co. 713-789-9295 sell Reinforced Steel/Pipe. Export coil into Tunisia to convert into tubular form and then reexport to the US. Blair represents a UK company.
micheal kidd Prime International

M. Evans, Maurice Pincoffs Co. 713-681-5461 Steel. They were talking w M. Baribbi but all of a sudden they quit hearing from them. Price is now down and that may be a reason. But even now they would be interested in buying pipe. Up to them.

James B. Ghanem, Hub Inc. Intl 713-952-6100 . Steel. They attempted to do business; sent out many of letters and catalogs but were unable to gain any response.

Import/Export (Non Steel)

Patrick Bland. No affiliation.

Michael Boyd. Galactic Ventures. Import/Export 713-446-2656 No longer with the company

Robert Daigle, Camion Group 1-713-444-8132 did not attend

Evveleena Lee, Dresser Industries 313-750-2000 Trading Company. Ms. Lee is no longer with the company

Import/Export (Non Steel) continued

Jim Newtown (listed as) Jim Berstein, International Alliance 713-974-4366 is engaged in commodity trading (dry goods, chemicals) as well as being project managers. building materials pumps Genl Trading Trade in rice, flower; fertilizer.

Edward Fay, Kwik Copy, Cypresses 409-836-6146. **Called 3x without response**

Richard and Jean Park; Tectrade. Export Trade. Tried to make contacts in Tunis but never received responses to letters. They have something developing in Tunis but is not sure. 1-713-690-8600

Victor Koosh and Hall McWhorter, Cobro International Export Trading Company. Nothing came out of meeting.

Fawaz Malki, Metito International 1-713-931-6115 Export Trading Co. Water Treatment, Desalinization. Many customers in mid-east. They sent many letters to Tunisia after meeting without any response.

Ben Mathis USA Industries. 713-941-3797 **(Did Not Return Calls)**

Robert Padfield Intl Building Systems. Manufactures portable, prefab. and preengineered buildings for sale overseas. Nothing came out of meeting. 1-713-941-3002

Wolfgang Schmidt, Hoesch Tubular **(Did Not Return Calls)**

Services

Richard A. Koehler, IKR Corporation, Intl Marketing. 713-4805088 Market development for smaller and mid-sized companies; represents foreign companies in US to do market analyses. Would be interested in looking at Olive Oil industry. Could do preliminary study.

Stanley Naples, Pegasus Resources. No listing

Bill Lynch Renshaw, 1-713-984-2791 This is a trading company with contacts with Saudi Arabia, Kuwait, Indonesia and Mexico. Would like to establish some contacts with Tunisia.

JE Speckels Sutercraft International No listing

Scott Shemwell, Sierra Geophysics 713-961-1077. Software company. Nothing came out of the meeting for him.

Barbara Powell, Girard Industries 713-466-3100. No longer with the company

Daniel R. Maldonado, BFS International 713-441-3360. Unknown

Petroleum

Tenneco: Art Beall, Dr. Ken Bray, Fox Benton, Gary Mabie, Allen McInnes, Mike Antar at Tenneco's office is in London Houston referral number is 713-757-3729

Marathon Oil: Brannigan, Richard Champlain, Moncef Ellafi, P.K. Lauren

Conoco: Alfred Boulos in Tunisia since 1985. 1-713-293-3406
Very fond of Tunisia; would be of help in a Houston meeting. They just drilled another hole that came up dry; looking at other acreage.

Petroleum Related

Ed Carney, Export Oil Field Supply Co. 713-9391200 Nothing has happened. Sales of oil field equipment.

Richard Elledge, Interloch, at suggestion of Jim Marzouki, trying to pursue sale of drilling rigs. Unsuccessful but would certainly like to pursue it. 713-963-0063

Saib Saour, Benchmark Engineering

Cordell St Cyr Texas Energy Engineers

Non-Business, Banks, Consultants, Trade or Commercial Associations

Tom Anderson, Greater Houston Convention Bureau

Roy Beery and Vicki Lovin and Elizabeth Montgomery, Houston World Trade

Nancy Burch and Mitchell Jeffrey and Ben Wheatley, Ogilvy & Mather
Lewis Cohen, US Dept of State

James Cook US Dept of Commerce

Wesley Dixon, Journalist, Today's Business Systems

Justina Falk Intl Bus, Mgt Service

George Farah, Texas Commerce Bank. No longer listed with bank

Collette Grinstead, Greater Houston Chamber of C

Robert Hinds, City of Houston

Mesa Hodson, Arthur Young

Manuel Leal, US Bankruptcy Court

Bruce M. Whiter, Ernst & Whinney

David McKowen, Citibank

Tom Miller

Posey Parker, State Representative

Grady Prestage, also attending Diane Campbell of Prestage Watkins
713-261-0558; public relations.

Jesse Riveron, Citicorp

David Ryan, MBank

Ashley Smitte, State Representative

CC Smitherman and Lee Vela Port Commissioner, Houston

Judy Tink, Greater Houston Convention and Visitors Burea

Kathryn J. Whitmire, Mayor of Houston

B. Kent Woodard, First City National Bank 713-658-6098

No Affiliation

Bill Clemons
Charles Foto
J. Govett
Jack Gregory
Jack Koon, Kukdong (no listing)
Geoff Reed
Al Turner
Jim Woodsen
Victoria Young
Charles Culp and Jerry Zodin, Delaware Steel (No listing)

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APPENDIX B
REPORT ON EUROPE-TUNISIA TRIP

I. Tunisian Activities

A. Summary of Activities

During the week of February 20-24, meetings were held with USAID and Tunisian business and government officials to discuss the progress of the ongoing project. Briefings were held that discussed overall conclusions of the JCTI follow-up (Part One of the project) and a draft report was presented with recommendations.

