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ANNEX SET OF TABLES TO
GENERAL ANALYSIS OF ECONOMIC DEVELOPMENT
IN TUNISIA, 1960-1975

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TABLE OF CONTENTS

<u>Table</u> <u>No.</u>	<u>Title and Period Covered</u>
1	Plan Goals and Plan Fulfillment, 1962-1964
2	Estimates of Public and Private Gross Investment, 1962-64
3	Value of Total Output: Planned and Actual, 1963-1964
4	Gross Domestic Product, 1960-1964, in Current Prices.
4a	Gross Domestic Product, 1960-1964, in Constant Prices of 1960.
5	National Accounts, 1960-1964, in Current Prices.
5a	National Accounts, 1960-1964, in Constant Prices.
6	Administrative Salaries, 1960-1964.
7	Gross Fixed Capital Formation, 1960-1964, in Current Prices.
7a	Gross Fixed Capital Formation, 1960-1964, by purchases.
8	Major Investments 1962-1964 that can be identified as not having a growth effect except in the distant future.
9	Average rate of Saving, 1960-1964.
10	Tunisian Foreign Exchange Reserves, 1960-1964.
11	Total Investment and Financing, 1962-1964.
12	Gross Value Added, 1960-1964, in Current Prices.
12a	Change in Value added at factor cost, 1960-1964.
12b	Gross Value Added, 1960-1964, in Constant Prices.
13	Detailed Data on Turnover, Prices and Quantities for Major Sectors, 1960-1963.
14	Actual and Projected Ordinary Expenditures by Functions, 1961-1968.
15	Economic Subsidies Included in Ordinary Budget, 1961-1965.
16	Consolidated Budget, 1961-1964.
17	Monetary Expansion, 1962-1963 (& Notes)
18	Comparison of Inflationary Pressures as calculated on basis Budget Deficit and Monetary Expansion, 1962-1963.
19	Balance of Payments, 1961-1964, in Dinars.
20	Overall Aims of Four Year Plan, 1965-1968.
21	Sources and Uses of GDP, 1960, 1963, or 1964, 1968. (& Notes)
22	Projection of Production and Value Added in the Four Year Plan 1960, 1968 by Sector. (& Notes)
23	IAS Projections of Value Added, 1964-1968, by Industry, in 1964 Prices. (& Notes)
24	Projection of Gross Fixed Investments, 1964-1968, at old exchange rate. (& Notes)
25	IAS Estimates of Gross Fixed Investment, 1964-1968. (& Notes)
26	Summary Balance of Payments, 1962-1970, in dollars.

(Table of Contents Continued)

<u>Table No.</u>	<u>Title and Period Covered</u>
27	Exports, 1962-1970: (& Notes)
28	Imports, 1962-1970. (& Notes)
29	Services, 1962-1970. (& Notes)
30	Capital Account, 1962-1970. (& Notes)
31	Estimated U.S. Aid Expenditures, CY 1962-70. (& Notes)
32	Estimated Non-U.S. Expenditures, CY 1962-70. (& Notes)
33	Projected Budgetary Revenues and Expenditures, 1964-1968. (& Notes)
34	GDP, Market Prices, Permissible Consumption Found as Residual, 1964-1968.
35	GDP at Market Prices, Permissible Public and Private Consumption Found as Residual if Domestic Savings Ratios are to Increase by $\frac{1}{2}\%$ p.a. to 1967 and 2% to 1968, 1965-1968.
36	GDP, Assuming Public Consumption at 16% of GDP and Private Consumption to increase by 4%, 1965-1968.
37	GDP at Market Prices, Assuming Public Consumption at 16% of GDP throughout, and Assuming the Savings Ratio at 10% in 1965 and 1966; $10\frac{1}{2}\%$ in 1967, and 13% in 1968, 1965-1968.
38	Financing Requirements, Assuming Import Surplus on Goods and Services as Tables 34 through 37, Loan Repayments as Table 30 and Net Factor Payments as Table 29, 1964-1968.
39	Comparison of Import Surpluses Calculated on Different Assumptions, 1965-1968.
40	GDP by Industrial Origin, "Factor Cost," 1964 Prices, 1968-1975. (& Notes)
41	Export Projections, (\$ Million), 1970 and 1975.
42	Projected GDP by Use, 1975 (MD).
43	Alternative Projections of GDP by Use, 1975, MD.

Note on Exchange Rates and Population

1. Exchange Rates: National account figures are shown in dinars only and balance of payments figures are generally shown in dollars only. However, when it is necessary to relate the two, the 20% devaluation of September 28, 1964 has been treated in the following manner:
 - a. For data through 1964 the "old" exchange rate of 1 dinar equals \$2.38 (\$1 = .42 dinar) has been used.
 - b. For estimates beginning with 1965 the "new" exchange rate of 1 dinar equals \$1.905 (\$1 = .525 dinar) has been used. The effects of devaluation on national account dinar values are generally shown by presenting both 1964 "old dinar" values and their post-devaluation equivalents, which constitute the "base" used for making estimates for 1965 and beyond.
2. Population: No attempt has been made to present population estimates or per capita values. However, the following can be taken as reference points:
 - a. The GOT estimates a mid-1964 population of 4,600,000; and
 - b. USAID/Tunis estimates a current population growth rate of 2.5% p.a. (which corresponds to recent data and unofficial Tunisian estimates).

Table 1

Plan Goals and Plan Fulfillment (in millions Dinars)

Investment	1962		1963			1964			Total		
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	
	a	b	a	b	a	b	a	b	a	b	
Gross fixed capital formation <u>1/</u>	95	75.1	90.0	110	86.4	120.0	125	97.8	330	259.3	na
of which Administration <u>1/</u>		35.4	na		44.6	na		55 p		na	
Enterprises <u>1/</u>		32.0	na		34.1	na		68 p		na	
Household <u>1/</u>		8.5	na		7.6	na		2 p		na	
Net Investment, by Sector										270.0	
Agriculture <u>2/</u>	29.5			27.7			45.1			112.4	
Industry and Artisanat <u>3/</u>										63.1	
Infrastructure <u>4/</u>										61.3	
Formation of Cadres <u>5/</u>	7.2			10.7			10.4			28.2	
Others <u>6/</u>										5.0	
Budget Investment, by Sector <u>7/</u>		25.6		46.6							
Agriculture and Fishing		9.7		16.8							
Industry and Artisanat		1.5		3.4							
Infrastructure		9.3		18.9							
Formation of Cadres		3.8		5.9							
Others		1.3		1.6							

1/ Plan figures from Plan Triennial; actual data supplied by Secretariat d'Etat au Plan et aux Finances (National Accounts).

2/ Plan Triennial, page 130.

3/ Comite Sectoriel de l'Industrie et de l'Energie, Rapport du Groupe des Industries Chimiques, p. 34, and Plan Triennial, p. 22. The figure in the former publication for investment in industry is greater than that given in the Plan Triennial by a later inclusion of about 5 MD for ICM. It includes tourism and "thermalism".

4/ Plan Triennial, page 290.

5/ Plan Triennial, page 352.

6/ Residual, derived by subtracting total of other investments from planned total of 270. Cf. P.T., p. 423

7/ Plan Triennial, Anee 1963, p. 133.

(a) According to revised national accounts.

(b) According to Annual Plan Fulfillments Reports.

na : not available.

p : preliminary.

Table 2

Estimates of Public and Private Gross Investment, (Mill. D.)

	<u>1962</u>	<u>1963</u>	<u>1964</u>
National Accounts: <u>1/</u>			
Administration	35.4	44.6	
(of which LCSD)	(14.7)	(15.5)	(15.5)
Enterprises and Menages	<u>39.7</u>	<u>41.8</u>	
Total	75.1	86.4	97.8
Plan Report and Estimates from Director of Budget for 1964:			
Public	50.6	58.5	61.7
(of which Title II, excluding LCSD)	(27.3.)	(35.2)	(29.7)
Cash LCSD	(13.6)	(15.3)	(15.3)
Spec. Funds	(1.0)	(1.0)	(1.0)
Wheat LCSD	(4.0)	(2.0)	(2.0)
Direct foreign financing <u>2/</u>	(2.7)	(3.0)	(11.7)
Estimated Local Government <u>3/</u>	(2.0)	(2.0)	(2.0)
Private - <u>net</u>	<u>21.0</u>	<u>40.0</u>	
Total "Net Investment" <u>4/</u>	71.6	98.5	
Total "Gross Investment" <u>4/</u>	90.0	120.0	

1/ Incurrent prices. For 1964, based on physical indicators.

2/ TOAID A-269, Supplementary Table 2.

3/ Supplied by Director of the Budget to USAID

4/ The Plan Reports' figures for gross investment are composed of what they actually spent (called "net investment"), and "depreciation". There is no breakdown of "depreciation" between public and private and no indication of how it is financed. Actually the aggregate figure for depreciation is determined by an automatic formula which assumes that in 1956, 3% of the capital stock estimated for that year would need to be replaced. This rate of replacement is then applied each year to the 1956 capital stock plus accumulated net investments since 1956. In other words, the depreciation figure is not only mechanically determined, but depends on the estimate of capital stock for 1956 and on the Plan's annual estimates of net investment, which do not correspond very well with the figures based on actual expenditures on machinery and building.

The Plan's estimates of net private investment are probably very unreliable. They are based on more or less unverifiable assumptions concerning sources of finance available to private enterprise.

Table 3

Value of Total Output: Planned and Actual, 1963 and 1964 (Mil. D)

	<u>a/</u> <u>Planned Production</u> 1964 (1957 prices)	<u>b/</u> <u>Actual Production</u> 1963 (1963 prices)	<u>b/</u> <u>Est. Pro.</u> 1964 (1963 prices)
Agriculture	134.3	98.8	106.7
Rural Households		35.6	36.3
Extractive Industries	17.2	13.3	14.6
Food Industries	89.5	97.8	111.9
Textiles, etc.	18.4	20.9	20.9
Wood, etc.	6.0	5.0	7.4
Paper, etc.	3.6	7.3	8.7
Chemicals	18.1	8.1	11.1
Petroleum Products	12.7	.1	7.0
Construction	84.0	46.0	52.5
Electricity, gas and water	10.0	11.4 (Energy)	11.9
Building Materials	9.9	5.9	7.0
Mechanical and Electrical Industries		7.2	8.3
Metallurgy	15.1	0	0
Transports, Communication	35.0	36.5	41.4
Leather	7.1	Included with Textiles	
Commerce	119.4	67.2	74.6
Other Services	33.7	38.8	42.7
Miscellaneous Industries	2.1	(Probably included in mechanical and Electrical Industries)	
	<hr/> 616.112	<hr/> 514.9	<hr/> 578.7

a/ Plan Triennial, p. 21

b/ Data provided by Secretariat d'Etat au Plan et aux Finances

Table 4

	<u>Gross Domestic Product</u>		(Mill. D.) Current Prices		1964
	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	
Value added at factor cost	241.8	265.3	266.0	289.4	n.a.
+ Domestic services	2.1	2.2	2.2	2.3	2.3
+ Administrative services	44.4	54.4	57.7	55.9	59.2
GDP at factor cost	288.3	321.9	325.9	347.6	n.a.
+ Indirect taxes net of subsidies	17.4	18.2	18.3	19.8	n.a.
"Domestic Production"	305.7	340.1	344.2	367.4	404.0
+ Import duties	29.5	26.1	27.9	30.8	35.0
GDP at market prices	335.2 <u>1/</u>	366.2 <u>1/</u>	372.1	398.2	439.0
				(397.5) ?	(437.9) ?

Source : Secretariat au Plan

1/Indices

Value added, factor cost	100	109.7	110.0	119.7	
Domestic Services	100	104.8	104.8	109.5	109.5
Administrative Services	100	122.5	130.0	125.9	133.3
GDP factor cost	100	111.7	113.0	120.6	
Indirect taxes - subsidies	100	104.6	105.2	113.8	
Domestic production	100	111.3	112.6	120.2	132.2
Import duties	100	88.5	94.6	104.4	118.6
GDP Market prices	100	109.2	111.0	118.8	130.6
"			100	107.0	117.7
" year to year change		9.2%	1.6%	7.0%	10.0%

L:

1/ 1960 GDP is probably slightly underestimated because of the inclusion of the very large olive oil crop in 1960-61 in the aggregate figure for 1961. About 6% of the olive oil production in the 1960-61 season occurred in December 1960.

1961 GDP is overestimated not only for this reason but also because olive oil was valued at too high a price for that year. The difference due to these errors is relatively small, however.

Note: Minor differences between figures in Tables 4, 5, 12, 23 are due to later revisions which were not carried through all tables.

Table 4a

Gross Domestic Product, constant prices
of 1960, M.D.

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Value added at factor cost	241.9	257.6	257.9	278.9	307.7
+ Domestic services	2.1	2.2	2.2	2.3	2.3
+ Administrative services	<u>44.4</u>	<u>52.3</u>	<u>57.7</u>	<u>54.5</u>	<u>57.7</u>
GDP at factor cost	288.4	312.1	317.8	335.7	367.7
+ Indirect taxes net of subsidies	<u>17.4</u>	<u>17.7</u>	<u>17.7</u>	<u>18.3</u>	<u>18.8</u>
	305.8	329.8	335.5	354.0	386.5
+ Import duties	<u>29.5</u>	<u>26.3</u>	<u>25.8</u>	<u>29.6</u>	<u>33.6</u>
GDP at market prices ^{1/}	335.3	356.1	361.3	383.6	420.1
Index, GDP at market prices	100.0	106.2	107.8	114.4	125.3
Year to year Change			+1.5%	+6.3%	+9.5%
					5.8% p.a. over 4 years.

Source: Secretariat d'etat au Plan et aux Finances

^{1/} 1960 GDP is probably slightly underestimated because of the inclusion of the entire olive oil production in 1960-61 in the aggregate figure for 1961. About 6% of the olive oil production in the 1960-61 season occurred in December 1960.

1961 GDP is overestimated not only for this reason but also because olive oil was valued at too high a price for that year. The difference due to these errors is relatively small, however.

Table 5.

