PROSPECTUS SUPPLEMENT

(To prospectus dated November 23, 2001)

$650,000,000

Banque Centrale de Tunisie

7.375% Bonds due 2012

The Bonds will mature on April 25, 2012. The Bonds will not be redeemable prior to maturity and will not be entitled to the benefit of any sinking fund.

Application has been made to list the Bonds on the Luxembourg Stock Exchange.

	Per Bond	Total
Public offering price (1)	98.697%	$641,530,500
Underwriting discount	.375%	$2,437,500
Proceeds, before expenses, to the Bank	98.322%	$639,093,000

(1) Plus accrued interest from April 25, 2002, if settlement occurs after that date

Neither the Securities and Exchange Commission or any state securities commission has approved or disapproved these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Bonds are expected to be delivered in fully registered form on or about April 25, 2002 only through the facilities of DTC and its participants including Euroclear and Clearstream.

Merrill Lynch & Co.

Credit Suisse First Boston **Deutsche Bank**
Goldman Sachs International **JPMorgan**
Salomon Smith Barney **UBS Warburg**

The date of this prospectus supplement is April 19, 2002.

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, all of which should be read together. Banque Centrale de Tunisie (''the Bank'') has not authorized anyone to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. The Bank is offering to sell the Bonds and seeking offers to buy the Bonds only in jurisdictions where offers and sales are permitted.

The Bank, having made all reasonable inquiries, confirms that this Prospectus Supplement and the accompanying Prospectus contain all information with regard to the Bank, Tunisia and the Bonds which is material in the context of the issue and offering of the Bonds, that the information contained in this Prospectus Supplement and the accompanying Prospectus is true and correct in all material respects and is not misleading, that the opinions, expectations and intentions of the Bank expressed herein are true and honestly held and that there are no other facts the omission of which makes this Prospectus Supplement and the accompanying Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading. The Bank accepts responsibility for the information contained in this Prospectus Supplement and the accompanying Prospectus.

IN CONNECTION WITH THE ISSUE OF THE BONDS, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (OR ANY PERSON ACTING ON BEHALF OR MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED) MAY OVERALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE CLOSING DATE. HOWEVER, THERE MAY BE NO OBLIGATION ON MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (OR ANY AGENT OF MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED) TO DO THIS. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.

SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the prospectus. It is not complete and may not contain all the information that you should consider before investing in the Bonds. You should read the entire prospectus supplement and prospectus carefully.

Tunisia

Set forth below is a table presenting the principal economic indicators for Tunisia for each of the past 5 years. For further information about Tunisia and the Bank, see "Recent Developments" in this prospectus supplement and the more complete information in the prospectus.

	1997	1998	1999	2000	2001
GDP at current market prices (in TD millions)	20,898.3	22,560.8	24,671.5	26,685.3	28,778.8
% change	*9.6%*	*8.0%*	*9.4%*	*8.2%*	*7.8%*
GDP at constant (1990) prices (in TD millions)	14,770.7	15,477.4	16,414.5	17,181.3	18,040.3
% change	*5.4%*	*4.8%*	*6.1%*	*4.7%*	*5.0%*
GNP per capita at current market rates (in TD)	2,174	2,327.9	2,512.6	2,670.0	2,843.0
GNP per capita at constant (1990) prices (in TD)	1,522	1,578	1,669	1,719	1,782
% change	*4.2%*	*3.1%*	*5.8%*	*3.0%*	*3.7%*
Unemployment rate (% of labor force)	15.7%	15.7%	15.8%	15.6%	15.0%
Consumer price index (% change)	3.7%	3.1%	2.7%	2.9%	1.9%
Balance of merchandise trade (in TD millions)	(2,162)	(2,449)	(2,550)	(3,088)	(3,403)
Balance of invisibles[1] (in TD millions)	1,586	1,709	2,001	2,122	2,244
Current account deficit (in TD millions)	(655)	(769)	(535)	(1,126)	(1,208)
% of GDP	*(3.1%)*	*(3.4%)*	*(2.2%)*	*(4.2%)*	*(4.2%)*
Overall balance of payments	373.0	(212.7)	818.0	(333.0)	374.0
Foreign currency reserves at end of period (in TD millions)	2,281.8	2,058.5	2,746.9	2,532.0	2,809.7
Budget deficit[2] (in TD millions)	(872.8)	(288.2)	(881.0)	(651.2)	(919.2)
% of GDP[2]	*(4.2%)*	*(1.3%)*	*(3.5%)*	*(2.4%)*	*(3.2%)*
Total public debt (in TD millions)	12,995	13,367	15,146	16,638	17,821
% of GDP	*62.2%*	*59.1%*	*61.3%*	*62.2%*	*61.9%*