Secondly, some preliminary conclusions arising out of discussions with European subsidiaries of American corporations were discussed (see Part II: European activities). In particular, limits and potential of the Tunisian electronics industry were explored in view of a possible follow-up to the current effort for the electronics sector.

Third, meetings were held to further define the proposed investment mission to the United States. It was determined that the mission will be devoted to specific products in agribusiness and aquaculture and will likely be held the week of May 21 to 25. Tunisian participation in the mission will be limited to 10 businessmen and 1 government official in an attempt to focus conversation on concrete business issues. Similarly, American participation will be limited to those who are deemed able and have a serious interest in investment in the sector. The meetings will be informal, with little prepared presentation and devoted mostly to direct discussions of possibilities.

The consultant met with American and Tunisian officials and businessmen to develop the focus of the mission. It was ascertained that the most fruitful area for potential investment lies in the area of tomato and tomato processing. Potential investment is possible in dates, aquaculture of fish (but not shrimp), and spices.

As a result of these conversations, the consultant agreed to contact possible American investors including:

Large food processors (such as Heinz, Campbell Soups, etc.);

Dried fruit producers and marketers;

Spice manufacturers;

Dry cereal companies (for inputs such as dates and raisins); and

Aquaculture companies.

In addition, some discussions will be held with flower companies and general producers of artichokes, avocados and other products. Sources for these contacts will include aquaculture associations, the US Dept of Agriculture and Business International.

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In order to provide some input to other USAID Agribusiness studies, the project will continue to assess the concerns and perception of the market, through talks with producers to determine where agribusiness potential lies in Tunisia in the export market. It will not be concerned with either improved domestic production or import substitution programs, by the nature of the assignment.

It was agreed that these efforts will be sustained up until the level of effort contracted.

B. List and summary of Tunisian meetings

USAID Project Officer Monica McKnight and M. Rachid M. Nafti (Charge de la Gestion des Projects)

Briefing on the progress of the project to date, JCTI follow-up, European mission, and possible agribusiness mission.

USAID Officer Shirley Prior

Discussions on ongoing USAID efforts in the agribusiness area.

George Carner, Director, USAID Tunisia

Briefing on the progress of the project and preparation for meeting with Tunisian business and government officials.

Peter Delp, USAID Project Officer

Discussions on the status of Tunisian technology in the electronics sector.

Robert Pelletrieu, US Ambassador to Tunisia

General briefing on the outcome of the JCTI meetings in December 1988 and prospects for future efforts.

General Meeting USAID officials and

M. Salah Brik El Hannachi, Secrétaire Permanent, Charge du Développement

M. Hamam Abellatif, Charge de Mission auprès du Ministre de l'Economie Nationale

M. Moncef Barouni, Avocat and Director, Tunisian-American Chamber of Commerce.

M. Kais Aziguib, Assistant Director, Tunisian American Chamber of Commerce

Discussions on the outcome of the JCTI meeting, preliminary conclusions of the European mission and preparation for the proposed agribusiness mission to the United States.

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B. List and summary of Tunisian meetings (continued)

Mohsen Boujbel, Secretary of State, Ministere de l'Agriculture
Abdallah Mallek, Directeur General du Financement, Ministere de
l'Agriculture

Discussions on likely areas for American investment in agribusiness.

Samir Majoul, President, Conserves Majoul Delicieuse and Director, Tomato
Producer Organization

Discussions on types of potential investment in Tunisian tomato
production and likely private sector and government participation.

Abdullah A. Saleh, Agricultural Officer, US Embassy

Discussions on potential for US investment

Elizabeth L. Dibble, Commercial Attache, US Embassy

Prior and Ongoing Investments in Tunisia; limits to US investment.

II. European Activities

During the week of the mission, ten subsidiaries of US corporations were visited. In preparation to this trip, some 75 companies were contacted of which about half were deemed appropriate to send faxes and pursue (see appendix ??). Of these remaining companies, 11 were the most appropriate to visit on this first go-round. They represent a good cross-section of the American electronics industry, from the largest to smaller companies, all of whom requiring off-shore manufacturing. Of these 11, 8 were concrete and meaningful interviews, 2 were with officials who could not provide significant information but did refer the mission to other individuals for later visits and one scheduled appointment did not take place. In comparison with the norm in these type of "cold-call" marketing trips, the results are excellent.

The success of this mission confirms the strategy, that emerged from the 1988 JCTI mission effort, to attempt to attract European subsidiaries of US companies as a way to promote American investment in Tunisia as well as to stimulate Tunisian exports.

A. Overall Recommendations: Summary

The visits produced some concrete interest which requires immediate follow-up on the part of Tunisian business. They also yielded a good understanding of where the nation is in the global electronics industry with implications for government policy in the electronics sector.