National Accounts in Current Prices (Mill. D)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
I. Gross value added					
at market prices	288.7	309.6	312.2	339.3	376.4
Domestic services	2.1	2.2	2.2	2.3	2.3
Administrative services	<u>44.4</u>	<u>54.4</u>	<u>57.7</u>	<u>55.9</u>	<u>59.2</u>
GDP at market prices	335.2	366.2	372.1	397.5	437.9
II. GDP at market prices	335.2	366.2	372.1	397.5	437.9
Net foreign balance					
on goods and services	<u>1/</u>	<u>37.1</u>	<u>46.4</u>	<u>48.6</u>	<u>(53.8)</u>
Total resources		<u>413.3</u>	<u>418.5</u>	<u>446.1</u>	<u>(511.7)</u>
III. Private consumption	257.3	267.8	276.1	288.4	385.1
Public consumption	57.9	64.2	67.1	65.2	
Gross fixed capital formation	59.7	65.5	75.1	86.5	97.8
Variation of stocks	<u>- 9.0</u>	<u>+ 9.0</u>	<u>- 7.2</u>	<u>- 5.4</u>	
Total uses		<u>406.5</u>	<u>411.1</u>	<u>434.7</u>	<u>482.9</u> <u>3/</u>

1/ AID estimates. See TOAID A-130, 8/4/1964.

2/ The figures for imports and exports of goods and services which were used in the revised national accounts were not correct. Consequently, it was decided to substitute AID estimates of the net foreign balance, which means that the total resource figures so derived do not equal total uses taken from national accounts data. If we assume that the national accounts figure for private consumption is a residual, total uses could be adjusted as follows:

Private consumption		274.6	283.5	300.8	
Public consumption	57.9	64.2	67.1	65.2	
GFCF	59.7	65.5	75.1	86.5	97.8
Change in stocks	<u>- 9.0</u>	<u>+ 9.0</u>	<u>- 7.2</u>	<u>- 5.4</u>	
Total uses		413.3	418.5	446.1	

3/ Included with private and public consumption.

Table 5a

National Accounts: in Constant Prices of 1960
(Mill. D.)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
I. Gross value added at market prices	288.8	301.6	301.4	326.8	360.1
Domestic services	2.1	2.2	2.2	2.3	2.3
Administrative services	<u>44.4</u>	<u>52.3</u>	<u>57.7</u>	<u>54.5</u>	<u>57.7</u>
GDP at market prices	335.3	356.1	361.3	383.6	420.1
II. GDP at market prices	335.3	356.1	361.3	383.6	420.1
Net foreign balance on goods and services	<u>30.7</u>	<u>40.5</u>	<u>38.6</u>	<u>35.4</u>	<u>42.6</u>
Total Resources	366.0	396.6	403.9	419.0	462.7
III. Private consumption	257.3	261.9	266.0	278.5	} 369.7
Public consumption	57.9	61.7	67.1	62.8	
Gross fixed capital formation	59.8	63.9	73.8	82.6	93.0
Variation of stocks	<u>-9.0</u>	<u>+9.1</u>	<u>-7.0</u>	<u>-4.5</u>	<u>-00.1</u>
Total uses	366.0	396.6	403.9	419.0	462.7

[a/ Included with private and public consumption]

Source: Secretariat d'etat au Plan et aux Finances

Table 6
Administrative Salaries

<u>A. Salaries</u>	1960	1961	1962	1963	1964
Title I	23.9	26.4	27.8	29.1	32.0
Public establishments	5.5	6.0	6.9	6.6	7.0
Private administration	0.6	0.6	0.6	0.6	0.6
Treasury	5.4	9.4	10.0	7.2	7.2
Local government	1.5	1.5	1.5	1.5	1.5
Title II	<u>0.3</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Total	37.2	44.1	47.0	45.2	48.5
†					
<u>B. Self-Financing</u>					
Treasury	4.8	8.3	8.8	8.1	n.a.
Local Government	<u>2.4</u>	<u>2.0</u>	<u>1.9</u>	<u>2.6</u>	n.a.
Title II					
Total	7.2	10.3	10.7	10.7	10.7
General Total	44.4	54.4	57.7	55.9	59.2

Source : National Accounts, Secretariat au Plan

Table 7

Gross Fixed Capital Formation
(millions Dinars)

(in current prices)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Buildings and Construction	25,034	29,894	36,094	41,204	47.0
of which Government	(13,346)	(12,940)	(12,856)	(19,748)	
Public & Private Enterprises	(7,653)	(11,073)	(15,745)	(13,896)	
Households	(4,035)	(5,831)	(8,493)	(7,560)	
Machinery	20,669	18,819	21,542	26,630	32.1
of which Government	(4,638)	(5,300)	(5,802)	(6,826)	
Public & Private Enterprises	(16,031)	(13,519)	(15,740)	(19,804)	
LCSD (Tree Planting, etc.)	11,406	14,260	14,744	15,545	15.5
Live Animals	612	767	744	509	0.7
Architects' Services	<u>1,979</u>	<u>1,760</u>	<u>1,976</u>	<u>2,502</u>	<u>2.5</u>
Total	59,700	65,500	75,100	86,390	97.8
GDP market prices MD	335.2	366.2	372.1	398.2	437.9
GDP as % of GDP	17.8	18.1	20.2	21.6	22.3
Total imports of goods, incl. duties	109.5	114.5	118.8	123.9	134.9
Imports as % of GDP	35.7%	31.3%	31.9%	31.5%	30.8%
Total Buildings and Machinery MD	45,703	48,713	57,636	67,834	79.1
as % of GDP	13.6%	13.3%	18.5%	17.0%	18.1%

Source : Secrétariat au Plan.

Table 7a

Gross Fixed Capital Formation (Mill. D)

By Purchases

	<u>1960</u>	<u>%</u>	<u>1961</u>	<u>%</u>	<u>1962</u>	<u>%</u>	<u>1963</u>	<u>%</u>	<u>1964</u>
LCSD	11.4		14.3		14.7		15.5		15.5
Public Works Type	18.0	(30.1)	18.2	(27.8)	18.7	(29.9)	25.6	(29.6)	
Enterprises	23.7	(39.1)	24.6	(37.6)	31.5	(41.9)	38.7	(44.8)	
Households	4.0		5.8		8.5		7.6		
Other	2.6		2.5		2.7		3.0		
Total (rounded off)	59.7		65.5		75.1		86.4		97.8

Ratio in Investments of Value of Machinery to Value of Buildings

By Purchases %

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Public Works	35	38.5	45.5	34	
Enterprises	210	122	100	145	

Total Investments in Machinery and Buildings

Mill. D.

	<u>1960-1963</u>	<u>1962-1963</u>
Government Investment Total (Machinery)	81,456	36,224
Enterprise Investment Total (Machinery)	113,461 (65,094)	69,185 (29,550)

Table 8

Major Investments 1962-1964 That Can Be Identified as Not Having a
Growth Effect Except in the Distant Future

<u>Investment</u>	<u>Approximate Cost (Million Dinars)</u>	<u>Approximate Import Content %</u>	<u>Notes</u>
Kasserine Pulp Mill	12	80%	May work properly by 1968.
Bizerte Refinery	12	90%	Worked in 1964 at 60-65% capacity
Beja Sugar Mill	5-8	80%	In 1963, cost of raw sugar imports exceeded the receipts for refined sugar.
Steel Mill	10	75-80%	Total cost 20 MD. Will not operate until 1967/8.
Sousse Hardware (Polish)	5	?	Will never get finished or produce.
Grombalia Fruit Juice Plant	?	?	Faulty design. Does not work.
44-47		31.9 + MD	

Table 9

Average Rate of Saving

Mill. D.

Part I. 1960-1964

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Gross Investment <u>1/</u>	59.7	65.5	75.1	86.5	97.8
Net Foreign Balance <u>2/</u>		- 37.1	- 46.4	- 48.6	- (56.2)
Domestic Saving		28.4	28.7	37.9	(41.6)
" as % GDP <u>3/</u>		7.9%	7.7%	9.5%	19.5%
" as % GFI		43.2%	38.2%	43.7%	42.5%

Part II. 1957-1960

	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>
Gross Investment <u>4/</u>	23.1	27.8	31.6	45.7
Exports-Imports <u>5/</u>	-9.2	-0.5	-4.6	-26.0
Domestic Saving	13.9	27.3	27.0	19.7
" as % of GDP <u>6/</u>	5.8%	10.1%	10.1%	6.8%
" as % of GFI	60.0%	90.8%	85.5%	43.0%

Sources:1/ National Accounts2/ AID estimates. TOAID A-130; Secretariat au Plan ...3/ Using national accounts figures for GDP.4/ Annuaire Statistique, 1960, p. 303.5/ Balance on goods only, 1957-1959. Balance on goods and non-factor services, 1960. Banque Centrale de la Tunisie, Rapport Annuel, 19606/ Using GDP figures in Annuaire Statistique, 1960

Table 10

Tunisian Foreign Exchange Reserves

(millions of dollars)

(end of year)	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>Est. 1964</u>
1. Gross For. Exch. Assets	97.9	78.8	76.6	74.7	55
2. Minus Blocked Deposits	<u>-0.0</u>	<u>-0.0</u>	<u>-12.6</u>	<u>-27.8</u>	<u>-19</u>
3. Gross Usable Holdings	97.9	78.8	64.0	46.9	36
4. Minus Short-term Liab.	<u>-4.0</u>	<u>-3.1</u>	<u>-6.9</u>	<u>-9.3</u>	<u>-10</u>
5. Net Exchange Reserves	93.8	75.7	57.1	37.7	26
6. Minus Other Liabilities ^{a/}	<u>-0.7</u>	<u>-2.1</u>	<u>-8.8</u>	<u>-11.3</u>	<u>-10</u>
7. <u>Net, excl. Long-term Debt</u>	93.0	73.5	48.3	26.4	16
8. <u>Minus Long-Term Debt ^{b/}</u>	<u>-0.0</u>	<u>-0.0</u>	<u>-10.0</u>	<u>-11.4</u>	<u>-21</u>
9. Net Foreign Assets	93.0	73.5	38.3	15.0	-5
10. Gross For. Exch. Assets	97.9	78.8	76.6	74.7	55
11. Minus IMF Position	<u>-1.0</u>	<u>-1.4</u>	<u>-1.9</u>	<u>-2.4</u>	<u>-3</u>
12. Gold & For. Exch. Holdings	97.0	77.3	74.6	72.4	52
13. <u>For. Exch. Financing of B/P Deficits (equal to change in line 7)</u>	-	19.5	25.2	21.9	10
(Some in dinars at old rate)		(8.2)	(10.6)	(9.2)	(4.2)

NOTE: See TOAID A-253 of September 18, 1964 and TOAID A-130 of August 5, 1964 for a full explanation of Tunisian foreign exchange data.

^{a/} Credits of indefinite terms and non-callable, extended by French Exchange Stabilization Fund and French Treasury. These are neither short-term liabilities nor long-term debt.

^{b/} Until September 1964 consisted entirely of Government long-term debt for which the Central Bank is the legal (intermediary) debtor (chiefly an Italian \$10 million loan and various Bloc and small donor credits). Since September 1964 this includes IMF three-year (medium-term) credits outstanding, equal to \$5.25 million at the end of 1964.

TABLE 11

Total Investment and Financing
(millions of dinars at old rate)

1.	<u>Total Investments</u> -1962-1964	259.3 Million Dinars
	<u>Financing</u>	
	Domestic Savings	110.6
	Run Down of Foreign Reserves	24.0
	Other Foreign	124.7
	of which	
	U.S. Aid	51.2
	Supplier credits	11.8
	Other Private	21.8
	Other Aid	42.9
	Other (net)	-3.0
2.	<u>Total Investments</u> -1962-1963	161.5 Million Dinars
	<u>Financing</u>	
	Domestic Savings	66.6
	Run Down of For. Reserves	19.8
	Other Foreign	75.1
	of which	
	U.S. Aid	32.2
	Supplier Credits	8.8
	Other Private	10.5
	Other Aid	24.4
	Other (net)	-0.9

Table 12

Gross Value Added, Current Prices

(Millions Dinars)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Agriculture	73.0	79.0	71.9	77.4	83.5
Food Industries	27.3	36.2	28.2	35.0	38.5
Rural Household	5.8	6.1	5.9	6.0	6.1
Construction Materials, Ceramics, Glass	3.8	3.3	3.8	3.8	4.6
Minerals	6.4	6.2	5.4	6.2	6.8
Mechanical & Electrical Industries	1.9	1.4	1.9	1.9	2.2
Chemicals	1.9	1.3	0.6	1.2	1.6
Textiles, Leather	6.4	5.5	8.0	9.0	9.0
Wood and Woodworking	2.1	2.7	2.4	2.3	2.4
Plastics, Jewelry	2.6	3.2	3.6	4.1	4.9
Construction and Public Works	15.1	18.6	22.7	25.9	29.5
Transportation and Communications	21.1	23.0	25.5	28.1	32.0
Rents	12.2	13.0	14.2	15.0	15.7
Services, including tourism and banking	22.9	25.9	27.2	29.3	33.2
Commerce	50.7	51.9	56.6	56.7	63.0
Petroleum Products	-0.1	?	-0.1	-0.1	1.5
Electricity	2.9	3.1	3.3	3.4	3.7
Other Energy Products, Water	3.3	3.1	3.2	3.3	3.3
<u>Total of above</u>	<u>259.3</u>	<u>283.5</u>	<u>284.3</u>	<u>308.5</u>	<u>341.5</u>

Source: Secretariat d'Etat au Plan et aux Finances

Note: Gross value added at factor cost including domestic indirect taxes but excluding import duties. For data on indirect taxes and duties, see Table 4. It is stated that at present it is not possible to distribute indirect taxes among various industries and thus arrive at a true gross value added at factor cost.

Table 12a

Change in Value Added at Factor Cost Including Domestic IndirectTaxes but Excluding Import Duties

	<u>1963/1960</u>	<u>1964/1960</u>	<u>1964/1963</u>
Agriculture	+4.4	+10.5	+6.1
Food Industries	+7.7	+11.2	3.5
Rural Households	.2	.3	.1
Construction Materials, Ceramics, Glass	0	.8	.8
Minerals	-.2	+ .4	.6
Mechanical and Electrical Industries	0	+ .3	.3
Chemicals	-.7	-.3	.4
Textiles, Leather	+2.6	+2.6	0
Wood and Woodworking	+ .2	+ .3	.1
Plastics, Jewelry	+1.5	+2.3	0.8
Construction and Public Works	+10.8	+14.4	3.6
Transport and Communications	+7.0	+10.9	3.9
Rents	+2.8	+3.5	.7
Services, including tourism and banking	+6.4	+10.3	3.9
Commerce	+6.0	+12.3	6.3
Petroleum Products	0	1.6	1.6
Electricity	+ .5	+ .8	.3
Other Energy Products, Water	0	0	0
Total above	<u>49.2</u>	<u>82.2</u>	<u>33.0</u>

Table 12 b

Gross Value Added, Constant Prices

(Millions Dinars)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Agriculture	73.0	76.0	70.0	72.5	78.4
Food Industries	27.3	32.4	27.7	32.6	36.9
Rural Households	5.8	6.1	6.0	5.9	6.0
Construction Materials, Ceramics, Glass	33.8	3.3	3.8	3.7	4.0
Minerals	6.4	6.3	5.5	6.5	7.1
Mechanical and Electrical Industries	1.9	1.4	1.9	1.9	2.2
Chemicals	1.9	1.3	0.6	1.2	1.6
Textiles, Leather	6.4	5.5	7.1	7.9	7.9
Wood and Woodworking	2.1	2.4	2.1	2.2	3.1
Plastics, Jewelry	2.6	3.2	3.6	4.0	4.7
Construction and Public Works	15.1	18.0	22.0	23.9	27.2
Transportation and Communications	21.1	22.3	24.5	26.8	29.2
Rents	12.2	13.0	14.2	15.0	15.7
Services, including tourism and bankings	22.9	24.1	26.6	28.2	31.0
Commerce	50.7	53.7	53.7	58.0	63.8
Petroleum Products	-0.1	0	-0.1	-0.1	+0.4
Electricity	2.9	3.0	3.1	3.4	3.7
Other Energy Products, Water	3.3	3.3	3.3	3.6	3.6
Total of Above	259.2	275.3	275.6	397.2	326.5

Source: Secretariat d'Etat au Plan et aux Finances

Note: Gross value added at factor cost including domestic indirect taxes but excluding import duties. For data on indirect taxes and duties, see Table 4a. It is stated that at present it is not possible to distribute indirect taxes among various industries and thus arrive at a true gross value added at factor cost.