Source: Ministry of Economic Development and the Bank

1 Principally tourism receipts and, to a lesser extent, royalties from natural gas pipelines.

2 Including debt recoveries and debt repayments. See "Public Finance" in the accompanying prospectus.

The Offering

Issuer:	Banque Centrale de Tunisie
Aggregate Principal Amount:	$650,000,000
Issue Price:	98.697%, plus accrued interest, if any, from April 25, 2002.
Maturity Date:	April 25, 2012.
Form of Securities:	The Bank will issue the Bonds in fully registered book-entry form.
Denominations:	The Bank will issue the Bonds in denominations of $1,000 and integral multiples thereof.
Interest:	The Bonds will bear interest from April 25, 2002 at the rate of 7.375% per year. The Bank will pay interest semi-annually in arrears on April 25 and October 25 of each year, commencing on October 25, 2002.
Redemption:	The Bank may not redeem the Bonds before maturity. At maturity, the Bank will redeem the Bonds at par.
Status:	The Bonds will be direct, general, unconditional, unsecured and unsubordinated external indebtedness of the Bank. The Bonds will not be guaranteed by, and will not constitute an obligation of, the Republic of Tunisia. The Bonds will rank equal in right of payment with all of the present and future unsecured and unsubordinated external indebtedness of the Bank.
Withholding Tax and Additional Amounts:	The Bank will make all payments on the Bonds without withholding or deducting any Tunisian taxes deemed applicable to the Bonds, subject to certain specified exceptions. In the event the Bank is required to make any deduction or withholding in respect of Tunisian taxes, it will pay the holders the additional amounts required to ensure that they receive the same amount as they would have received without this withholding or deduction. For more information, see "Description of the Bonds – Additional Amounts" on page S-19 of the prospectus supplement.
Fiscal Agent:	Deutsche Bank Trust Company Americas has been appointed as Fiscal Agent and Registrar for the Bonds.
Governing Law:	The Bonds and the Fiscal Agency Agreement will be governed by New York law.

USE OF PROCEEDS

The net proceeds of the sale of the Bonds will be approximately $638,748,000, after deduction of underwriting discounts and commissions of $2,437,500, and of expenses payable by the Bank, after payment of certain expenses by the underwriters, estimated at $345,000. The Bank will make the net proceeds of the sale of the Bonds available to the Republic of Tunisia for general budgetary purposes.

RECENT DEVELOPMENTS

This section provides information that supplements the information about the Bank and the Republic of Tunisia included under the headings corresponding to the headings below in the accompanying prospectus. If the information in this section differs from the information in the accompanying prospectus, you should rely on the information in this section.

The Bank

Managing Tunisia's Reserves

The Bank generally controls and manages Tunisia's gold and foreign currency reserves. At year end 2001, Tunisia's international reserves had grown to US$1,994.1 million from US$1,828.7 million at year end 2000. At March 26, 2002, international reserves had declined to US$1,374.4 million, reflecting a typical trend. During the first half of each fiscal year many Tunisian enterprises build up inventories. In addition, Tunisia repaid external debt.

Overseeing Convertability of the Dinar and Exchange Rates

On December 31, 2001, the closing US dollar/Tunisian dinar rate of exchange as reported by the Bank was TD 1.439 = US$1.00 and the closing Euro/Tunisian dinar rate of exchange as reported by the Bank was TD 1.287 = Euro 1.00. On April 4, 2002, the closing US dollar/Tunisian dinar rate of exchange as reported by the Bank was TD 1.477 = US$1.00 and the closing Euro/Tunisian dinar rate of exchange as reported by the bank was TD 1.298 = Euro 1.00.