- Two companies expressed interest in pursuing talks on sourcing: **Moore Industries** and **Houston Instrument**. Moore requires assembly work, machining, metal fabrication, and plastic injection molding. Houston Instrument requires some 3,500 UC-approved boards both manufactured and stuffed. It also seeks fine mechanical metal work for high tolerance manufacturing. Further information on these companies is provided below.
- Other companies may be interested in Tunisia as a production site in the future. **Sprague Electric Company** is not doing assembly work at this time but may be interested at some later date. Contact should be maintained here. **Caterpillar** may consider the use to Tunisia's sizable wire assembly operations. **Allied** is currently in a general reorganization with its European operations scheduled to open in Brussels in June. An effort should be made soon after that date, while reorganization is still fresh, to contact the new officials for assembly work, especially for the Bendix division.
- Conversations with larger companies reveal a troubling perspective for the nascent Tunisian electronics industry. IBM, NCR and Xerox are following similar manufacturing and sourcing strategy that will, overtime, exclude most Tunisian production unless a major change in domestic industry is made. This strategy, summarized briefly, stressed Just-In-Time work, a constant stream of production from nearby suppliers (within one day from plant, as is Tunisia) and a frequent change in manufacturing as new

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products are brought on line and technical adjustments are required faster than heretofore. While Tunisia's geographical and cost positions fit in with the developing strategy, the size and technical sophistication of its manufacturers will soon make local production non-competitive for larger companies. Tunisia does not likely possess surface mount technology and does not much work with multilayered boards, both state-of-the-art requirements for the larger companies. All the respondents in these companies agreed that in the future the number of vendors will be reduced to include only large suppliers who can work, as a partner with the purchasing company, to develop manufacturing and technology. Smallness will not fit in. The companies require dependability of sourcing, high sophistication and ability to alter production rapidly.

In order to adjust to these new requirements, the Tunisian manufacturing sector must adjust its structure radically. If it is to progress in this area, rather than remain stagnant or perish, it must begin to develop joint-ventures with foreign suppliers of the larger corporations, combining the marketing savvy technological know-how and size of the larger vendors with the Tunisian comparative advantages of location and cost. To accomplish this, the Tunisian electronics industry will have to give up its independence.

Furthermore, if Tunisia is to develop its electronics sector, as has Egypt and Morocco, it must develop a united professional association to maintain close communication with the outside market and to respond to the international technological and competitive environment.

Tunisia is not competitive in that it does not have a large market. Other countries can attract assembly and other operations because the local market is large and assembly is one answer to companies' balance of payments problems. Tunisia cannot offer this incentive and will not until an effective Maghrebian union.

B. Details: European Interviews

1. Moore Electronics

Present: David F. Collins (contact), Peter J. Abbott and Graham Turgoose

Moore Electronics is one of the global leaders in the manufacturer of pneumatic converters and temperature controls, converting pneumatic signals electronic and digital information. In essence, Moore products allow remote sensing devices to "talk" with computer-based control systems, converting signals and transmitting. The products are modular in form. Among the broad range of products manufactured are lines of thermocouple and RTD transmitters, sensors, thermowells, alarms, power transducers and two wire transmitters. Moore markets to the chemical and petrochemical industries, electric power, food and beverage processing, instrument manufacturing, mining petroleum refining, pharmaceutical, pulp and paper production and water and waste treatment industries. Manufacturing takes place in Australia, England and at the company headquarters in Sepulveda California; sub-assembly sites are in Taiwan and Mexico.

The company requires assembly of electronic circuit boards, injection molding and machine shops. It requires 25,000 boards a year; 10 to 15 per cent are surface mounted. There is no question that Moore is currently looking for new sites for contracting and assembly. Its European market is growing dramatically; the Taiwan and Mexican sites are too distant for the expanding local needs. "If Tunisia represents an advantageous place, we will be happy to consider the site," I was told.

In addition, Moore would like to establish a sales representation in Tunisia although this is not an essential part of the program. Production will be considered without sales.

2. Unisys Limited

Tony Wetton. Director, Corporate Affairs.

Unisys is a major European provider of mainframe and other computational devices. It maintains large manufacturing facilities in Scotland and France where CPRs and bank equipment are fabricated.

Wetton could not provide much assistance. Rather, he suggested I contact Mr. Richard Nuthall in charge of strategy for the European African Division (EAD) in Uxbridge at 0895-371-37. At the same telephone numbers are Mr. Mike Tate in charge of line manufacturing and distribution, Jim Carr, the Chief Financial Officer and Mr. Guillermo Monroy, Chief of Marketing for the Public Sector.

3. Xerox

Faruck R. Haidan

Much of the decisions made on the international level derive from the Stamford, Ct. home offices. Mr. Haidan knows Tunisia well. Xerox maintains excellent relations with M. Fraj. Ben Mansour, head of Xerox-General Electronic System in Tunis. They "work closely with him and they consider him to be a member of the family."

Mr. Haidan sees Tunisia future role in the Xerox world as serving as a logistical base for the Maghreb. If a Maghreb union takes hold, Tunisia is the "natural site" for maintenance, distribution, financial and other coordination in the region. Implicit in his conversation was the view that Tunisia has the expertise to maintain a service economy for the neighboring nations of Libya and Algeria which, while representing large markets cannot sustain logistical operations.

If Tunisia sends a mission to Europe, Xerox would be happy to help the mission as well as to introduce the mission to important officials in the organization.

Xerox has production facilities throughout the world. It is currently developing a large Egyptian facility for production in Europe. The facility serves the function of producing assembly and components while solving the company's large balance of payments problem.