Table 13

Detailed Data on Turnover, Prices and Quantities for Major Sectors

1960 - 1963

1. Textile Sector

	<u>Leather Shoes</u>		<u>Clothing, etc.</u>	<u>Tanned Skins</u>		
	Quantity	Value	Value	Q	P	V
	Millions Pairs	Millions Dinars	Millions Dinars	<u>T</u>	<u>D</u>	<u>0000</u>
1960	3.0	2.165	6,170	2,800	262	733
1961	2.44	1.875	4,516	2,190	262	570
1962	1.95	1.730	6,108	1,930	262	505
1963	2.23	1.890	6,744	2,300	262	600

	<u>All Types of Cloth</u>			<u>Wool Yarn</u>		
	Q	P	V	Q	P	V
	<u> </u>	<u>D</u>	<u>0000</u>	<u> </u>	<u>D</u>	<u>0000</u>
1960	2250	166	3,740	1450	1000	1450
1961	2390	170	4,062	1330	1000	1330
1962	3558	184	6,550	1370	1000	1370
1963	4885	151	7,378	1220	835	1020

	<u>Cotton and Linen Yarns</u>		
	Q	P	V
	<u> </u>	<u>D</u>	<u>0000</u>
1960	---	---	----
1961	---	---	---
1962	71	520	37
1963	837	520	435

Table 13 (Continued)

2. Transport Sector (All turnover figures in thousands Dinars)

	<u>SNCF</u>	<u>Sfax Gafsa Railway</u>	<u>Road Transport</u>	<u>Ocean Transport</u>	<u>(of which Exports)</u>
1960	4,654	2197	9320	1,830	(1695)
1961	4,320	3089	10400	2,038	(1898)
1962	4,370	3139	11300	3,116	(2971)
1963	4,600	3413	12700	2,646	(2496)
	<u>Air Transport</u>	<u>Ports</u>	<u>FPT</u>	<u>Maritime Agencies</u>	
1960	1,262	1416	3653	2480	
1961	1,457	1512	3149	2580	
1962	1,697	2296	2988	2480	
1963	2,093	3001	3127	2680	

3. Services (000D)

	<u>Hotels, etc.</u>	<u>Banks</u>	<u>Q(000T)</u>	<u>P (D)</u>	<u>V (000D)</u>
1960	9,340	3673	405	5.8	2350
1961	9,340	4819	329.1	5.8	1910
1962	10,500	5146	362.5	5.8	2100
1963	12,300	5536	360.9	5.8	2080

4. Building Materials
Cement5. Paper, Plastics, Jewelry, etc.

	<u>Precious Metal Jewelry (000D)</u>	<u>Q (T)</u>	<u>P (D)</u>	<u>V (000D)</u>	<u>Plastics (000D)</u>
1960	2800	-----	---		130
1961	2876	-----			870
1962	2954	-----			990
1963	3054	220	68	15	1465

Table 13 (Continued)

6. Mechanical and Electrical Industries
(in thousands Dinars)

	<u>Metalworking</u>	<u>Automobiles and Bicycles</u>
1960	3411	337
1961	3693	346
1962	3982	1150
1963	4571	1251

7. WoodworkingWoodworking

			3860
			4680
			4500
			4500

8. Minerals

	<u>Phosphates</u>			<u>Iron Ore</u>		
	<u>Q</u>	<u>P</u>	<u>V</u>	<u>Q</u>	<u>P</u>	<u>V</u>
	—	—	—	—	—	—
1960	2098	3.4	7084	1033	3.2	3300
1961	1982	3.4	6858	879	3.3	2956
1962	2097	3.4	7277	761	3.3	2533
1963	2365	3.4	8064	865	3.1	2702

9. Chemicals and Rubber

	<u>Soap and Detergents</u>			<u>Hyper Phosphates</u>		
	<u>Q (T)</u>	<u>P (D)</u>	<u>V (000D)</u>	<u>P (T)</u>	<u>P (D-T)</u>	<u>V (000D)</u>
1960	11,300	109	1,235	57,750	7,650	442
1961	12,200	105	1,280	69,220	8,250	570
1962	12,900	105	1,360	27,000	8,350	226
1963	13,500	105	1,420	85,700	8,200	703

	<u>Super Phosphates</u>			<u>Perfumes</u>
	<u>T</u>	<u>D/T</u>	<u>000D</u>	<u>000D</u>
1960	152,500	20.4	3,118	1,038
1961	160,000	21.0	3,351	564
1962	174,000	18.5	3,216	622
1963	175,000	19.1	3,353	758

Table 13 (Continued)

10. Food Industries

		Q	P	V
		-	-	-
Oil from olive pits	1960	6.5	90	585
	1961	17.0	92	1580
	1962	3.2	98	306
	1963	7.0	130	910
Olive oil	1960	37.0	204	7560
	1961	125.0	208	26000
	1962	34.5	220	7600
	1963	45.0	208	13300
Other oils	1960	520	200	105
	1961	327	185	60
	1962	427	168	72
	1963	488	208	102
Margarine	1960	0.29		87
	1961	0.22		74
	1962	0.20		65
	1963	0.20		67
Meat and Fish Canning	1960			1450
	1961	5993	250	1500
	1962	3912	250	980
	1963	5552	250	1390
Vegetables and Fruit	1960	14.8		2155
	1961	17.6	146	2570
	1962	25.7	145	3730
	1963	23.3	145	3380
Butter	1960	0.269	500	135
	1961	0.276	494	137
	1962	0.262	505	132
	1963	0.251	505	127
Cheese	1960	0.980	357	350
	1961	0.663	357	237
	1962	0.698	353	246
	1963	0.726	340	246
Pateurized Milk	1960	4,500	45	205
	1961	3,100	45	140
	1962	4,200	45	189
	1963	5,800	45	260

Table 13 (Continued)

10. Food Industries (Page 2)

	Q	P	V
	—	—	—
Coffee, Roasting	1960	1780	1540
	1961	2260	1190
	1962	2040	1260
	1963	2240	1430
Sugar	1960	12.7	95
	1961	12.1	1150
	1962	42.3	2990
	1963	43.9	3580
Biscuits, Chocolate, etc.	1960		934
	1961		930
	1962		1111
	1963		1014
Gouscous	1960	25.0	85.5
	1961	37.3	82.0
	1962	33.6	79.0
	1963	36.5	78.0
Pastry, etc.	1960		3780
	1961		3882
	1962		3987
	1963		4090
Wine	1960	153.6	53
	1961	147.2	58
	1962	187.7	59
	1963	170.7	59.5
Beer	1960	126	747
	1961	134	750
	1962	124	775
	1963	135	770
Alcoholic Drinks	1960		578
	1961		595
	1962		660
	1963		700
Other Drinks, Ice Cream, etc.	1960		826
	1961		923
	1962		1115
	1963		1270

Table 13 (Continued)

10. <u>Food Industries</u> (Page 3)		Q	P	V
		—	—	—
Tobacco	1960			12221
	1961			12216
	1962			11987
	1963			13130
Peanuts	1960	1000		300
	1961	960		276
	1962	1070		288
	1963	800		231
Meat	1960	30.8	329	10105
	1961	36.3	327	14150
	1962	33.6	354	11900
	1963	25.3	392	9950
Raw Hides	1960	4.9	188	905
	1961	3.9	188	740
	1962	3.6	188	680
	1963	2.8	188	530
Bakeries	1960	78	52	4050
	1961	100	52	5200
	1962	100	52	5200
	1963	102	52	5300

Table 13 (Continued)

11. Trade - Markups

	1960				1961			
	<u>Intermediate Consumption</u>	<u>Final Consumption</u>	<u>Exports</u>	<u>Total</u>	<u>Intermediate Consumption</u>	<u>Final Consumption</u>	<u>Exports</u>	<u>Total</u>
Agriculture	2.7	10.6	2.6	15.9	4.1	11.7	1.7	17.5
Food Industries	0.8	9.5	2.4	12.7	1.4	10.4	1.8	13.6
Petroleum Products	1.8	1.2		3.0	1.6	1.2		2.8
Other Energy Products	0.2	0.7		0.9	0.2	0.6		0.8
Construction Materials	0.9	0.3		1.5	0.9	0.6		1.5
Minerals	0.1	0.3		0.4	0.1	0.2		0.3
Mechanical and Electrical Industries	2.8	5.9		8.7	3.6	6.0		9.6
Chemicals	1.6	2.2		3.8	1.8	1.8		3.6
Textiles	1.2	8.5		9.6	0.9	7.4		8.3
Woodworking	0.4	0.1		0.5	0.5	0.2		0.7
Paper	0.8	1.4		2.2	0.8	1.5		2.3
Total	13.2	41.0	5.0	59.2	15.9	41.6	3.5	61.0
	1962				1963			
Agriculture	4.0	11.4	2.1	17.5	3.5	12.0	0.3	15.8
Food Industries	1.7	10.4	3.3	15.4	1.9	12.7	2.4	17.0
Petroleum Products	1.6	1.2		2.8	1.9	1.3		3.2
Other Energy Products	0.2	0.7		0.9	0.2	0.7		0.9
Construction Materials	1.0	0.8		1.8	1.1	0.9		2.0
Minerals	0.1	0.2		0.3	0.1	0.2		0.3
Mechanical and Electrical Industries	3.7	6.7		10.4	4.6	6.4		11.0
Chemicals	1.9	1.9		3.8	2.2	2.1		4.3
Textiles	1.1	8.7		9.8	1.2	8.3		9.5
Woodworking	0.3	0.2		0.5	0.4	0.2		0.6
Paper	0.8	1.7		2.5	0.9	1.7		2.6
Total	16.4	43.9	5.4	65.7	18.0	46.5	2.7	67.2

TABLE 14

Actual and Projected Ordinary Expenditures
by Functions
(In Mill. Dinars)

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Assembly	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Presidency (less Artisanat)	0.8	0.8	1.1	2.4	3.0	3.0	3.0	3.0
Foreign Affairs	1.2	1.3	1.5	1.6	2.0	2.0	2.0	2.0
National Defense	4.8	4.8	4.3	4.3	4.3	4.3	4.3	4.3
Justice	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5
Interior	6.4	6.4	6.3	6.3	7.0	7.0	7.0	7.0
Plan & Finance (Incl. Industry & Agri.)	6.4	5.5	6.0	6.6	7.4	7.5	7.7	8.0
Public Works and Housing	3.8	4.5	4.5	4.6	4.9	5.0	5.0	5.0
Education	11.7	12.8	14.7	16.5	18.3	20.4	23.0	26.0
Health	6.8	7.1	7.1	7.6	8.0	8.4	8.7	9.0
Youth, Sports and Social Affairs	0.3	0.5	1.2	1.8	2.7	3.2	3.6	4.0
Information and Cultural Affairs	0.3	0.7	0.9	1.1	1.4	1.5	1.5	1.5
Interest on Public Debt	1.0	1.2	2.4	2.4	3.6	4.5	5.3	6.0
Subsidies to RTT, PTT	0.5	0.5	0.4	0.7	0.8	0.9	1.0	1.1
Economic Subsidies	1.0	1.2	1.2	1.2	2.3	2.3	2.3	2.3
Total state budget	46.6	48.9	53.2	58.7	67.5	71.8	76.2	81.0
Annual budgets (RTT & PTT)	3.3	3.3	3.6	4.0	4.5	4.7	4.8	5.0
Total Title I (1)	49.9	52.2	56.8	62.7	72.0	76.5	81.0	86.0
Ordinary expenditures of Special Funds	8.7	8.1	5.4	5.4	5.5	5.5	5.5	5.5
Ordinary expenditures of Revolving Funds	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Total Ordinary Expenditures (1)	60.1	61.8	63.7	69.6	79.0	83.5	88.0	93.0
(1) Does not include debt repayment which is estimated as follows:	0.8	1.0	2.0	3.7	4.5	5.5	6.3	7.0

Table 15

Economic Subsidies Included in Ordinary Budget

(000 D)

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
Artisanat	110	110	110	110	500
Railroad:					
Maintenance	600	600	600	600	600
Deficit	50	130	175	230	900
Office des Mines en Valeurs	210	320	320	320	320
(of which Medjerdah Valley)	<u>(210)</u>	<u>(210)</u>	<u>(210)</u>	<u>(210)</u>	<u>(210)</u>
	970	1,160	1,205	1,260	2,320

These figures are actual expenditures for economic subsidies in the American sense; the other "economic subsidies" in the ordinary budget are current expenses of schools, etc., which are organized as separate entities.