Formulating and Implementing Monetary and Credit Policy

M1 (which includes cash and checking accounts) grew 10.1% to TD 6,744 million during 2001. M2 (which includes M1 and all short term deposits) grew 10.3% to TD 16,051 million during 2001. The level of M2 reflects the increase of certificates of deposit, whose minimum maturity were reduced from 3 months to 10 days and the reduction in the issuance of treasury bonds to retail buyers, which have been converted into short term deposits.

Capitalization

The following table sets forth the capitalization of the Bank at December 31, 2001.

	(in thousands of TD)
Capital	6,000
Special reserve	28,817
Legal reserve	3,000
Surplus carried forward	573
Total	38,390

Since December 31, 2001, there has been no material change to the capitalization of the Bank.

Financial Information

The format of the Bank's income statement has been revised in 2001 by including the amounts previously included under the line items ''Profits from prior years'' and ''Exceptional profits'' under the line item ''Other revenues'' and the amounts previously included under the line items ''Losses from prior years'' and ''Exceptional losses'' under the line item ''Other expenses''. The income statement for the year ended December 31, 2000 presented below has been revised accordingly. In addition, the social fund allocation will be recorded in the year 2002 as part of the net surplus paid to the government. In prior years it had been recorded on December 31 as an expenditure in such year.

Income Statement

	Year ended December 31, 2000	2001
	(in TD)	
REVENUES		
Interest on bills	4,729,340	–
Interest from money market operations	14,146,110	49,715,740
Interest from term investments in foreign currency	124,912,802	103,701,592
Other revenues from foreign currency transactions[1]	67,028,979	64,241,443
Interest from placements with international organizations	2,139,120	4,573,226
Interest from funds advanced to the State	269,094	254,094
Interest from overdraft accounts of banks and financial institutions	595,057	1,592,641
Other revenues	2,509,038	2,505,567
Foreign exchange adjustment account[2]	73,171,751	92,848,471
Total revenues	289,501,291	319,432,774
EXPENDITURES		
Administrative expenses	36,893,000	38,204,000
Interest on money market operations	4,593,833	12,429
Interest paid on currency transactions	12,909,636	12,071,152
Other expenses on currency transactions	46,500,756	1,153,460
Fees and commissions paid to international organizations[3]	9,509,364	8,350,998
Other expenses	904,600	269,327
Depreciation of fixed assets	1,685,098	1,696,341
Social fund allocation	2,150,000	–
Provision allocation	1,954,468	–
Total expenditures	117,100,755	61,757,707
Net surplus	172,400,536	257,675,067

1 Includes commission and other non-interest income from foreign currency operations as well as interest income from foreign deposits other than term investments.

2 Foreign exchange gains or losses resulting from the execution of foreign currency transactions.

3 Represents annual membership obligations and other fees and commissions, excluding initial subscription obligations recorded on the Balance Sheet.

Balance Sheet

	Year ended December 31, 2000	2001
	(*in TD*)	
ASSETS		
Gold reserves	4,408,975	4,411,406
Subscriptions to international organizations[1]	2,371,793	2,371,793
Reserve Tranche position[2]	34,440,330	36,543,075
SDR reserves[3]	11,924,567	13,303,117
Foreign currency reserves	2,481,232,143	2,855,114,127
Special account for economic cooperation[4]	298,972,061	306,688,834
Current account of the Postal Service[5]	4,999,481	4,996,338
Discounted bills and checks in collection on behalf of the State	97,565,814	112,536,084
Bills for collection from the State[6]	20,752,233	30,246,572
Money market advances[7]	449,000,000	854,200,000
Purchased bank credits[8]	645,789,333	565,065,667
Permanent advance to the State	25,000,000	25,000,000
Repayable advance to the State	4,553,125	4,053,125
Advance to the State for IMF and AMF subscriptions	503,233,712	533,154,612
Equity holdings[9]	24,884,698	25,760,891
Fixed assets	11,039,304	10,594,896
Other debtors[10]	20,958,345	22,071,356
Temporary accounts	27,638,011	22,097,879
	4,668,763,925	5,428,209,772

1 Excluding IMF and AMF subscriptions.

2 Foreign exchange deposits representing the unused portion of the SDRs made available to the Bank by the IMF.

3 Undrawn balance of SDRs made available by the IMF to Tunisia. See "Functions of the Bank".

4 Loans by the Bank, as intermediary on behalf of the State in connection with economic and technical cooperation programs

5 Deposit with the Postal Service constituting an advance to the State in connection with the operation of postal checking centers.