4. Houston Instrument (Division Ametek)

M. Jacques Sanders and M. E. Massenhove (contact)

Houston Instruments is a major presence in the computer peripheral industry, manufacturing graphics products for the scientific, design and business markets. Its major market is in the computer-aided design (CAD) area producing articles for drafting and design including digital plotters, graphic digitizers and scanning tools.

A tour of the facility revealed that the company did all of its assembly for the European market in Belgium. The company "would entertain serious bids for assembly elsewhere." While the number of units assembled is not large, it is labor-intensive and requires considerable testing and adjustment. The company requires 3,500 multilayer boards stuffed annually, with the purchase of 500 boards typically every six to eight weeks.

Houston Instrument officials emphasized that flexibility is critical to production because of the rapid changes in design. They often change design every six weeks, to compete both with changing technological develops, market needs and new competition.

In addition to assembly and boards, the company badly requires fine mechanics work for high tolerance metal/pin fabrication.

5. Caterpillar Group Services

Roger L. Legroux

The organization of Caterpillar puts the chief offices for European operations in Geneva. The Belgium facility controls European traffic, including purchasing. They have sizable purchasing requirements including steel, batteries, fasteners wire, cable, harnesses

Caterpillar is the global leader in tractor manufacturing and maintains production facilities in the UK, France, Belgium, Germany, Holland and Italy. They are currently developing a large forge foundry in Spain. The company sources from most European countries. It recognizes that it must develop counter-trade with Eastern Europe; it has already developed small-scale sourcing with Hungary.

As a general rule, Caterpillar does not do joint-ventures (the only exception being undercarriage manufacturing in Italy). They are currently negotiating the development of a plant in Algeria, handled out of Caterpillar's Grenoble facility.

For the moment, Caterpillar's interest in Tunisia would be in wire cable and harnesses. M. Legroux would like to see the documentation on the product. Production of the harnesses must use "suage and braze" technology. It must also fit in within the general corporate strategy of Just-In-Time work, to maintain a constant stream of quality product to European plants.

The Caterpillar dealer in Tunis is Parenin.

6. Sprague Electric Company

M. Roland Rommens

Sprague is the global leader in capacitors, producing 40% of the world market. The capacitor business does not require the sophistication and complexity of manufacturing (sub-assembly and contracting) of other electronic manufacturing; marketing and production is done in Asia in joint-venture. "We find it is the only way to do business."

Sprague will be moving into an area about which M. Rommens could not talk; however it will require board stuffing and subcontracting. He should be kept informed of the type of work that Tunisia does in the sub-assembly area.

7. Allied Corporation

Hermann A. Pauk

Allied Signal International is currently in the process of being formed in Belgium with responsibility for all investments in Europe. It will likely begin operation in June. The division with which M. Pauk is concerned, deals with engineering materials and has no crosslink with either the (Garrett) aerospace or (Bendix) automotive divisions. This particular division requires no inputs from Tunisia, relying chiefly on petrochemicals. Its sales to the entire Maghreb is small: the polyethylene product provides 0.5% of business or \$45,000, used chiefly for coating oranges and other citrus goods.

All investment decisions come out of Morristown. He suggests that Mr. Allen Beltzer be contacted in Morristown, NJ but that, when the Brussels unit opens, Tunisian officials make an effort to inform Allied of its possibilities.

While reorganization is still fresh in July or August, an effort should be made to contact the new Belgium officials for assembly work, especially for the Bendix division.

8. NCR

Michel Koenig

NCR is a leading company in the area of business information processing systems. Its major market is multinational corporations. While its product line runs from mini-computers to mainframes, the thrust of its effort is in servicing banking and retail industries. NCR is the leading producer of Automatic Teller Machines (ATM) and a major player in point-of-sale retail (barcode scanning) computers. The company has operations in 120 nations. There is a subsidiary in Tunisia in charge of sales. NCR is in Morocco as well, selling and doing some assembly operations. NCR Tunisia reports to the company's Middle East/African region in Dayton Ohio under the control of Mr. Roy Hodkinson

Purchasing responsibility devolves to each factory that has the responsibility for all products from conception through development, production and marketing. The factory has control over development of contractors and supplies.

The key to being a supplier with NCR is size, dependability and flexibility. NCR is in a highly competitive environment; a major factor in its dominant position is the ability to respond rapidly to new technologies and competition through rapid research and product implementation. Product development time has been pared from three years to six month. The impact on suppliers and subcontractors is the requirement to adjust production rapidly. With Just-In-Time supply-lines, contractors must be able to shift their own inventories and production lines rapidly.

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Mr. Koenig suggests contacting the following individuals to ascertain NCR requirements and processes:

Mr. Roy Hodginson; General Manager Africa: US Tel 513-445-6511;
Fax 513-445-6521
Mr. James G. Adamson, General Manager, NCR Dundee Scotland;
Tel 44-382-611-511; Fax 44-382-622-243 or -722
Mr. Siegfried Grabowski, General Manager, NCR Augsburg
Tel 49-821-4051; Fax 49-821-405-8346

9. IBM

Jean-Pierre Thibaut
Purchasing Director, IBM France

and

Alain Mennessier
Director of Procurement, IBM Europe

M. Thibault is in charge of purchasing for France while M. Mennessier is in charge of purchasing for Europe although there is significant overlap and the two work closely together. The value of the two, separate interviews was seen in their different perspective. M. Flauto who was interviewed in 1988 in preparation for this mission has since been transferred to be Director of Purchasing at the IBM Montpellier plant. It is this plant that purchases current Tunisian IBM production.