Table 16
Consolidated Budget (Millions Dinars)

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>Est.</u> <u>1964</u>
1. Ordinary Expenditures				
Title I (including annexed budgets of PTT & RTT)	56.4	57.2	57.4	63.3
-Blocked French debt	-5.9	-4.3		
-Contribution to Title II	-0.6	-0.7	-0.6	-0.6
Net Title I as adjusted	<u>49.9</u>	<u>52.2</u>	<u>56.8</u>	<u>62.7</u>
+Special Funds	8.7	8.1	5.4	5.4
+Fonds de Concours	1.5	1.5	1.5	1.5
Total Expenditures	<u>60.1</u>	<u>61.8</u>	<u>63.7</u>	<u>69.6</u>
2. Receipts (including annexed budgets of PTT & RTT)				
+Fonds de Concours	2.0	2.0	1.8	2.0
+Special Funds	10.7	9.9	8.9	7.4
+Special LCSD Tax	----	2.1	0.5	----
+Transfer of PTT Profits	----	----	0.3	----
Total Receipts	<u>74.3</u>	<u>76.3</u>	<u>79.8</u>	<u>87.6</u>
3. Ordinary Budget Surplus <u>A/</u>	14.2	14.5	16.1	18.0
Capital Expenditures				
Title II, Sec. I and II	23.5	27.3	35.2	29.7
+LCSD, cash	11.6	13.6	15.3	15.3
+Special Funds	1.0	1.0	1.0	1.0
+Direct aid financing	5.0	6.7	5.0	13.7
Total <u>B/</u>	<u>41.1</u>	<u>48.6</u>	<u>56.5</u>	<u>59.7</u>
Debt repayment <u>C/</u>	0.8	1.0	2.0	3.7
Treasury Cash Deficit (A-B-C)	27.7	-35.1	-42.4	-45.4
Financing:				
1. Treasury bills			8.8	4.2
2. Equipment bonds	2.0	3.3	0.8	0.8
3. Short-Term advances from) Central Bank through) Postal Checking System*)	4.0	4.9	8.2	1.7
4. Advances from National Savings Bank) deposits)		0.6	0.4	0.5
5. Medium term advances from Central Bank		5.5		
6. Compulsory loan from				5.0
7. Foreign loans		10.2	9.9	15.6
8. Foreign gifts		7.8	4.2	5.1
9. Direct foreign financing		6.7	5.0	13.7
10. Total		<u>39.0</u>	<u>37.3</u>	<u>45.4</u>
11. Net Effect on Other Treasury Resources (Residual)		+3.9	-5.1	

Sources: AID Form 10-74 and work sheets

* Increase in Postal Checking System credits to public sector minus increase in public deposits with Postal Checking System.

TABLE 17

Monetary Expansion, 1962-63 ^{1/}
(mill. of dinars)

I.	<u>Increase in Money Supply & GDP</u>	(1961)	<u>1962</u>	<u>1963</u>
	Money Supply (end of year)	(95.6)	105.6	133.0
	% Change during Year		10.5	25.9
	% Change GDP in <u>constant</u> prices		1.5	6.2
	% Change GDP in <u>current</u> prices		1.6	7.0
II.	<u>Factors Causing Money Supply to Expand</u>			
A.	<u>Inflationary Factors</u>		During	During
			<u>1962</u>	<u>1963</u>
	Central Bank Credit to Govt. ^{2/}		<u>13.2</u>	<u>10.5</u>
	Private Bank Credit to Govt.		1.5	11.6
	Postal & Saving Fund Credit to Govt. ^{2/}		6.1	2.1
	Private Bank Credit to Pvt. Sector		<u>11.0</u>	<u>23.6</u>
	Total of above		31.8	47.8
B.	<u>Deflationary Factors</u>			
	Decrease in Net Foreign Assets ^{2/}		10.6	9.2
	Decrease in CB Credit to Pvt. Sector		5.9	2.4
	Other Factors (net) ^{3/}		<u>5.3</u>	<u>8.8</u>
	Total of above		21.8	20.4
	<u>Increase in Money Supply (A-B)</u>		<u>10.0</u>	<u>27.4</u>

(See next page for footnotes)

Glenn A. Lehmann 1/7/65

Notes to Table 17.

- 1/ Source: Central Bank reports. Due to a change in definitions, comparable figures extend back only to December 1961. Data for 1964 not yet available.
- 2/ Central Bank credit:
- (a) excludes all foreign financing of the Government, including 4.2 MD in 1962 and 0.6 MD in 1963 in long-term loans for which the Central Bank was the legal intermediary and which have also been here excluded from changes in Net Foreign Assets (see Table 10; GOT figures for Central Bank credit to Government and for decreases in Net Foreign Assets both include these amounts);
 - (b) includes Central Bank credit to Government extended through the Postal Checking System, equal to 5.1 MD in 1962 and 8.3 MD in 1963, which is in addition to Postal Checking System credit to the Government automatically extended on the basis of increased deposits (by the public) with the System, equal to 5.5 MD in 1962 and 1.7 MD in 1963. (The GOT combines these figures in its reports.)
- 3/ Consisting of increases in time and savings deposits, various special deposits, bank capital and miscellaneous items.

Glenn A. Lehmann 1/7/65

TABLE 18

Comparison of Inflationary Pressures
as calculated on basis Budget Deficit
and Monetary Expansion

(mill. of dinars)

	<u>1962</u>	<u>1963</u>
I. Total Deficit Consolidated Budget	35.1	42.4
less Total Foreign Financing	-24.7	-19.1
Unfinanced Deficit	<u>10.4</u>	<u>23.3</u>
(Equals inflationary pressure)		
II. Inflationary Monetary Factors	31.8	47.8
less Deflationary Factors	- 21.8	- 20.4
Increase in Money Supply	<u>10.0</u>	<u>27.4</u>
(Equals inflationary pressure)		

Sources: Part I from Table 16
Part II from Table 17

Glenn A. Lehmann, 1/7/65

Table 19

	Balance of Payments (Current Prices)			Din ^o
	(mill. of dinars)			1964
	1961	1962	1963	(at old exchange rate)
1. Exports	46.3	48.7	52.9	54.8
2. Imports, cif	-88.4	-90.9	-93.1	-99.9
3. Trade balance	-42.1	-42.2	-40.2	-45.1
4. Net Services Balance	<u>4.5</u>	<u>-5.8</u>	<u>-9.5</u>	<u>-10.1</u>
5. Balance on Goods and Services	<u>-37.6</u>	<u>-48.0</u>	<u>-49.7</u>	<u>-55.0</u>
6. Net Private Investment and Suppliers' Credits	5.6	9.2	10.1	11.3
7. Special French Payments	0	0	6.0	1.5
8. Net aid (excluding #7)	23.3	23.9	25.2	32.8
9. IMF credits	<u>0</u>	<u>0</u>	<u>0</u>	<u>2.1</u>
	28.9	33.2	41.3	50.8
10. Decrease in net exchange reserves	8.2	10.6	9.2	4.2
11. Errors and omissions	<u>0.5</u>	<u>4.2</u>	<u>-0.8</u>	<u>5.1</u>
12. Total Financing	<u>37.6</u>	<u>48.0</u>	<u>49.7</u>	<u>55.0</u>
13. Lines 7 / 8 / 9 as % of Line 5	62%	50%	63%	66%

Source: TOAID A-130 and Table 26.

Table 20

Overall Aims of Four Year Plan 1965-1968.

1.	Average rate of growth		6% per annum	
2.a	Average profitability of investments		25%	
b	Or capital-output ratio		4 or better	
3.	Total investments in 1968		111 - 113 MD	
4.	Foreign aid assumed by 1968	43%	47.73 - 48.59 MD	
5.	Other foreign financing	7%	7.77 - 7.91 MD	
6.	Domestic savings		56.57 MD	
	of which (households)			(18.-)
	(budget surplus)			(17.-)
	(savings by enterprises out of profits)			(22)

Sources: Secretariat d'Etat au Plan et aux Finances, "Determination des Objectifs de Production par Secteur pour 1968", p. 6. Hereinafter "Determination."

If adjustment for new basis and prices is made, and savings were distributed as in "Determination" (see Table 21 and notes to Table 21), the figures would be:

3. ¹	Total investment in 1968		138 MD	
4. ¹	Foreign aid assured	43%	59.3 MD	
5. ¹	Other foreign financing	7%	9.7 MD	
6. ¹	Domestic savings		69 MD	
	of which (households (31.6%))			(21.8)
	(budget surplus (30.0%))			(20.7)
	(savings by enterprises (38.4%))			(26.5)

Table 21

Sources and Uses of GDP - 1960, 1963 or 1964, 1968

(Million Dinars)

	(1) 1960 Plan	(2) 1960 Rev.	(3) 1964 Prel.	(4) 1968 Plan	(5) 1968 Plan 1960 Plan % -100	(6) 1968 Adjust. Col 2: x Col 5 /100%
<u>Production</u>						
Enterprises	277.8	288.7	376.4	402.9	45%	418.6
Households	11.8			12.4	45%	67.4
Domestic Services	-----	2.1	2.3			
Administrative Services		44.4	59.2	4.7		
Gross Domestic Production	289.6	335.2	437.9	420.0	45%	486.0
Imports	84.6	85.0	111.0	146.0	75%	146.2
<u>Total Resources</u>	<u>374.2</u>	<u>420.0</u>	<u>548.9</u>	<u>566.0</u>	<u>50%</u>	<u>632.2</u>
<u>Consumption:</u>						
Private	257.8	257.3	382	341.9	33%	342.2
Government	23.1	57.9		29.3	26% (a)	73.0
Financial Institutions	.5	-----		.8	56%	.8
	281.4	315.2	382	372.0	33%	416.0
<u>Gross Capital Formation</u>						
Enterprises	15.4 (38.3%)	22.9		45.2		
Financial Institutions	.3 (1%)	.5		.4		
Government	20.4 (50.7%)	30.3		60.8		
Households	4.1 (10.0%)	6.0		4.5		
Total (b)	40.2	59.7	97.8	111.0 (113)	172%	
Change in Stocks		-9.0	13.0?			
	40.2	50.7	100.8	111.0	175% (c)	137.9
Exports	52.6	54.3	66.0	83.0	58%	85.8
Total Uses	374.2	420.0	548.9	566.0	50%	639.7 (d)

Table 21
Notes

Columns 1, 4, 5 Note Commune #2, 18:III.64, p.4. Prices of 1957?
Columns 2, 3 Secretariat d'Etat au Plan et aux Finances, 1960 Prices.
Column 6 Column 2 x (Col 5 / 100%) calculated by assuming that rates of increase given in Plan Document op. cit. apply to new base.

The following footnotes are in N.C. #2, p.4.

- (a) "The real rate of increase is 48% if one allows for consumption in 1960 under the heading of self-financing (autoéquipement, 3.1)".
- (b) "Including autoéquipement, Gross Fixed Capital Formation would be 50.6 million dinars in 1960; government consumption would thereby be reduced by 20 million dinars and production raised to 296.4 million dinars. In this case, GFCF would be 17.2% of gross domestic production".
- (c) "Increase would be only 12.2% if autoéquipement of government, which in 1960 amounted to 10.4 MD, is allowed for".
(My translation)

In addition: (d) Difference in Total Resources (632.2 MD) and Total Uses (639.7 MD) is due to rounding. It has not seemed worthwhile to adjust figures to eliminate this minor fault of the table.

N.B. N.C. does not say so, but 1960 base is in market prices and excludes domestic services and government services. Revision is in market prices and includes a substantial amount of these two categories. Projection includes much too low a figure for government. In any case, the 4.7 MD are not understandable which are projected for administrative services in 1968.

Table 22

Projection of Production and Value Added in the Four Year Plan
1960, 1968 by Sector

(Millions Dinars)

	<u>Production at Factor Cost (⌘)</u>			<u>Value Added at Factor Cost (⌘)</u>					
	1960 (1)	1964 (2)	Projection 1968 (3)	Factor Cost		1964		1968	
				(4)	(5) %	(6)	(7) %	(8)	(9) %
Agriculture	89.059	106.7	111.526	73.0	82%	83.5	78.3	92.232	82.7
Food Industries	81.035	111.9	122.015	27.3	33.7	38.5	34.4	41.973	34.4
Rural Households	33.463	36.3	30.211	5.8	17.3	6.1	16.8	5.287	17.5
Energy	10.740	18.9	24.957	6.3	58.6	8.5	45.0	14.275	57.2
Construction Materials	5.883	7.0	13.186	3.8	64.6	4.6	65.7	8.188	62.1
Minerals and Metal Products	13.473	14.6	11.276	6.2	46.0	6.8	46.6	5.300	47.0
Mechanical and Electrical Industries	5.335	8.3	11.294	1.9	35.6	2.2	26.5	3.738	33.1
Chemicals	8.893	11.1	11.191	1.9	21.4	1.6	14.4	3.324	29.7
Textiles, etc.	16.804	20.9	41.278	6.4	38.1	9.0	43.1	15.566	37.7
Wood	4.218	7.4	8.707	2.1	49.8	2.4	45.9	2.978	34.2
Paper	5.234	8.7	9.150	2.6	49.7	4.9	56.3	4.493	49.1
Building, Public Works	29.000	52.5	64.844	15.1	52.1	29.5	56.2	34.756	53.6
Transport, etc.	28.329	41.4	35.010	21.1	74.5	32.0	77.3	25.802	73.7
Other Services	31.841	42.7	57.468	22.9	71.9	33.2	77.8	43.618	75.9
Total	363.307	488.4	552.113	196.4	54.1	263.8	54.0	301.608	54.6

(⌘) Figures in columns (2), (4) and (6) represent factor cost plus indirect taxes. They do not include import duties and hence are not in market prices.

Table 22

Notes

- Column 1 "Determination", op. cit., p. 6. These figures are only slightly different from the revised figures made available by the Secretariat d'Etat au Plan et aux Finances.
- Column 2 Secretariat d'Etat au Plan et aux Finances.
- Column 3 Same source as Column 1.
- Column 4 Secretariat d'Etat au Plan et aux Finances.
- Column 5 Column 4 divided by Column 1 x 100%.
- Column 6 Secretariat d'Etat au Plan et aux Finances.
- Column 7 Column 6 divided by Column 2 x 100%.
- Column 8 "Determination," Annexe, p. 4.
- Column 9 Column 8 divided by Column 3 x 100%.