6 Obligations of the State presented to the Bank for collection. Counterpart to "Deposits of bills for collection" under "Liabilities, Capital and Surplus".

7 Reflects the Bank's intervention in the money market to provide liquidity.

8 Bank credits incurred by the Office des Céréales and the Office National de l'Huile to finance government arrears with respect to food subsidies, purchased by the Bank at the end of 1996.

9 Consists of the Bank's equity interest in the Union Tunisienne de Banques, the Programme de Financement du Commerce Inter-Arabe and the Banque Africaine d'Import-Export. See "The Republic of Tunisia – International Relations" in the accompanying prospectus.

10 Includes interest payable by the Union Internationale des Banques deferred pursuant to the terms of the 1992 special advance. All deferred interest accrued in respect of this advance was fully paid as of December 31, 1999.

Balance Sheet

	Year ended December 31, 2000	2001
	(*in TD*)	
LIABILITIES, CAPITAL AND SURPLUS		
Notes and coins in circulation	2,379,599,918	2,526,741,689
Current accounts of banks and financial institutions	53,285,361	325,558,182
Current accounts of the government	370,542,423	583,160,558
Allocation of SDRs[1]	62,602,916	62,828,166
Other liabilities[2]	1,027,028,649	1,075,188,019
Deposits of bills for collection[3]	21,682,978	30,246,572
Special account for economic cooperation[4]	317,351,991	319,863,082
Provisions[5]	22,977,762	22,977,762
Special reserve	21,816,905	28,816,905
Legal reserve	3,000,000	3,000,000
Surplus carried forward[6]	572,669	973,205
Capital	6,000,000	6,000,000
Other creditors[7]	64,457,892	97,707,991
Temporary accounts	145,443,925	87,472,574
Net surplus[8]	172,400,536	257,675,067
	4,668,763,925	5,428,209,772

1 SDRs made available by the IMF to Tunisia which have been drawn down and are repayable by the Bank. See "Functions of the Bank – Managing Tunisia's Reserves" in the accompanying prospectus.

2 Various deposits and accounts, including those of the Bank's employees, dinar-denominated IMF and AMF accounts and the Bank's account for borrowings effected on the money market.

3 Represents the counterpart to "Bills for collection from the State". Discrepancies between the two items represent bills held but not yet collected at year end.

4 Represents amounts drawn by the Bank, as intermediary on behalf of the State, pursuant to economic and technical cooperation agreements between Tunisia and certain countries.

5 Amounts provisioned for the construction of new branches of the Bank and with respect to currency risk incurred by the Bank.

6 Portion of prior year's surplus retained and not paid to the Treasury as a dividend.

7 Includes a counterpart to the interest payable by the Union Internationale des Banques deferred pursuant to the terms of the 1992 special advance and recorded as an asset under "Other debtors". All deferred interest accrued in respect of this advance was fully paid as of December 31, 1999.

8 Income statement amount representing excess of total annual revenues over total annual expenditures. The Board of Directors of the Bank decides annually how much of the net surplus at the preceding year-end to appropriate for the Tunisian Treasury, with the balance, if any, paid into the Bank's carry-forward account for the current year.

Off balance sheet obligations

	Year ended December 31, 2000 (*in TD*)	2001 (unaudited)
Bond[1] and other credits		
Yankee bonds	1,198,198,225	1,262,365,781
Japanese yen bonds I, II, III, IV, V and VI and Global Samarai and Global Yen[2]	2,178,127,922	2,885,911,038
Euro bonds	506,480,625	508,784,062
Other credits	664,830,793	607,110,524
Exchange risk coverage		
Caisse Française de Développement credit lines	–	–
Credits managed for Tunisian bank and financial establishments	–	–
Interest rate and currency swaps		
Interest rate swaps (relating to loans by two Tunisian development banks)	81,922,167	86,309,375
Currency swaps (relating to Japanese yen bonds I, II and III)	–	–
Forward exchange transactions	–	–
Total off-balance sheet items	4,629,559,732	5,350,480,780

1 Includes principal and interest amounts until final maturity.

2 Japanese yen bonds II and III were repaid in 2000. On August 2, 2000, the Bank issued two bonds denominated in Japanese yen: JPY 35,000,000,000 3.3% Bonds due 2010 and JPY 15,000,000,000 4.3% Bonds due 2030, and on March 17, 2001 the Bank issued JPY 20,000,000,000 4.2% Bonds due 2031 and on March 28, 2001 the Bank issued JPY 35,000,000,000 2.27% Bonds due 2006.