M. Thibault said that at one time IBM purchased cables from both Tunisia and Morocco for the Montpellier facility. However the Tunisian production was phased out. He did not know the reason why all production was sent to Morocco but believed there was a question of quality.

M. Thibault also informed that one of the problems working in Tunisia's behalf is the country's inability to gain hard currency and the balance of payments difficulty within IBM. While the problem is partially alleviate in the production of ribbons, the lack of funds to finance purchases limits IBM sales in the nation. IBM would be attracted to a viable production unit, but will not make production compromises.

Some people within the corporation consider Tunisia a higher risk than other areas. Any serious proposal from that nation would likely lead to a reassessment of those risks.

M. Alain Mennessier provided a general overview of the IBM procurement method. First, the new supplier must fill out a "Request for Information (RFI) and, upon approval a Request for Costs (RFC). Once the site is approved, it is

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put on the IBM list. While its is headquarters role to coordinate all strategies and maintain business controls, responsibility for procurement is given to different European factories:

Some of IBM's key objectives are:

1. Better balance of payments with each nation.
2. Vendor quality of product and of delivery is becoming more and more important. Much of this policy is influenced by Just In Time operations. The company needs dependable, quality goods on a daily direct line feed (DLF) but it must also have flexibility in orders. Vendors also must have quality in administration.
3. IBM prefers to work within EC geographical as well as policy limits. If competitive sourcing is not available within EC, it looks elsewhere in Europe and then to the Middle East and Africa.
4. IBM is looking more and more for larger vendors top guarantee a dependable flow and quality of parts. Once confidence is gained in the vendor, IBM becomes linked to the supplier in a long-term "partnership" to develop the supplier's technology and quality.
5. IBM's goal is to reduce dramatically the vendor base to create a smaller universe with larger vendors. Some 2,600 companies now provide manufacturing capability. Nevertheless, it will continue to consider new vendors as long as they fit these new objectives.

While Tunisia offers IBM the advantage of being within one day of its French operations, new technology may be the biggest obstacle to Tunisian production. IBM requires surface mount rather than the older pin-hole technology used in Tunisia for most its production. It uses denser, multilayered and double-sided boards rather than the simple boards currently produced in Tunisia. There may be some possibility for Tunisia to assemble finished products without this new technology but the value added is limited.

IBM currently has large vendors operating in Portugal and in Morocco. There is no question that IBM is looking towards Eastern Europe which will be a prime competitor with Tunisia for production. The company is currently producing low-complexity goods in Poland, Hungary and Yugoslavia. Still, this situation will take some time to develop and is filled with imponderables.

Under the revised IBM organization, each manufacturing plant has a European responsibility for a commodity, a "Centre de Competence." The plant selects, qualifies and negotiates contracts for the organization while each European manufacturing entity purchases the quantity it requires through the process. Wire cable, harnesses and connectors are managed by Montpellier. Bordeaux is the centre de competence for electronic components, passives and actives.

There is little question that IBM would be helpful in any attempt to expand Tunisian manufacturing. Still, the conditions the corporation maintains require reform of the Tunisian electronics sector prior to any attempt. One strategy raised by the consultant the discussed with IBM is the possibility of Tunisian manufacturers joint-venturing with traditional and larger IBM vendors. This was accepted as a possibility by both M. Mennessier and M. Thibault.

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10. Memorex Telex

M. Dominique Moracchini

Memorex Telex was a subsidiary of Burroughs (today Unisys). It was consequently sold off with Unisys maintaining control of the Africa territory. Consequently, Memorex Telex does not sell in Africa and does not have the "balance of payments" problem of other companies to resolve.

The company has 12 factories in the US and one each in Belgium and France. While "I don't think we are considering new production effort," The man to see to discuss subcontracting is Michael Kitching in London at 44-17-59-26-70 or in Thames at 44-78-445-14-88. He is Senior Vice-President in charge of factories

C. List of European Appointments

Monday Feb 12

1 PM Mr. David F. Collins, VP & General Manager Moore Industries-Europe

Tuesday Feb 13

9:30 Susan Anderson Manager of Corporate Facilities Motorola Corporation

11:00 Mr. James Anthony Wetton Director; Corporate Affairs Unisys Ltd.

2:30 PM Farouk Haidar, Rank Xerox Ltd.

5:30 Heathrow: Flight to Belgium

Wednesday Feb. 14th

9 AM Mr. Massenhove, Materials Manager, Houston Instruments

1:30 PM Mr. Roger L. Legroux, Manager, Caterpillar Groups Services Inc.

4:00 pm Mr. R. Rommens, General Manager, Sprague Electromag

Thursday Feb. 15

9:15 Mr. Hermann A. Pauk, Director, Allied Corporation International N.V.

2:00 Train to Paris

Friday Feb. 16

10:00 M. Koenig, NCR France

2:00 Jean Thibault, Director General, IBM France

4:00 M. Dominique Moracchini, Memorex Telex

Monday Feb. 19

10:30 Alain Mennessier, IBM Europe

Alain MENNESSIER
Director of Procurement/Europe/ME/AF.