Table 23

IAS Projections of Value Added, 1964-1968, by Industry, in 1964 Prices
Including Domestic Indirect Taxes but Excluding
Import Duties ("Factor Prices")

	<u>1964</u>	<u>Base</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	
Agriculture	83.5	82.9	84.5	87.3	89.1	91.9	95.6	
Food Industries	38.5	36.7	36.8	37.5	38.3	39.1	39.8	
Building Materials	4.6	4.6	5.0	5.3	5.7	6.0	6.3	
Minerals	6.8	8.5	9.1	9.7	10.4	11.1	11.9	
Mechanical and Electrical Industries	2.2	2.2	2.4	2.6	2.8	3.0		
Chemicals	1.6	2.0	4.0	4.2	4.4	5.4		
Textiles	9.0	9.0	11.9	14.8	17.7	20.6		
Wood and Woodworking	2.4	2.4	2.6	2.6	2.6	2.6		
Paper, Printing, Plastics	4.9	4.9	5.0	5.5	6.2	6.2	6.2	
Building and Public Works	29.5	29.5	32.0	29.5	27.1	27.6		
Petroleum Refining	1.5	1.5	1.6	1.7	1.9	2.0	2.1	
<u>Total of Above</u>	<u>184.5</u>	<u>184.2</u>	<u>191.9</u>	<u>200.7</u>	<u>206.2</u>	<u>215.5</u>		
Index		100	105.8	109.0	111.9	117.0		4%
Services	33.2	33.2	35.1	36.2	37.2	38.8		
Transportation	32.0	32.0	33.9	34.9	35.8	37.4		
Electricity	3.7	3.7	3.9	4.0	4.1	4.3		
Commerce	63.0	63.0	66.7	68.7	70.5	73.7		
Other Energy, Water	3.3	3.3	3.3	3.3	3.3	3.3		
House Rents	15.7	15.7	16.4	17.1	17.8	18.5		
Crude Oil	0	0	0	0	4.5	18.0		
<u>Sub-Total</u>	<u>150.9</u>	<u>150.9</u>	<u>159.3</u>	<u>164.2</u>	<u>173.2</u>	<u>194.0</u>		
<u>Rural Households</u>	<u>6.1</u>	<u>6.1</u>	<u>6.1</u>	<u>6.1</u>	<u>6.1</u>	<u>6.1</u>		
Grand Total	341.5	341.2	360.3	371.0	385.5	415.6		
Index		100	105.6	108.7	113.0	121.8		5%
Grand Total excluding Petroleum		341.2	360.3	371.0	381.0	397.6		
Index		100	105.6	108.7	111.7	116.5		4%
GDP at Market Prices	437.9	437.5	462.0	475.6	494.4	532.9		

Notes to Table 23

The effect of the devaluation of 1964 is handled as follows. The prices of export goods are assumed to be determined in foreign markets. The dinar price must therefore be raised by 25% when calculating export values. The value added of domestic goods is assumed to be unaffected by devaluation. This really implies that both the prices of finished goods and of imported inputs increase by the same amount as the result of devaluation.

In the case of agriculture and food industries, the base for projections has been the average for the years 1962 through 1964, to allow for the effect of the weather. The years 1963 and 1964 have been two good years as far as the weather is concerned.

Finally, the problem of wine has to be tackled. Wine has been a major export product. However, due to the recent troubles with France, Tunisian wine has lost its preferred French market, and it is not likely to find alternative outlets. Wine and grape production has increased in 1964, but it is likely to have increased stocks rather than exports. An adjustment must be made for this fact that wine production is becoming largely unsalable, at its former high price in France.

The following are the specific adjustments and assumptions made (see Table 23):

(a) Agriculture: The base for projection is the average of 1962-1964 = 77.6 MD. Roughly one-third of this output is for export and should be increased by 25% for devaluation. Hence the base becomes:

$$25.87 \times 1.25 + 51.7 = 32.3 + 51.7 = 840 \text{ MD.}$$

On the basis of discussions with Mr. Yudelman, it is assumed that the output is likely to increase about 2% per annum, with wide fluctuations around this trend due to weather. Between 1968-70 the increase will be about 4% per annum. After 1970, the output ought to increase very rapidly, rising between 1970 and 1975 by perhaps 10% per annum.

It is further assumed that wine sales will decrease by at least 5 MD sales lost. Two-thirds of this is deducted from the value added of agriculture and one-third from the value added of food industries.

We estimate, therefore, that gross value added in agriculture will move as follows:

	<u>1964</u>	<u>Base</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Agriculture, MD	83.5	84.0	85.1	88.4	90.2	92.0
Less allowances for unsaleable wine		-1.1	-1.1	-1.1	-1.1	-1.1
Value Added		82.9	84.5	87.3	89.1	91.9

Notes to Table 23 (Continued) - 2

(b) Food Industries: Base: average 1962-1964 = 33.9 MD; allowance for the increase in the dinar price of exported olive oil and wine: 125% of 11.3 = 14.1. Base used 22.6 + 14.1 = 36.7 MD. Allowance for unsaleable wine 0.6 MD. Annual increase of 2% per annum assumed. This assumption is based on the fact that olive oil and wine are the major food industries. Canning is expected to grow, but is not likely to be of major importance. The same is true for patisseries, baking, juice making, etc. Hence:

	<u>1964</u>	<u>Base</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Food Industries: 2% p.a.	38.5	36.7	37.4	38.1	38.9	39.7
Less allowance for unsaleable wine			- .6	- .6	- .6	- .6
Projection	38.5	36.7	36.8	37.5	38.3	39.1

(c) Rural Households: projected unchanged at 6.1 MD.

(d) Construction and Public Works: The government intends to keep total investments constant while stepping up directly productive investments. It is assumed that LCSD expenditures and expenditures on architects services will remain constant. Increasing the portion of directly productive investments implies that a greater proportion will be (imported) machinery and a smaller proportion will be construction. Hence, construction is expected to fall.

New building permits have been declining for over a year. However, building permits already issued are apparently being honored. Hence, construction is likely to rise to 32 MD during 1965 and then to fall. In 1967, pipeline construction is expected to require domestic construction of 1.1 MD and in 1968, 1.6 MD. This accounts for a slight increase in 1968. No change in the base is necessary. Value added of Construction and Public Works is thus projected as:

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Construction, Public Works	29.5	32.0	29.5	27.1	27.6

(e) Building Materials, etc.: The output of building materials is assumed to increase with construction and even after construction is expected to decline, with the increase in output (a) from the new brick factory which will come into operation during 1965; (b) with the output of the steel mill which is expected to produce rods by 1966 and reach an output of perhaps 30,000 tons by 1968. Hence:

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Building Materials	4.6	5.0	5.3	5.7	6.0

Notes to Table 23 (Continued) -3

(f) Mineral Production: Phosphate production is expected to increase substantially; iron ore production is expected to increase somewhat. The 1964 value added is adjusted by 25% to allow for devaluation. Output may be expected to increase by 7% per annum.

	<u>1964</u>	<u>Base</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Minerals (7%)	6.8	8.5	9.1	9.7	10.4	11.1	11.9

The increase in the base is allowed even though the difference between the world price and the dinar price paid to the producer is partially absorbed by an indirect tax. It will be recalled that "value added at factor prices" really includes domestic indirect taxes, but not import duties.

(g) Mechanical and Electrical Industries: On the basis of known production plans and investments already made, value added may by 1968 be expected to rise to 3 MD. No change in the base is required.

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Mechanical and Electrical Industries	2.2	2.4	2.6	2.8	3.0

(h) Chemicals: Chemicals are dominated by phosphate products, almost all of which are exported. The base is adjusted, therefore, by 25% to 2.0 MD, although this is probably somewhat too high. In 1965, the coming into operation of Forenade will double previous phosphate outputs. The SIAPE extension will come into operation in 1965, gradually raising output further by 20% to 200,000 tons in 1968. Engineering contracts have been signed for the ICM (Industries Chimiques Maghrebiennes) which may come into production by late 1967 and may add another 1 MD to value added by 1968. Hence, we project:

	<u>1964</u>	<u>Base</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Chemicals	1.6	2.0	4.0	4.2	4.4	5.4

(i) Wood and Woodworking: The Skanes furniture plant has specialized in supplying hotels, and has reached its top production. Goslan office furniture has dynamic management and is likely to grow. On the whole the industry is likely to remain at its present high level. We project:

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Wood Working	2.4	2.6	2.6	2.6	2.6	2.6

(j) Paper, Printing, Plastics: Growth in the past has been due to the increase in the production of plastic articles and perhaps some printing. The Kasserine pulp plant ought to come into economic production by 1966. Except for pulp from the Kasserine plant, output from this industry is

Notes to Table 23 (Continued) - 4

entirely for the domestic market. Hence it is not worthwhile to adjust the base for devaluation effects. We project:

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Paper, etc.	4.9	5.0	5.5	6.2	6.2	6.2

(k) Petroleum Refining: The refinery reached an output of about 600,000 tons in 1964. It is questionable whether it will reach its full output of 1 million tons and if so when. We assume that fuel consumption may go up about 50,000 tons per annum to 1968. Exports can probably be neglected, hence no adjustment is made for the base.

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Petroleum Products (000 T)	600	650	700	750	800	850
Value Added	1.5	1.6	1.7	1.9	2.0	2.1
(Index	100	108	116.6	125	133.3	141.7)

(l) Crude Oil: The current estimate is that wells in the El Bourma area will produce up to 4 million tons by 1968. This is likely to be near the maximum production for some time. It is possible that about 1 million tons of crude will be produced in 1967. Total value of output at 1.90 \$/barrel, or 6.916 dinars/ton, is 6.916 MD in 1967 and 27.664 MD by 1968. This appears the maximum output of presently discovered wells. Value added (including depreciation) must be around 60-70%, say 65%. This gives a value added in 1967 of 4.5 MD, and in 1968, 18.0 MD.

(m) Textiles: Present industrial weaving capacity is 270 looms at Sousse producing 7 million meters in three shifts. 750 new looms are now being installed. Thus loom capacity will increase by about 300%. Similarly, the number of spindles is planned to increase 2 $\frac{1}{2}$ -3 times, and most are being installed already. In addition, a combed wool spinning mill is to be installed, and a clothing factory is to be installed in Menzel Bourguiba.

We assume doubling of output of spinning, weaving, and clothing by 1966, and a tripling by 1968, even though this seems optimistic in the light of the fact that factories already depend upon PL 480 cotton for operation.

In 1963, total sales value of the textile sector was 20.9 MD. About 65% was represented by the industries whose capacity is being tripled. Assuming that 65% of value added was also in those industries (which is probably too high), we split the 1964 base into Textiles 5.8 MD and Other (shoes, leather) 3.2 MD. We assume that textiles will triple by 1968,

Notes to Table 23 (Continued) - 5

while other production will remain constant.

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Textiles Proper	5.8	8.7	11.6	14.5	17.4
Other	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>
Total Textiles	9.0	11.9	14.8	17.7	20.6

This projection appears to be the maximum feasible, and it virtually exhausts the domestic market. Total textile imports in 1963 were \$28.4

Imports	11.9 MD
Domestic Production	
All kinds of cloth	7.4
Clothing	6.7
Cotton and linen yarns	.4
Wool yarn	<u>1.0</u>
Total Domestic Production	<u>15.5</u>

Total Presumed Consumption 27.4 MD

Assuming a value added of 43% for textiles (as implied in Tunisian figures - see Table 22), we can calculate the gross sales value of textiles as projected for 1968 as 40.4 MD, very much higher than the presumed consumption 1964! We feel, therefore, that this increase in production can only be achieved if there are exports - which is not likely. Rather than reduce output, however, we just attach this note of warning.

(n) Other Services and Electricity: Transport and Communications, Services (hotels, banks), Trade, and Electricity are assumed to increase at the same rate as the total of all industries listed above, except rural households. It would have been preferable to make at least a separate estimate concerning tourism, but we have found this impossible to do. The index applied runs as follows: (domestic and government services are excluded)

	<u>1964 Base</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1</u>
Index	100	105.8	109.0	111.9	117.0	

(o) Other Energy Products and Water: are assumed unchanged from the 1964 level.

(p) House Rents: are expected to increase by about .7 MD per year, as house construction is expected to continue.

(q) We assume that GDP at market prices increases proportionately to GDP at "factor cost". This implies that domestic and administrative services, as well as import duties move parallel to the gross value added of industrial and commercial production, as defined in the table (i.e. including lease rents and rural households).

Table 24 ^{*/}

Projection of Gross Fixed Investments, Assuming Building and Public Works as Table 22, and Assuming Initially that GOT Will Keep its Total Investments at 100 MD. (old exchange rate) Mill. D.

	<u>A</u>				
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Buildings	47.0	50.9	47.0	43.1	43.1
Machinery	32.1	40.0	36.1	38.4	38.4
LCSD	15.5	15.5	15.5	15.5	15.5
Live Animals	.7	.7	.7	.7	.7
Architects Services	2.5	2.7	2.5	2.3	2.3
Total Investments	97.8	109.8	102.1	100.0	100.0

Detail of Building

	<u>B</u>				
Total Buildings	47.0	50.9	47.0	43.1	43.1
of which Housing	?	7.5	7.0	7.0	7.0
Government	?	20.0	19.0	18.0	18.0
Enterprises	?	23.4	21.0	18.0	18.1

*/ This table parallels Tables 20-22, and indicates the investments which seem implied in present GOT plans, except that for 1965, known deliveries in the pipe line etc. are allowed for.

Table 25 */

IAS Estimates of Gross Fixed Investment, Adjusted for Known Delivery Schedules and for Effect of Devaluation on Machinery Cost (Million Dinars)

	<u>1964</u>	<u>Base*</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Buildings	47.0	47.0	50.9	48.1	44.7	43.1
Machinery	32.1	40.1	50.0	50.7	55.9	48.0
LCSD	15.5	15.5	15.5	15.5	15.5	15.5
Live Animals	.7	.7	.7	.7	.7	.7
Architects Services	2.5	2.8	2.8	2.8	2.5	2.5
	97.8	106.1	119.9	117.8	119.3	109.8
<u>Buildings</u>						
Housing	?		7.5	7.0	7.0	7.0
Public Construction	?		25.2	21.2	14.1	12.5
Enterprises Construction			18.2	19.9	23.6	23.6
	47.0		50.9	48.1	44.7	43.1
<u>Machinery</u>						
Public			11.0	9.6	5.4	5.4
Enterprise			39.0	41.1	50.5	42.6
	32.1		50.0	50.7	55.9	48.0

* Adjusted for devaluation.

*/ This table parallels Table 23, it gives the IAS estimates of the most likely course of gross fixed investments.

Notes to Tables 24 and 25

1. The method of estimating gross investment is as follows:

(a) It is assumed initially that overall investment is to be held to the figure of 100 MD at the old exchange rate, and that the composition is to be shifted in favor of (public and private) enterprise investment. However, in 1965, and to a lesser extent in 1966, total investment is assumed to increase above that figure because construction will not fall until late 1965, and deliveries of machinery, financed by supplier credits, will increase. In 1966 and 1967, crude oil production investments will raise investments by 5.12 MD and 7.09 MD respectively.

(b) LCSD spending is assumed to continue unchanged at a level of 15.5 MD reached in 1964.

(c) Imports of live animals are supposed to continue at the present level of 0.7 MD.

(d) The ratio of the ^{total (sales) value of the} building component of investment to the projected gross value added of construction is assumed to remain constant at the 1964 level of 1.6. (Table 23)

(e) Architects services are assumed to move parallel to construction.

(f) Expenditures as machinery (materiel) are found as a residual. Most are presumed to be imported.

2. Buildings are distributed among purchasers as follows:

Housing construction is assumed to decline slightly to the level of 7 MD. This is an arbitrary assumption since there is nothing in the government plans to go on. It is assumed, however, that the GOT will work to continue to provide better housing.