Source: Ministry of Economic Development

Auditor's Report

Auditor's Statement on the Accounts of the Bank for the Fiscal Year 2001 Submitted to the Minister of Finance

Mr Minister

In fulfillment of the legal prescription and in accordance with the mission with which you have entrusted me, it is my honor to inform you that I have verified the accounts of the Central Bank of Tunisia drawn up as of December 31, 2001.

As is provided for by law, I made a series of verification and random checks to satisfy myself that the balance-sheet, the profits and losses accounts and the table of distribution of the income for the fiscal year agree with the entries on the books of the Central Bank of Tunisia, and with the legal prescriptions.

This verification has enabled me to note that the operations were in order, and in perfect compliance with statutory rules.

The balance-sheet and the profits and losses accounts attached may be considered to provide an accurate reflection of the situation of the Central Bank of Tunisia as of December 31, 2001.

The Auditor

Mohsen Taleb

The Banking System

A new banking law aiming at the elimination of the distinction between commercial banks, investments banks and merchant banks, was adopted by the Parliament on July 19, 2001 (loi 2001-65). This new legal framework permits universal banking.

Today, the Tunisian banking system consists of 15 commerical banks, five development banks, ten leasing companies, eight offshore banks which deal primarily with non-residents, two merchant banks, seven offices representing foreign banks in Tunisia, two factoring companies and other financial institutions. Earlier this year, the development bank, Banque de Cooperation du Maghreb Arabe (BCMA) was liquidated.

The Republic of Tunisia

Constitution, Government and Political System

On March 26, 2002, the Tunisian Chamber of Deputies adopted amendments to the Tunisian constitution which significantly revise certain features of the governmental structure in Tunisia. These amendments would, among other things:

- establish a second legislative chamber, whose members would represent principally the various regions of the country; members would be both elected by popular vote and selected by the President based upon specific experience and expertise;
- reduce the percentage of deputies required to approve a motion of censure, from two-thirds to a simple majority;
- strengthen the authority and independence of the Constitutional Council to review and determine the constitutionality of law;
- revise the conditions of eligibility to be President, including increasing the maximum age to 75 (from 70);
- strengthen human rights and public liberties by guaranteeing them in the constitution; and
- clarify presidential succession in the event of the death or disablement of the President.

The amendments are now the subject of a public referendum to take place on May 26, 2002, and will take effect if passed by a majority of voters. If the amendments to the Constitution are adopted, President Zine al-Abidine Ben Ali would be permitted to stand for President again in the next election expected in 2004.

International Relations

In November 2001 Tunisia became a signatory to two United Nations treaties relating to terrorism: the International Convention for the Suppression of Terrorist Bombings and the International Convention for the Suppression of the Financing of Terrorism.

The Tunisian Economy

Economic Performance

Despite the general slowdown in world economic growth, the Tunisian economy continued to grow in 2001 at a relatively constant rate. Although the third consecutive drought year and the events of September 11, 2001 had a negative impact, Tunisian GDP grew 5% in real terms during 2001, to TD 18,040.3 million (in 1990 prices). 61.2% of GDP (in 1990 prices) was from private consumption, 15.5% from government consumption, 24.4% from gross fixed investment and 0.7% from changes in stock. The remainder of Tunisia's GDP (in 1990 prices) was composed of TD 8,735.7 million, or 48.4%, from exports of goods and services, offset by TD 9,052.0 million, or (50.2)% from imports of goods and services. 2001 GDP at current prices reached TD 28,778.8 million.

Principal Sectors of the Economy

The share of the agricultural and fisheries sector in GDP at constant prices declined approximately 2% in 2001 from 2000, principally as a result of the drought conditions affecting olive oil production.

Manufacturing industries' share of GDP at factor cost in constant prices increased 9.5% in 2001. The total value added reached TD 3,332.0 million.