IBM

Compagnie IBM France
Chemin Départemental 109E, Canejan (Gironde)
Tél. 56 07 44 28 - Télécopieur 56 07 45 94
B.P. 27 - 33610 CESTAS

Jean-Pierre THIBAUT
Purchasing Director

IBM

Compagnie IBM France
Tour Descartes - La Défense 5
2, Avenue Gambetta - 92400 Courbevoie
(1) 49 05 85 47

Hermann A. Pauk
Director

ALLIED

NV Allied Corporation
International SA
Haasrode Research Park
B-3030 Heverlee, Belgium
Phone : (016) 21 12 11
Telex : 26283

NCR FRANCE

NCR

Michel Koenig
Coordinateur MNA
Distributeur Marketing
Relations Internationales
Tour Neptune - 20, place de Seine - Cedex 20
92086 Paris La Defense
Tél. (1) 49-03-28-31 - (1) 49-03-29-00
Telex 612600 F - Télécopie 47-73-06-07.



UNISYS

Unisys Limited
Stonebridge Park
London NW10 8LS
Telephone: 01-965 0511
Telex: 8951141
Fax: 01 961 2252

Tony Wetton
Director
Corporate Affairs

MOORE
INDUSTRIES

16650 Schoonboorn Street
Sepulveda, CA 91343
Telephone (818) 894-7111
Fax (818) 891-2816
Telex 65-1322

David F. Collins
Director of Engineering

Contract



18 Royce Road, Crawley
W Sussex RH10-2NX, United Kingdom
Telephone 0293 514488
Fax 0293 36852
Telex 87667

Peter J. Abbott
Vice President



18 Royce Road, Crawley
W Sussex, RH10-2NX, United Kingdom
Telephone 0293 514488
Fax 0293 36852
Telex 87667

Graham Turgoose
Export Sales Manager

sales



Rochesterlaan 6 - B - 8240 Gistel - Belgium
Tel. 32(0)59 - 27 74 45 - Telex 81399 - Telefax (059) 27 76 68
VAT 412.740.047

Jacques Sanders
Inkoper



Rochesterlaan 6 - B - 8240 Gistel - Belgium
Tel. 32(0)59 - 27 74 45 - Telex 81399 - Telefax (059) 27 76 68
VAT 412.740.047

E. Massenhove
Materials Manager



ROLAND ROMMENS
Vice-President
Thick-Film & Hybrid Div.

SPRAGUE ELECTRIC COMPANY
Components Group
Industriezone
B - 9800 RONSE

Tel. (055) 21 53 51
Fax (055) 21 35 57



Roger L. Legroux
Manager
European Purchasing &
Traffic Administration

Caterpillar Group Services N.V.
Humbeeksesteenweg 98
B-1850 Grimbergen - Belgium
02/254.42.06
Telex: 21151/2/3
Telecopier: 02/252.40.37



Faruck R. Haidar
Area Operations Director

Xerox Middle East & North Africa
(A Division of Rank Xerox Limited)
364 Euston Road
London NW1 3BL England
Telephone: (01) 380 8000
Telex 28716 XMN G
Telecopier: (01) 380 8088



Memorex Telex s.a.

3 à 5, Rue Maurice Ravel - BP 141
92304 Levallois-Perret Cedex
France
Téléphone: (1) 47 39 32 04
Telex: 614 682 F
Télécopie: (1) 42 70 53 83

Dominique Moracchini
Directeur Général

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E. List of Phone Contacts

The following is a summary of companies contacted during the initial effort for the European trip.

Fax: 011-44-0293-36852

Mr. David F. Collins
Vice President & General Manager
Moore Industries-Europe Inc.
T: 011-44-0293-514488

Rank Xerox Ltd.
Fax 011-44-0628-89-2001
011-44-628-892307
Bob Trimper in charge of that area. He will be travelling but I am to see Sarah Pratt 011-44-1-380-8000
T 011-44-0628-89-0000
Farouk Haidar

Fax: 011-44-0296-21999
Mr. Michael F. Phillips Chairman Motorola Ltd., in Airsby??
011-44-0296-395252
Mr. Audison (Sally Hodge) suggests Susan Anderson Manager of Corporate Facilities Motorola Corporation, Motorola Ltd.
FAX 753-37407

Fax: 011-44-21-351-78-91
Mr. John Bloxham
Chairman and Managing Director, Cincinnati Milacron
Secty: Irene Bartlett
tel 011-44-21-351-3821
No intention of increasing investment or international subcontracting work at the moment.

Fax: 011-44-1-453-5172
Mr. James Anthony Wetton Director, Corporate Affairs
Unisys Ltd.
Tel: 011-44-1-965-0511

Fax: 011-44-0202-600-820
Mr. G.J. Hopkins
Director, Parker Digiplan Ltd.
Tel: 011-44-0202-690-911

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Fax: 011-44-2238111
Mr. Julian Altman European Manager
Parker Hannifin Corp. Parker Europe
T: 011-442-238-100

Fax: 011-44-01-848-5848
Mr. Derek Everitt Managing Director Tandem Computers
T 011-44-01-569-1290 contact their parent office in California

Fax 011-44-0372-376-848
Mr. D. Rasdal, Chief Executive Officer, Silicon General Ltd
T 011-44-0372-377-779

The man at this number (not Rasdal who is no longer there) says that he represents a company that is currently looking for a site to produce photomasks for IC equipment and will pass the letter on to them in Connecticut.