3. For the rest, it has been assumed that the ratio of machinery to building, other than housing, is the same for administrative and enterprise investment as it was in 1963: 143% for enterprise investment and 35% for administrative investments. These ratios have actually fluctuated substantially during the years 1960-1963, as follows:

Ratio of Machinery to Buildings

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>
Public	35%	41%	45%	35%
Enterprise	145%	122%	100%	143%

These figures made it possible to calculate the allocation of buildings and machinery among purchasers. . .

4. In fact, I feel that it will be impossible to hold investments at this total figure because of the effect of devaluation which is only imperfectly felt in the 1964 estimates. It is, therefore, necessary to raise at least the dinar value of machinery by 25%, assuming that all other dinar costs can be held to the pre-devaluation level. The ratios of machinery to building and the total amount of gross investment are thereby altered.

5. The adjustment for the base has been made by increasing the value of machinery in 1964 by the full amount of depreciation (plus 25%) and to assume that half of the architects' services are imported and need adjustment. Other components of gross fixed investment have not been adjusted.

6. Moreover, for 1965 and 1966, a substantial amount of information as deliveries scheduled for the steel mill, for textile mills, etc., suggests that machinery imports will be about 40.0 MD in 1965 and 36.4 MD in 1966, at the old exchange rate, and 50 MD and 50.7 MD respectively at the new one, the latter figure including in adding 5.2 MD for crude oil production facilities. These figures have been accepted finally, and gross investment adjusted accordingly.

7. Enterprise construction is assumed to move parallel to enterprise investment in machinery, less crude oil production facilities. Public construction is found as a residual.

8. Tables 24 and 25 give the final estimates so adjusted.

John J. Johnson, 1/7/65

Table 26

Summary Balance of Payments

(Millions of Dollars)

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Exports	116	126	130	137	141	161 161	211	220	231
Imports	<u>-216</u>	<u>-222</u>	<u>-237</u>	<u>-252</u>	<u>-254</u>	<u>-265</u>	<u>-255</u>	<u>-277</u>	<u>-300</u>
Trade Balance	-100	- 96	-107	-115	-113	-104 -104	- 44	- 57	- 69
Net Services	<u>-14</u>	<u>-22</u>	<u>-24</u>	<u>-26</u>	<u>-23</u>	<u>-25</u>	<u>-36</u>	<u>-36</u>	<u>-35</u>
<u>G. & S. Balance</u>	-114	-118	-131	-141	-136	-129 -129	- 80	- 93	-104
Total Private Capital	22	24	34	32	35	43	24	16	24
Net Aid <u>1/</u>	57	74	82	87	77	78	76	74	72
IMF Credit	<u>0</u>	<u>0</u>	<u>5</u>	<u>17</u>	<u>0</u>	<u>-5</u>	<u>-17</u>	<u>0</u>	<u>0</u>
Total Capital	79	98	121	136	112	116	83	90	96
Loss of Reserves	25	22	10						
Errors & Omissions	10	-2							
<u>New Non-Project Aid Required</u>				5	24	13 13	(-3)	3	8

1/ Net of loan + long-term credit repayments. Excludes any new non-project aid, but includes \$10 million in U.S. pipeline for 1965.

Note: See Tables 27-32 for supporting details. See TOAID A-130 of August 5, 1964 for an explanation of USAID adjustments to GOT B/P data.

Table 27

Exports

(millions of dollars)

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Olive Oil	31	24	27	35	31	32	33	34	35
Wine	18	24	21	11	11	11	11	11	11
Cereals	4	11	8	7	8	9	10	11	12
Other Agric.	24	25	28	29	31	33	37	41	45
Chemicals	6	8	9	18	19	20	24	26	28
Phosphate Rock	16	18	21	21	24	26	26	27	29
Other Mining	10	10	10	10	10	10	10	10	10
Crude Oil	0	0	0	0	0	13	53	53	53
All Other	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>8</u>
Total	116	126	130	137	141	153 ¹⁶¹	211	220	231

Assumptions regarding Exports (notes to Table 27)

1. Olive Oil: Except for the current crop and export year, export volume is assumed to increase steadily from the estimated 1961-65 average of 45,000 MT to about 55,000 MT in 1970 (mid-point of 50-60,000 MT range). This estimate is based on an assumed 20% production increase from a 1961-65 average of about 75,000 MT to about 90,000 MT in 1970. Two-thirds of the production increase is assumed to be exported and the rest consumed domestically. Export prices during 1966-70 are assumed to equal the estimated 1961-65 average of \$635 per MT. For the current 1964-65 crop year and 1965 export year, production of 90,000 MT and export of 50,000 MT at \$700 per MT are assumed. (Nearly all olive oil is pressed in the second half of the crop year, so that the entire crop has been assigned to the second year in calculating production averages.)

2. Wine: It is assumed that Tunisia will be able to export an annual average of 1.25 million hectoliters of wine at world market prices (about \$7.50 per hectoliter) during 1965-70. Together with assumed annual export of about \$1.5 million in liqueurs and other forms, total annual earnings of about \$11 million are estimated (based on a minimum wine production of 1.4 million hectoliters). This is a pessimistic assumption in that it assumes no sales at French internal prices of about \$16.50 per hectoliter. It is optimistic in that it assumes marketing of the entire estimated exportable surplus, which may not be possible without French purchase, even at world market prices. Sales for 1965, for example, could be \$.5 million lower or \$10-15 million higher than assumed, depending on the marketing conditions prevailing. Revised estimates should be made as soon as the marketing situation clarifies.

3. Cereals: Cereal exports are expected to increase gradually (assuming average weather) during 1966-70 and to equal average annual imports by 1970. A slight dip in exports is estimated for 1965 on the basis of the below-average 1964-65 crop. (In practice cereal imports will have an inverse relation varying with crops; estimates here represent probable averages for several years.)

4. Other Agriculture: (a) Citrus: assumed to increase steadily from \$4.5 million in 1964 to \$6.0 million in 1970. (b) Other Fruit: assumed to increase from about \$6 million in 1964 to \$8 million in 1967 and then more rapidly to \$14 million in 1970. (c) Vegetables (fresh and canned): assumed to increase from about \$5.5 million in 1964 to \$8 million in 1967 and \$12 million in 1970. (d) Esparto grass: assumed to fall from \$2.3 million in 1962 to \$1.5 million in

(T. 27)

1964 (due to start-up of pulp plant) and then to average of about \$1 million during 1966-70. (e) All Other Agriculture: assumed to increase slowly from \$10.5 million in 1964 to \$12 million in 1970, with no change in date exports.

5. Chemicals: (mainly superphosphates at present): Assumed to jump from \$9 million in 1964 to \$18 million in 1965, due to exports from new Forenade plant, and to increase slowly to \$20 million in 1967, followed by \$4 million ICM jump in 1968 and smaller increases in 1969-70. Ignores possible super-phosphoric acid plant.
6. Phosphate Rock: Equal to production (assumed to increase by 10% per year) minus domestic consumption, which will increase with Forenade and ICM plants. The net result is an uneven increase from \$21 million in 1964 to \$29 million in 1970.
7. Other Mining (mainly iron ore, lead and zinc): assumed to remain constant at 1962-64 level of \$10 million per year. (Note: excess iron ore capacity will permit maintenance of exports and supply of the new steel mill).
8. Crude Oil: Production of 28 million barrels (4 million MT) per year is assumed to begin in the second half of 1967. Exports have been valued at \$1.90 per barrel, which represents an estimated discounted fob price comparable with current Libyan prices. Exports in 1967 are estimated at one-fourth the full-year exports of \$53 million assumed for 1968 and beyond. For simplicity, all production is assumed to be exported and all refinery needs to be imported, although this is unlikely to be the case in practice. (Note: All estimates are based on current guesses by industry people; the production volume and timing estimates are particularly likely to be revised.)
9. All Other Exports: Assumed to increase slowly.

GLEhmann 12/21/64

TABLE 28

Imports

(million of dollars)

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Equipment Goods	44	52	64	81	74	78	78	86	94
Oil Inv. Imports	0	0	0	0	10	15	0	0	0
Oil Prod. Imports	0	0	0	0	0	2	5	5	5
Raw Mats., etc.	53	65	74	84	87	89	95	102	110
Energy	15	16	16	17	18	20	21	23	25
Est. Textiles	17	15	18	14	9	5	0	0	0
Other Consumer Goods	38	36	30	20	20	20	20	25	30
Cereals	26	12	6	12	12	12	12	12	12
Other Food	<u>24</u>	<u>25</u>	<u>29</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>
Total	216	222	237	252	254	265	255	277	300

Assumptions regarding Imports (notes to Table 28)

1. Equipment Goods: 1965-66 figures are based on GOT estimates and assumed available financing (mostly pipeline). 1967-68 level derived from apparent maximum absorptive capacity, with estimated project and equipment financing assumed to cover 80% of such imports beginning in 1965. 1969-70 figures represent 10% annual increases, to show effect on B/P of increased investment and constant aid. (See note on Gross Aid in notes to Table 30 regarding cross check used to equate equipment imports with assumed external and Tunisian financing.)
2. Oil Investment Imports: The foreign exchange costs of oil production, pipeline and storage installations are tentatively estimated at \$25 million during 1966-67, to be financed by foreign investment and/or supplier credits. These costs will include minor amounts of foreign services which are included in the import figures.
3. Oil Production Imports: Imports of materials and goods for oil production operations are estimated at about 10% of oil exports beginning in 1968 (and at \$2 million in 1967).
4. Raw Materials and Semi-Finished Goods (excl. Energy): Assumed to move with value added in non-agricultural, non-service industries minus import substitution (such as reinforcing bars).
5. Energy: Assumed to move with value added in non-agricultural, non-service industries. For simplicity, all oil produced in Tunisia is shown as exported, although some may be used to reduce refinery imports.
6. Textiles: Net imports of finished Consumer Good textiles are assumed to decline to zero by 1968 due to installation of large new capacity. (For simplicity, textile imports and exports, assumed equal in value by 1968, are shown as zero net imports.)
7. Other Consumer Goods: A \$6 million reduction is estimated for 1964 (entirely realized in the second half) and a further sharp reduction to a \$20 million level (vs. \$36 million in 1963) is assumed for 1965-68 on the basis of GOT "austerity" estimates for this category. To show the effect on the net balance a liberalizing of imports is assumed for 1969-70 following the payments surplus estimated for 1968.

(T. 28)

8. Cereals: Average annual imports of \$12 million, of which approximately \$9 million would be provided under various titles of PL 480, are assumed for the future. (Total cereal imports and PL 480 financing may be somewhat higher in 1965.)
9. Other Food Imports: An austerity level of \$24 million is assumed for 1965, with subsequent increases in domestic production of milk, meat and sugar assumed to only keep pace with rising levels of domestic consumption.

GLEhmann 12/22/64

Table 29

Services

(Millions of Dollars)

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Foreign Travel	-3	0	2	2	5	8	11	15	20
Transp. + Ins.	-7	-9	-11	-13	-11	-12	-12	-14	-16
Invest. Income	2	-2	-4	-6	-8	-10	-12	-14	-16
Oil Profits	0	0	0	0	0	-2	-11	-11	-11
Labor Income	-1	-1	-1	-1	-2	-2	-2	-2	-2
Oil Services	0	0	0	0	0	-1	-5	-5	-5
Pipeline Receipts	3	5	6	8	9	10	11	11	11
Other Govt. Services	8	5	0	0	0	0	0	0	0
For. TA + Teachers	-11	-15	-14	-14	-14	-14	-14	-14	-14
Other Services	-5	-5	-2	-2	-2	-2	-2	-2	-2
	<u> </u>								
Total Services (net)	-14	-22	-24	-26	-23	-25	-36	-36	-35
Import of Services	-23	-29	-27	-29	-27	-28	-28	-30	-32
- Export of Services	<u>5</u>	<u>5</u>	<u>2</u>	<u>2</u>	<u>5</u>	<u>8</u>	<u>11</u>	<u>15</u>	<u>20</u>
Net Services for NFB	-18	-24	-25	-27	-22	-20	-17	-15	-12
Difference in Balances, equal to									
Net Factor Payments	-4	-2	-1	-1	1	5	19	21	23

Assumptions regarding Service Categories (notes to Table 29)

1. Foreign Travel: Equal to difference between Tourist Receipts and Net Travel Abroad (including training, scholarship and government travel). Tourist receipts in 1964 are estimated as \$11 million, equal to about \$9 million on a post-devaluation basis. Tourist receipts are expected to more than double to \$20 million by 1968 and to increase to \$30 million by 1970. Net Travel Abroad is assumed to remain constant at \$9 million per year.
2. Transportation and Insurance: Assume to vary with total imports. (Note: Services are necessarily on a payments basis, while customs figures are used for imports, cif. and exports. Since the customs figures apparently understate imports, cif, the USAID-adjusted freight payment figures apparently include imports, cif. unreported by customs.)
3. Investment Income (other than Oil Profits): Interest payments on debt are expected to increase by about \$2 million per year until 1970, on the basis of anticipated aid and credit drawdowns. Other capital income items are expected to remain small and unchanged.
4. Oil Profits: These are the estimated gross profits (including amortization and charges for expenses abroad) expected to be transferred abroad by ENI as a result of the estimated oil production. Net profits are estimated at about \$.20 per barrel, or \$5.6 million on a full-year basis.
5. Labor Income: Receipts from Tunisians abroad are expected to remain constant. Payments for foreign services by Tunisian enterprises (other than oil) are expected to rise by about \$1 million in 1966 as result of steel and textile plant openings.
6. Oil Services: Payments to foreigners for oil production services (other than ENI profits) are very roughly estimated at 10% of gross income from oil.
7. Pipeline Receipts: Tunisian receipts from the Algeria-La Skhira oil pipeline (TRAPSA) are expected to continue to increase, but at a slower rate, through 1968 on the assumption that additional pumping capacity is added.
8. Other Government Services: The 1963 net surplus of \$5 million is expected to be eliminated as the result of the October 1963 evacuation of the Bizerte base. A net zero position is arbitrarily assumed for the future. (Note: this item represents a mixture of GOT and foreign government transactions, including some government imports.)
9. Foreign Technical Assistance and Teacher Services: Services rendered and grant aid received are assumed to remain constant at the estimated 1964 level of \$14 million. (Technical assistance is assumed to increase somewhat, offsetting a probable decrease in teacher payments.)