Fax: T 011-44-737-772-961
Mr. M.W. Powell resigned, fax passed to commercial director, Mr. Webster
Chairman & Chief Executive Officer Foxboro Great Britain Ltd.
Foxboro is reducing its sources of subassembly; have just established in China
and Japan and are not interested at this time. Keep on list.
T 011-44-737-765-0000

Fax: 011-44-01-954-6234
Mr. D.J. Morse, Managing Director, AMP of Great Britain
Tel: 011-44-01-954-2356
Mr G. Schmidt in Switzerland is responsible and letter sent on, call him at
011-4171470201

Belgium

FAX: 32-059-27-76-68
Mr. Wouter Priem General Manager Houston Instrument Belgium N.V.
t 011-32-59-27-74-45

33-147-39-32-04
Mr. Andre De Greef
Director-General Manager
Memorex Telex SA.
Tel 011-32-2-736-89-30

FAX: 32-2-251-94-70

Mr. Lezroux, Manager, Caterpillar Groups Services Inc.
tel 011-32-2-254-42-11

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FAX: 32-055-21-35-57

Mr. R. Rommens, General Manager, Sprague Electromag N.V.2

Tel: 011-32-55-21-53-51

FAX: 32-053-77-34-86

Mr. Klaus Buntehardt, Managing Director, Gates Europe NV

tel 011-32-53-76-27-11

Not in Belgium during time of visit, call again

FAX: 32-2-725-22-31

Mr. J. Jacobs European Service Manager Gerber Scientific Instrument N.V.

011-32-2-725-23-95

Fax 32-053-67-20-74

M. John Vyncke, Managing Director, Action Technology Belgium

Tel: 32-053-66-92-11

Fax: 32-03-886-79-26

Mr. R. M. Levison, General Manager, Alvey Europe N.V.

T 32-03-886-79-21

Fax: 32-2-657-37-12

Mr. Fred Bettens, Managing Director Frost N.V.

Phone: 011-32-26724400

FAX: 011-32-16-20-60-12

or 011-32-16-20-26-66

Mr. Hermann A. Pauk Director, Allied Corporation International N.V.

Tel: 011-32-16-21-12-11

FAX: 011-32-76-90-19-65

Mr. Werner DeBacker, President, Europe ,Becton Dickinson Europe

Tel: 011-32-76-90-80-35

FAX: 32-2-660-16-82

Mr. D. Allpress Europe and Africa Dresser Europe S.a.

Tel: 32-2-660-20-60

FAX: 32-2-242-99-60

Mr. J. A. MacLean Managing Director European Operations

Johnson Controls International Inc.

t 011-32-2-245-01-03

Mr. H. Malpas Managing Director Clark Equipment Belgium N.V.

t 011-32-050-38-48-11

Not Interested

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FAX: 32-2-720-02-25
Mr. Karl P. Bosshard, Managing Director, 3M Middle East S.A.
T 011-32-2-722-51-11
No More 3M Middle East

FAX: 32-015-75-37-64
Mr. E. Tulkens, Managing Director, Crosby Europe N.V.
Tel 011-32-15-75-71-25
No Interest

FAX: 32-2-772-04-32
Mr. Christian Raskin Boston Insulated Wire & Cable Co.
Now TRW only sales of imports from US
011-32-2-772-13-33

FAX: 32-2-673-58-47
M. D. de Steiguer Teledyne Electronics
011-32-2-673-99-88
De Steiguer is no longer there replaced by M. Beckner who is not available.

FAX: 32-2-673-58-47
M. Raymond Putzeys Relays and Solid State Products Teledyne Belgium, S.A.
All manufacturing in US
Spoke additionally with Gene Meng General Manager who confirmed that all
manufacturing is done in the US.

FAX: 32-3-777-79-55
Mr. John Buyle, Operations Manager, FMC Europe S.A.
t 011-32-2-640-50-00
Petroleum machinery; Tunisian manufacturing not likely but contact FMC
France

FAX: 32-2-762-79-77
Mr. J. M. Warren, Vice President, 3M Europe S.A.
T 011-32-2-761-22-11
They are not looking for sourcing or investment areas at this time. But keep
informed and on list

FAX: 32-010-22-81-39
Mr. Jean-Pierre Dubois, Managing Director, Rochester Gauges International,
tel: 011-32-02-720-58-40
Just a marketing company for US manufacturing into Benelux

Fax: 32-03-771-55-84
M. Louis T. Van Den Bergh, General Manager, European Operations, Aro N.V.
Tel: 32-03-771-09-21
Spoke with Mr. Bourgondien says the man to talk to is Andy Hatatsas in Bryan
Ohio. Most assembly facilities are in US. He doubts any participation possible.
In any event, the shares of the company have just been taken over and no
move will be taken until the deal is closed.