(T. 29)

10. Other Services: These miscellaneous payments were unusually high (\$5 million, net) in 1962-63 and the GOT has forecast a reduction for 1964 and beyond. The USAID has arbitrarily reduced net payments to \$2 million in 1964 and kept them constant thereafter.
11. Net Services for Net Foreign Balance: For national account purposes the service categories are treated as follows:
- (1) Imports of Services: Transportation and Insurance; Technical Assistance and Teachers; Other Services.
 - (2) Exports of Services: Foreign Travel (viewed as net receipts from tourism); Other Government Services (net earnings from Bizerte through 1963).
 - (3) Factor Payments not entering the Net Foreign Balance: Investment Income, incl. Oil Profits (no service is imported); Labor Income, incl. Oil Services (the net imported service is viewed as already counted in enterprise value added); Pipeline Receipts (viewed as rent rather than export of service).

(Note: The above is admittedly an approximation of the precise adjustments which should ideally be made on the basis of complete and fully reliable statistics.)

GLehmann 12/22/64

TABLE 30

Capital Account

(millions of dollars)

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Pvt. Investment	11	13	12	12	13	14	15	16	18
Oil Investment	0	0	0	0	10	15	0	0	0
Supplier Credits	4	17	7	21	13	15	15	15	15
Short-term Credits	7	-4	16	0	0	0	-5	-10	-4
Pvt. Transfers	<u>0</u>	<u>-2</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-5</u>	<u>-5</u>
Total Pvt. Capital	22	24	34	32	35	43	24	116	24
U.S. Aid Expend.	39	38	45	52	44	47	47	47	47
Non-U.S. Aid	19	25	40	43	43	43	43	43	43
Sp. Fr. Payments	<u>0</u>	<u>14</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Gross Aid ^{1/}	58	77	89	95	87	90	90	90	90
Loan Repayments	<u>-1</u>	<u>-3</u>	<u>-7</u>	<u>-8</u>	<u>-10</u>	<u>-12</u>	<u>-14</u>	<u>-16</u>	<u>-18</u>
Net Aid	57	74	82	87	77	78	76	74	72
IMF Credit	<u>0</u>	<u>0</u>	<u>5</u>	<u>17</u>	<u>0</u>	<u>-5</u>	<u>-17</u>	<u>0</u>	<u>0</u>
Total Capital	79	98	121	136	112	116	83	90	96
Change ^{Decrease} in Net Reserves	25	22	10						
Net Reserves (end of year)	48	26	16						

^{1/} See attached note for breakdown by type of aid.
See also Tables 31 and 32 for details of U.S. and non-U.S. aid.

Assumptions regarding Capital Account (notes to Table 30)

1. Private Investment (other than oil production): Assumed to increase gradually from \$12 million in 1964-65 to \$18 million in 1970, as a result of Tunisian success in attracting foreign private investment. These amounts include receipts from oil exploration (currently about \$5 million per year) but exclude oil production investment.
2. Oil Investment (for production): Arbitrarily assumed to be \$10 million in 1966 and \$15 million in 1967, equal to Oil Production Imports. Some of this financing could be in the form of supplier credits.
3. Supplier Credits (gross): GOT estimates were used for 1965-66 and then a level of \$15 million was assumed for 1967-70, in accord with estimated equipment good imports and assumed external financing of other types. So as to separate new credits from repayments, this item is shown on a gross basis, with repayments (generally spread over 10 years) included in Loan Repayments.
4. Short-term Commercial Credits (net): It is assumed that Tunisia will be able to keep outstanding the large volume of 90-day credits apparently obtained in the second half of 1964 (tentatively estimated at about \$16 million) until a repayment capacity is created by oil earnings in 1968. The repayment of the estimated net credits obtained in 1962-64 was then arbitrarily allocated over 1968-70.
5. Private Transfers: It was assumed that present controls will limit the annual net outflow to \$1 million through 1968; a "liberalized" rate of \$5 million was then assumed for 1969-70. (Free transferability of non-resident dinar holdings at this time would probably result in a total outflow of at least \$50 million.)
6. U.S. Aid Expenditures: See detailed Table 31. See also note below on Gross Aid.

(T. 30)

7. Non-U.S. Aid Expenditures: See detailed Table 32. See also note on Gross Aid. In general, expenditures are assumed to continue at the \$43 million level previously estimated for 1965, excluding any new non-project aid. (other than continued local cost financing of about \$15 million per year).
8. Special French Payments: No further receipts or payments are assumed. GOT payments for land nationalized on May 12, 1964 are a possibility but would probably be accompanied by a resumption of French wine preference or financial aid.)
9. Gross Aid (excluding IMF credits): The following is a breakdown of gross aid by type for 1962-70 (with average annual aid in 1968-70 assumed equal to that estimated for 1967):

(Millions of dollars, rounded)

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Special French Payments	0	14	4	0	0	0
Non-Project Aid	11	23	35	15	5	5
Project & Equip. Loans	6	8	23	46	50	53
Grant TA	15	16	16	17	16	16
PL 480 (Country Use)	<u>26</u>	<u>17</u>	<u>11</u>	<u>17</u>	<u>16</u>	<u>16</u>
Total	58	77	89	95	87	90

("Grant TA" includes teacher salaries, Peace Corps and some project goods.)

The estimates for equipment good imports have been correlated with the estimates for external financing on the basis that the following percentages of various types of aid and credits are used for equipment good imports: 100% of long-term Supplier Credits and Ex-Im Bank loans; 80% of Project and Equipment Loans and U.S. DG goods; and 50% of Net Foreign Private Investment (taken as roughly equal to 40% of Gross Foreign Private Investment). (This method excludes relatively minor amounts of equipment financed under non-project loans and non-U.S. grants. It also excludes both the Oil Investment Imports and identical Oil Investment financing assumed for 1966-67. It also excludes some probable financing under short-term commercial credits in 1964.) This method of estimation yields the following results:

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Equipment Imports	44	52	64	81	74	78	78
Est. External Fin.	18	31	32	65	60	64	65
Est. Tun. Fin.	<u>26</u>	<u>21</u>	<u>32</u>	<u>16</u>	<u>14</u>	<u>14</u>	<u>13</u>

Since the category of "Equipment Imports" includes a wide variety of machinery and spare parts purchased by private importers and individual enterprises, it is believed that 80% external financing represents the maximum feasible percentage for use of external financing, without causing serious delays or disruption in the provision of essential machinery or spare parts.

10. Loan Repayments (including those on Supplier Credits): Annual repayments are estimated to increase about \$2 million per year on the basis of estimated net new aid and present amortization terms. (Note: More precise estimates will be possible after the GOT completes its present study of all debt-servicing requirements, both public and private.)

11. IMF Credits: It is assumed that Tunisia's present stand-by credit of \$14.25 million will be increased to \$22.5 million during 1965 and that Tunisia will be able to draw during 1965 the entire remaining balance of \$17.25 million (\$5.25 million of the first stand-by having been drawn in the last quarter of 1964). Repayment is assumed to take place in 1967-68 just prior to the end of the three-year term for each drawing.

12. Change in Net Reserves: This is the change in Net Exchange Reserves excluding long-term debt held by the Central Bank (see note below). It excludes potential losses estimated for 1965-70 on the basis of no new non-project aid.

13. Net Reserves (end of year): This is the level of net exchange reserves, excluding long-term debt of the Central Bank. See TOAID A-253 of September 18, 1964 and TOAID A-130 of August 5, 1964 for a full presentation and explanation of Tunisian foreign exchange data. (See also Table 10.)

GLEhmann 12/23/64

TABLE 31

Estimated U.S. Aid Expenditures, CY 1962-70

(in millions of dollars)

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u> ^{1/}
Project Grants-Services	1.8	2.3	2.0	2.0	2.0	2.0
Project Grants-Goods	4.2	0.8	0.6	1.5	0.3	0.3
DL Project & Equip. Loans	5.1	3.8	8.3	17.0	21.0	25.0
Ex-Im Equipment Loans	1.2	1.2	-	2.6	3.4	2.0
Non-Project Grants	0.8	8.9	1.2	0.0	0.0	0.0
Non-Project Loans (excl. any new)	0.0	3.7	21.0	10.3	-	-
PL 480 Title I (Country Use)	9.5	7.4	5.3	6.8	4.7	4.7
PL 480 Title II	15.2	7.9	4.5	8.9	7.1	7.1
PL 480 Title III	1.0	1.6	1.6	1.6	1.6	1.6
PL 480 Title IV	-	-	-	-	3.0	3.0
Peace Corps/USIS	<u>n.a.</u>	<u>0.4</u>	<u>0.6</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total	38.8	37.9	45.1	51.7	44.1	46.7

^{1/} Also equal to assumed average annual expenditures in 1968-70.

Assumptions regarding U.S. Aid Expenditures (notes to Table 31):

The figures for 1965 are almost entirely determined by the status of pipeline, as are DL expenditures for 1966. Beyond 1965:

DG services are assumed to remain constant, with DG goods dropping to a low level after completion of the 50-well program.

DL project and equipment expenditures are assumed to climb to a level of \$25 million by 1967 and then level off. Ex-Im loan deliveries are assumed for a cement kiln in 1966 and at an average rate of \$2 million thereafter. No new non-project loans are assumed, in order to show the result of this assumption.

A PL 480 Title I program similar to the present request but without wheat is assumed beyond 1965. A new Title IV wheat program averaging about \$3 million per year is assumed beyond 1965. (The combined estimates for Titles I and IV represent the approximate possibilities for either alone or a combination of the two, pending further study. Probable average wheat deliveries are shown separately as Title IV for convenience only.) Title II and Title III deliveries are assumed to continue at average 1964-65 levels, as presently estimated.

Peace Corps expenditures (plus minor USIS scholarships and teachers) are expected to rise to about \$1 million in 1965 and level off.

GLehmann 12/22/64

TABLE 32

Estimated Non-U.S. Expenditures, CY 1962-70

(in millions of dollars)

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u> ^{1/}
<u>Grant Aid</u>					
	<u>2/</u>				
France	7.9	10.8	9.9	9.9	9.9
W. Germany & Others	0.7	0.7	1	1	1
United Nations	<u>0.5</u>	<u>1.0</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
Total Grants ^{2/}	9.1	12.5	12.4	12.4	12.4
<u>Non-Project Loans</u>					
	<u>Committed</u>				
France: Non-Project	11.2	10.1	1.1	-	-
France: Project L/C ^{3/}	E8	0	0.3	4.0	4.1
Kuwait	11.2	0	11.2	-	-
Netherlands	1.4	0	0	0.5	0.9
Italy (expend. in 1962)	<u>10.0</u>	<u>0</u>	<u>0</u>	-	-
Total Non-Project	41.8	10.1	12.6	4.5	5.0
<u>Project & Equip. Loans</u>					
France ^{3/}	E8	0	1.0	4.0	4.5
West Germany	15.0	0	3.0	5.5	4.5
Denmark	1.5	0	0	0.5	1.0
Sweden	1.2	0.1	0.4	0.8	1.0
Kuwait	16.8	0	7.5	7.2	5.0
USSR	27.5	0.7	1.0	2.5	2.5
Poland	10.0	0.5	1.0	-	-
Czechoslovakia	10.0	0.1	-	-	-
Bulgaria	1.2	0	-	-	-
Yugoslavia	5.0	0	0.2	0.6	1.0
I.D.A.	5.0	1.2	0.8	2.0	2.0
IBRD	<u>7.0</u>	<u>0</u>	<u>0</u>	<u>3.0</u>	<u>4.0</u>
Total Project and Equip.	108.2	2.5	15.0	26	25.5
Total Loans	150.0	12.6	27.6	30.5	30.5
Total Grants & Loans ^{2/}		<u>25.1</u>	<u>40.0</u>	<u>43</u>	<u>43</u>

1/ Also equal to assumed average annual expenditures in 1967-70.

2/ Including USAID estimates of the estimated value of French teacher salary payments (1.2 million dinars or \$2.9 million) not included by the GOT in its B/P figures. Excludes special French payments.

3/ Excluding \$2.4 million payable by France in dinars acquired through conversion of funds. Of the remaining \$16 million of project aid, half has been estimated by the GOT to be available for local currency expenses, thus making that portion equivalent to program-type aid.

Assumptions regarding Non-U.S. Aid (notes to Table 32):

These estimates exclude: (1) any new non-project aid other than continued French project local cost financing estimated at \$4-5 million per year; (2) expenditures under guaranteed supplier credits (since these represent private credits rather than public aid funds); (3) the special French financial settlement payments made in 1963-64; and (4) use of IMF credits.

Total expenditures are assumed to remain constant at the \$43 million level estimated for 1965. (See TOAID A-253 of September 18, 1964 for details.) It should be noted that less than \$20 million has so far been used of the \$108.2 million pledged for project and equipment loans and that most of the Bloc credits are assumed to remain unexpended by the end of 1966. It is assumed that France, West Germany, Kuwait and the IBRD/IDA will remain the major foreign suppliers of project and equipment aid and that new loans will be forthcoming from these sources to maintain the estimated 1965-66 expenditure rate of about \$26 million per year.

GLEhmann 12/22/64

TABLE 33

Projected Budgetary Revenues and
Expenditures
(Mill. D)

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
I. Revenues					
Sales and turnover taxes	28.0	33.7	34.6	35.3	37.0
Tax on agricultural products	2.9	3.0	3.0	3.1	3.2
Income and profits tax	10.0	10.5	10.9	11.2	12.0
Customs	10.5	13.2	13.0	13.0	13.1
Monopoly profits	9.4	9.8	10.2	10.6	11.0
Pipeline receipts	3.0	4.0	4.5	5.0	5.5
Oil profits & royalties	0	0	0	2.5	12.0
Special Funds	7.4	7.5	7.5	7.5	7.5
Revolving Funds	2.0	2.0	2.0	2.0	2.0
Other	9.2	8.9	8.0	8.4	8.8
Export Taxes	1.2	5.9	0	0	0
Post Office and radio television	4.0	4.6	4.7	4.8	5.0
Total Revenues	87.6	103.0	98.4	103.4	117.1
II. Ordinary Expenditures	69.6	79.0	83.5	88.0	93.0
Balance (I-II)	18.0	24.0	14.9	15.4	24.1
III. Budgetary debt repayment	3.7	4.5	5.5	6.3	7.0
IV. Capital Budget Expenditures	59.7	67.2	61.8	50.5	48.9
Implied deficit	<u>-45.4</u>	<u>-47.7</u>	<u>-52.4</u>	<u>-41.4</u>	<u>-31.8</u>

Notes to Table 33

I. Revenue

The following estimates assume no change in tax rates.

(a) Sales and turnover tax revenues will increase proportionately to the increase in value added in industry and commerce projected in Table 23. (The sharp increase in 1965 is due to an increase in the tax rate.)

(b) Revenues from the tax on agricultural products will increase proportionately to the increase in value added in agriculture. (Cf. also Table 23).

(c) Income tax revenues will increase proportionately to our projected increase in GDP. (Cf. Table 23)

(d) Customs revenues will increase proportionately to our projected increase in imports of goods. (Cf. Table 26).

(e) Monopoly profits will increase at 4% per annum.

(f) Pipeline receipts are the same as those projected in Table 28, line 7. In addition, the GOT will receive profits and royalties on the El Bourma oil.

(g) Special funds and revolving funds will remain constant at the 1964 level.

(h) The 1964 and 1965 totals for "Other Revenues" include one-time transactions. Only normal (recurring) revenues have been projected for subsequent years at a rate of growth of 5% per year.

(i) In October 1964, the GOT declared a special "temporary" tax on exports to absorb windfall gains on export earnings due to the devaluation of the dinar. No terminal date has been given for this tax; we have hopefully assumed that it will remain in effect only through 1965. The tax is to be 10% of the value of exports of olive oil, esparto grass and cork and 15% of the value of mineral and chemical exports.

II. Ordinary Expenditures

These projections, supplied by the Mission, were based on the assumptions that health and education expenditures would rise roughly in accordance with those planned in the Ten Year Perspective, since actual

investments in health and educational facilities have risen more or less as planned. Other expenditures are assumed to be held down as much as possible in the interests of raising public savings.

IV. Capital Budget Expenditures

It is assumed that the difference between government investment and capital budget expenditures is constant at the average level of 1962-63 (15.5 MD), since this difference apparently represents some sort of subsidies and need not decline at the same rate as government investment. In this case, capital budget expenditures would move as follows:

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
A. Government Investment	36.2	30.8	19.5	17.9
B. Capital budget expenditures excluding cash LCSD (A. + 15.5)	51.7	46.3	35.0	33.4
C. Cash LCSD	<u>15.5</u>	<u>15.5</u>	<u>15.5</u>	<u>15.5</u>
D. (B + C)	67.2	61.8	50.5	48.9

Table 34

GDP, Market Prices, Millions Dinars

Permissible Consumption Found as Residual

	<u>1964</u>	<u>Base</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Gross Fixed Investment	97.8	106.7	119.9	117.8	119.3	109.8
Public Consumption	69.0	69.0	72.0	75.0	78.0	81.0
Exports of Goods	54.6	68.2	71.4	74.0	79.2 84.5	110.3
Imports of Goods	-99.8	-124.8	-132.3	-133.3	-139.1	-133.9
Net Balance on Services	-11.0	-13.8	-14.0	-12.0	-11.0 -10.5	-9.0
Total	110.6	105.3	117.0	121.5	125.2 132.2	151.2
Private Consumption	327.3	332.2	345.0	354.1	368.5 362.2	374.7
GDP	437.9	437.5	462.0	475.6	494.4	532.9
<u>Index</u> GDP		100	105.8	108.7	113.0	121.8
<u>Pvt.</u> Consumption		100	103.9	106.6	110.7 109.0	112.8
Domestic Savings MD	41.6	36.3	45.0	45.4 46.5	46.5 54.2	77.2
Domestic Savings Ratio 9.5% of GDP		8.3%	9.7%	9.6% 9.8%	9.4% 11.0%	14.5%
Import Surplus on Goods and Services MD	56.2	70.4	74.9	71.3	65.1 65.1	32.6
Total Import Surplus, 1965-1968: 243.9 ^{243.9} Million Dinars						
Public Consumption as % of GDP	15.8%	15.8%	15.6%	15.7%	15.8%	15.2%

Table 35

GDP at Market Prices, Permissible Public and
Private Consumption Found as Residual if Domestic
Savings Ratios are to Increase by $\frac{1}{2}\%$ Per Annum
to 1967 and 2% to 1968
(Mill. D.)

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Assumed Savings Rate	10%	10 $\frac{1}{2}$ %	11%	13.0%
Total Savings MD	46.2	49.9	54.4	69.3
Gross Fixed Investment	119.9	117.8	119.3	109.8
Export of Goods	71.4	74.0	79.3 ^{84.5}	110.3
Net Balance on Services	-14.0	-12.0	-20.0 ^{-10.5}	- 9.0
Public and Private Consumption	415.8	425.7	440.0	463.6
Total of Above	593.1	605.5	608.6 ^{633.3}	674.7
less GDP	462.0	475.6	494.4	532.9
Required Imports	131.1	129.9	138.9 ^{138.9}	141.8
Import Surplus on Goods and Services	73.7	67.9	64.9	40.5

Total Import Surplus 1965-68: 247.0 Mill. D.

0/2

Table 36

GDP, Assuming Public Consumption at 16% of GDP
and Private Consumption to increase
by 4%
(Mill. D.)

	<u>Base</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Gross Fixed Investment		119.9	117.8	119.3	109.8
Public Consumption		73.9	76.1	79.1	85.3
Exports of Goods		71.4	74.0	74.0 84.5	110.3
Net Balance on Services		-14.0	-12.0	12.0 72.5	-9.0
Private Consumption	332.2	345.5	359.3	373.7	388.7
Total		596.7	615.2	615.2 646.1	685.1
less GDP		462.0	475.6	494.4	532.9
Required Imports of Goods		134.7	139.6	139.6 151.7	152.2
Import Surplus on Goods and Services		77.3	77.6	77.7	50.9
Domestic Savings MD		42.6	40.2	41.6	58.9
Ratio %		9.2%	8.4%	8.4%	11.1%
Domestic Savings if Public Consumption Moves as Table 34 and Private Consumption increases at 4%)	MD %	44.5 9.6%	41.3 8.7%	42.7 8.6%	63.2 11.9%

Total import surplus 1965-68: 283.5 Mill. D.

TABLE 37

GDP at Market Prices, Assuming Public
Consumption at 16% of GDP throughout, and
Assuming the Savings Ratio at 10% in 1965
and 1966; 10½% in 1967, and 13% in 1968.

(in mill. of dinars)

	<u>Base</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Savings Ratio %		10%	10%	10½%	13%
Total Savings MD		46.2	47.6	51.9	69.3
		<u>Mill. D.</u>			
Gross Fixed Investment		119.9	117.8	119.3	109.8
Export of Goods		71.4	74.0	70.8 84.5	110.3
Net Balance on Services		-14.0	-12.0	-12.0 -14.5	-9.0
Public Consumption		73.9	76.1	79.1	85.3
Private Consumption	332.2	341.9	352.4	363.4	378.3
Total of Above		593.1	608.3	630.1 635.8	674.7
Less GDP		462.1	475.6	494.4	532.9
Required Imports		131.1	132.7	135.7 141.4	141.8
Import Surplus		73.7	70.2	67.4	40.5
Total Import Surplus	1965-68	251.8 MD			
Index of Private Consumption		100.0	102.9	106.1	113.9

Table 38

Financing Requirements, Assuming Import Surplus on Goods and Services as Tables 34 through 37, Loan Repayments as Table 30 and Net Factor Payments as Table 29.
(Millions Dinars)

A. <u>as Table 34</u>	<u>1964</u>	<u>Base</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Import Surplus	56.2	70.4	74.9	71.3	71.3 65.1	32.6
Net Factor Payments	- .4	- .5	- .5	+0.5	+2.6	+10.0
Loan Repayments	2.9	3.7	4.2	5.3	6.3	7.4
Total	58.7	73.6	<u>78.6</u>	87.1 77.1	80.5 74.0	50.0/
				296.0 MD	279.7	
B. <u>as Table 35</u>						
Import Surplus	56.2	70.4	73.7	67.9	64.9	40.5
Net Factor Payments	- .4	- .5	- .5	+0.5	+2.6	+ 10.0
Loan Repayments	2.9	3.7	4.2	5.3	6.3	7.4
Total	58.7	73.6	<u>77.4</u>	73.7	73.8	57.9/
					282.8 MD	
C. <u>as Table 36</u>						
Import Surplus	56.2	70.4	77.3	77.6	77.7	50.9
Net Factor Payments	- .4	- .5	- .5	+ .5	+2.6	+10.0
Loan Repayments	2.9	3.7	4.2	5.3	6.3	7.4
Total	58.7	73.6	<u>81.0</u>	83.4	86.6	68.3/
					319.3 MD	
D. <u>as Table 37</u>						
Import Surplus	56.2	70.4	73.7	70.2	67.4	40.5
Net Factor Payments	- .4	- .5	- .5	+ .5	+2.6	10.0
Loan Repayments	2.9	3.7	4.2	5.3	6.3	7.4
Total	58.7	73.6	<u>78.4</u>	76.0	76.3	57.9/
					288.6 MD	

Note: The Loan Repayment figures for 1967 and 1968 should in each case include repayment of IMF credits, equal to 2.6 MD in 1967 and 8.9 MD in 1968. The total financing requirements for 1965-68 are thus actually 11.5 MD higher in each case.

Table 39

Comparison of Import Surplusses Calculated on
Different Assumptions

Table to be Compared with Table 26

Mill. D.

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Import Surplus, Table 26 on goods and Services	74.5	70.9	70.4 65.1	32.0
Table 34	74.9	71.3	71.3 65.1	32.6
Table 35	77.7	67.9	64.9	40.5
Table 36	77.3	77.6	77.7	50.9
Table 37	73.7	70.2	67.4	40.5

Further Non-Project Aid Required

as Table 26	2.6	12.6	12.6 6.8	(+1.6 *)	<u>Total</u> 27.8 21.6 +)
as Table 34	3.0	13.0	13.0 6.8	(+2.2)*	29.1 22.8 +)
as Table 35	1.8	9.6	6.6	6.9	24.9
as Table 36	5.4	19.3	19.4	20.5	64.6
as Table 37	1.8	11.9	9.1	6.9	29.7

*/ Available for either trade liberalization or increase in foreign reserves.

+/ 1965 through 1967 only.

Note: The small differences between the Import Surplus and Aid Required figures for Tables 26 and 34 are spurious and due only to rounding differences in component figures. The Import Surplus figures shown for Table 26 are based in part on the figures shown for "Net Services for Net Foreign Balance" in Table 29.

Table 40

GDP by Industrial Origin

Mill. D.

"Factor Cost," 1964 Prices

	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1975</u>	
Agriculture	91.9	95.6	99.4	149.1	
Food Industries	39.1	40.7	42.3	63.5	
Building Materials	6.0	6.3	6.6	8.3	
Minerals	11.1	11.9	12.7	17.8	
Mechanical and Electrical Industries	3.0	3.2	3.4	4.8	
Chemicals	5.4	5.8	6.2	8.7	
Textiles	20.6	21.2	21.8	25.1	
Wood, etc.	2.6	2.7	2.8	3.2	
Paper, etc.	6.2	6.4	6.6	7.6	
Building, Public Works	27.6	29.0	30.4	38.0	
Petroleum Refining	2.0	2.1	2.2	2.3	
<u>Sub-Total</u>	<u>215.5</u>	<u>224.9</u>	<u>234.4</u>	<u>328.4</u>	
Base (64) 184.2 MD	117.0	122.1%	127.3%	178.3%	
Services, Transport,)	154.2	161.0	167.8	235.0	
Electricity, Commerce)					
Other Energy	3.3	3.3	3.4	3.5	
House Rents	18.5	19.2	19.9	23.4	
Crude Oil	18.0	19.0	20.0	25.0	
Rural Households	6.1	6.1	6.1	6.1	
<u>Sub-Total</u>	<u>200.1</u>	<u>208.6</u>	<u>217.2</u>	<u>293.0</u>	
<u>Grand Total</u>	<u>415.6</u>	<u>433.9</u>	<u>451.6</u>	<u>621.4</u>	
<u>Index</u>	<u>100.0</u>	<u>104.4</u>	<u>108.7</u>	<u>149.5</u>	5.9% p.a. compound over 7 yrs.
GDP at Market Prices	532.9	556.3	579.3	796.7	
<u>Index (1970=100)</u>			<u>100</u>	<u>137.5</u>	6.6% compounded

Notes to Table 40

Assumptions made for projections to 1975.

1. Agriculture and Food Industries: 4% per annum to 1970; 50% for 1970-75.
2. Building materials: 5% per annum to 1970; 25% for 1970-75.
3. Minerals; Chemicals; Mechanical and Electrical Industries: 7% per annum compound to 1975.
4. Textiles; Wood and Woodworking; Paper and Plastics: 3% per annum to 1970; 15% between 1970 and 1975.
5. Building and Public Works: 5% per annum to 1970; 25% for 1970-75.
6. Petroleum Refining: up 100,000 D per annum to 1970, another 100,000 to 1975 when full capacity is reached (?).
7. Services, Transport and Communications, Electricity, Commerce: on average of above industries.
8. Other Energy: 1% per annum.
9. House Rents: up 700,000 D each year.
10. Crude Oil: up 1 MD per annum.
11. Rural Households: no change.

GDP in market prices assumed to increase as "GDP at factor cost," (i.e. including indirect taxes, but excluding import duties, and domestic and administrative services.)

Table 41

Export Projections (\$ million)

	<u>1970</u>	<u>1975</u>	<u>Assumptions</u>
Olive Oil	35	56	10% compound
Wine	11	11	constant
Cereals	12	12	constant
Other agriculture	45	70	doubled, 1968-1975
Chemicals	28	39	increase at 7% p.a. compound
Phosphate Rock	29	41	increase at 7% p.a. compound
Other minerals	10	11	slight increase
Crude oil	53	63	increase by \$2 million p.a.
All other	<u>8</u>	<u>10</u>	slight increase
	231	313	
	(121 MD)	(164 MD)	
	100%	135.5%	

Table 42

Projected GDP by Use, 1975 (Millions Dinars)

		<u>Notes</u>
GDP	797	See Table 40.
Gross fixed investments	159	20% of GDP.
Exports	164	See Table 41.
Net balance on services	20	Arbitrary
Public consumption	135	17% of GDP
Private consumption	493-512 ^{+/}	Increase at 4% p.a. compound
Total Uses	971-990	
Import requirement	174-193	

Net export (import) balance on goods and services 10 to (-9)

Domestic Savings 169-150

Savings ratio 21.3% to 18.8%

+/

<u>according to</u>	<u>base 1968</u>	<u>1975</u>
Table 34	374.7	493.1
36	388.7	511.5

TABLE 43Alternative Projections of GDP by Use, 1975Mill. Dinars

		Notes
GDP.	753	Increase 30% over 1970 . see para 179 text.
Gross Fixed Investment	178	23.6% of GDP
Exports	164	Table 42
Net Balance of Services	20	Table 42
Public Consumption	128	17% of GDP
Private Consumption	497	Residual, about 4% p.a.
Total of above	987	
Import Requirements	234	130% of 1970 see text para 179
Net Import Balance on Goods and Services		50 MD
Domestic Saving		128 MD
Savings Ratio (assumed)		17%