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Fax 02-728-25-34

M. Jean-Pierre Rosso, President Honeywell Europe

Tel 011-32-2-7282111

Not interested

FRANCE:

M. J.M. Reynolds President Directeur General Bendix Europe

t 011-33-1-48-35-50-00

f 011-33-1-48-35-53-30

M. A. Huard Director General BFI Electronique SA

Tel 45-33-01-37

Fax 48-28-76-85

Materials and Products for Electrical Industry

M Rene Laforet President du Directoire CPC France

t 40-94-52-52

f 40-94-52-00

Food Packaging: Knorr, Gerber, 4 French factories

M. J. Peterseau(Spelling?) President Directeur General Control Data France

t 1-64-61-50-00

f 011-33-1-60-06-70-48

M. Felix Bjorklund VP Communications & External Programs, IBM Europe S.A.

011-33-47-67-60-00 SENT

Fax: 011-33-47-67-69-69

M. Alain Menneffier, Manager of Procurement Operations, Bordeaux

Tel in Paris 011-33-1-47-67-79-86

Tel in Bordeaux 011-33-56-07-4428

Christine Perronnet(secty) fax 011-33-56-07-45-94

M. G.P. Favache, President Directeur General, John Deere

Tel 38-72-30-00

Fax 011-33-38-74-86-65

M. Allen Busching, President Directeur General, Lambda Electronique

Tel 1-60-12-14-87

fax 011-33-1-60-12-27-94

M. Gerard Francois-Poncet President Directeur General Olin S.A.

t 011-33-1-48-62-21-66 f 011-33-1-48-62-22-25

Electrical components

M. Gilbert Pouillien, President Directeur General, Parker Hannifin Rak S.A.

Tel 50-37-02-94

fax 011-33-50-37-86-85

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M. J.P. Giraud President Directeur General, Thomas & Betts
tel 011-33-1-46-87-23-85
fax 011-33-1-46-87-42-87
Industrial Prods; Electrical components
Fax to Mr. Poirier 011-33-46-87-42-87

M. Michel Ferreboeuf, President du Comite de Direction Digital Equipment Tel
011-33-69-87-51-11

Fax: 011-33-86-65-61-21

M. Chris Pashalias, Directeur General, FMC Europe
T 011-33-86-65-65-45

Fax: 011-33-1-47-73-06-07

M. Christian L'Hussier, President Directeur General NCR France
t 011-33-1-49-03-29-00

M. Yves DeBretagne, President Directeur General, Honeywell SA
t 011-33-1-30-50-81-00

Mr. Jacques Pascal Directeur General
ITT Composant & Instruments Division Connecteurs Cannon
Tel 011-33-61-78-53-33 Telex 531-600

M. Jacques Vernier, President Directeur General, National Semiconductor
t 011-33-1-46-60-81-40

M. Dominique Bourrus, President Directeur General, Texas Instruments France
tel 011-33-93-20-01-01

M. Jean-Luc Le Goer President Directeur General, Vishay Micromesures
Tel 011-33-1-46-55 98-07

M. J.J. Torfs, President Directeur General, Ingersoll-Rand
Tel 011-33-30-50-61-10

M. Olivier Groues, President Directeur General
Tel 1-49-02-30-30
fax 011-33-1-47-74-87-45
Xerox Tunisia is not the responsibility of France

M. Claude Schallebaum Directeur General Foxboro France S.A.
T 30-37-88-55 Fax 011-33-1-30-37-70-29
Measurement devices This is a sales operation, contact in Boston,
Mr. Charles Rice in Foxboro 508-543-8750

M. Bernard Giroud Gerant Intel Corp S.A.R.L.
t 1-30-57-70-00 fax: 33-1-30-43-27-33
There is no interest

in France at Levallois Dominique Moracchimi Memorex Telex SA.
Fax 33-1-47-39-32-04

APPENDIX C
PRIMARY AGRICULTURE CONTACTS

**APPENDIX THREE
MAJOR CONTACTS: AGRICULTURE**

Fax: 1-209-251-0705
Ms. Kim Giefe
Tomato Market Advisory Board

1-305-246-9740
Mr. Paul Dimare
Dimare, Inc.

Fax: 1-813-657-6798
Mr. William Lipman
Six L's Packing Co., Inc.

Fax: 1-813-729-5849
Mr. Joseph Esformes
Pacific Tomato Growers

Fax: 1-813-597-8963
Mr. Jeffrey Gargiulo
Naples Tomato Growers

Fax: 1-407-894-7840
Mr. Wayne Crain
Florida Fruit and Vegetable Association

Fax: 1-407-894-7840
Mr. Reginald Brown
Florida Fruit and Vegetable Association

Fax: 1-914-357-7043
Mr. Noel Blackman
Global Seafares

Fax: 1-609-342-3797
Mr. John R. Morris
Vice President
Corporate Development
Campbell Soup Company

Fax: 1-609-338-0501
Mr. Jack Argabright
President
Campbell International

Fax: 1-609-338-0501
Paul Graff
International Marketing
Campbell International

Fax: 011-44-1-930-3819
Mr. R. E. Glover
Campbell Soup Co., Great Britain

Fax: 1-402-978-4452
Mr. Robert Peyton
Executive Vice President
ConAgra

Fax: 1-202-462-2768
Mr. Terry Newendorp
Aquaculture Consultant

Fax: 1-407-828-4962
Mr. Wayne Hawkins
Manager
Florida Tomato Committee

Fax: 1-202-887-9178
Mr. Jim Hafner
Agribusiness Council

Maria Namath-Ek
USDA, OICD
Private Sector Relations Division
Room 351
McGregor Building
2121 K St., NW
Washington, D.C. 20250

Fax: 1-513-784-8030
Ms. Deborah Carr
United Brands/Chiquita

Fax: 1-513-784-6653
Mr Joe Durante
United Brands/Chiquita

Fax: 1-513-784-8030
Bob Kistinger
Vice President-Production
United Brands/Chiquita

Fax: 011-44-1-848-2344
Mr. Paul Cordray
Senior Vice President, Europe
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