Crude oil production fell slightly to 3.4 million tonnes in 2001 from 3.7 million tonnes in 2000, although the total value of crude oil exports dropped nearly 16.6% from TD 835.7 million to TD 697.3 million. Crude oil also fell as a percentage of total goods exports from 10.4% in 2000 to 7.3% in 2001. Petroleum fuel production also declined in 2001 to 1,886 thousand tonnes from 1,969 thousand tonnes in 2000.

The overall capitalization of the Tunis Stock Exchange dropped in 2001. As a percentage of GDP it fell from 14.6% in 2000 to 11.4% in 2001. The Tunis Stock Exchange index also fell approximately 12.2% to 1,266.89 in 2001 from 1,442.61 in 2000.

Overall tourism receipts grew in 2001 despite the slowdown in tourism activity following September 11. Total receipts reached TD 2,343 million compared to TD 2,095 million for 2000. The effects of September 11 continue to be felt, however, with tourism receipts in the first quarter of 2002 down approximately 20% from the comparable period in 2001. On April 11, 2002, a gas transportation truck struck the outside wall of the Ghriba Synagogue, one of Africa's oldest synagogues, and exploded killing sixteen people, including a number of tourists visiting the site. Investigations are ongoing with the collaboration of German and French authorities.

Job creation continues to be a high priority of the Tunisian government and 2001 saw the creation of 72,050 new jobs. This helped reduce the unemployment rate from 15.6% in 2000 to 15.0% in 2001.

Tunisia has been successful in reducing inflation, with an annual rate of 1.9% growth in the consumer price index and 1.7% growth in the producer price index during 2001. There has been a slight increase in inflationary pressure during the first quarter of 2002, with an annualised rate of growth in the consumer price index of approximately 3% for this period.

Foreign Trade and Balance of Payments

The following tables set forth Tunisian exports and imports of goods by principal categories for 2000 and 2001:

Exports	2000	2001
	(in millions of TD)	
Energy[1]	967.5	877.8
Food and agriculture	707.1	778.5
Chemical products	716.9	765.0
Textiles and leather	3,726.8	4,615.2
Electrical and mechanical	1,323.1	1,769.5
Other	563.4	697.8
Total exports (FOB)	8,004.8	9,503.7

(1) Excludes royalties paid to the Republic for international pipeline transhipments.

Source: The Bank

Imports

	2000	2001
	(in millions of TD)	
Capital goods	2,998.1	3,213.5
Raw materials	3,053.9	3,649.6
Energy	1,198.1	1,273.4
Food and agriculture	782.4	887.6
Consumer goods	3,705.5	4,634.2
Total imports (CIF)	11,738.0	13,658.3
Freight and insurance	645.6	751.2
Total imports (FOB)	11,092.4	12,907.1

Source: Ministry of Economic Development

The workers' remittances of the approximately 700,000 Tunisians living abroad continued to grow and help offset the trade deficit. Total remittances reached TD 1,234 million for 2001.

The following table sets out the balance of payments for Tunisia for 2000 and 2001:

Balance of Payments

	2000	2001
	(in millions of TD)	
Current account		
Goods		
Exports (FOB)[(1)]	8,004.8	9,503.7
Imports (FOB)[(1)]	(11,092.4)	12,907.1
Trade Balance	(3,087.6)	(3,403.4)
Services[(2)]		
Inflow	3,791.9	4,245.2
Outflow	(1,670.1)	(2,001.2)
	2,121.8	2,244.0
Current transfers[(3)]		
Inflow	1,299.5	1,495.6
Outflow	(1,459.4)	(1,543.8)
Current transfer balance	(159.9)	(48.2)
Balance – current account	(1,125.7)	(1,207.6)
Capital Account		
Grants (net)	4.2	73.9
Foreign direct investment (net)	1,028.9	657.9
Portfolio investment (net)	(27.6)	(20.7)
Medium and long term borrowings (net)		
Borrowings by the State (net)	120.2	n.a.
Borrowings by business (net)	185.6	n.a.
	305.8	870.3
Short-term capital (net)	(476.7)	
Balance – capital account	834.6	1,581.4
Adjustments	(41.7)	–
Overall balance	(332.8)	373.8

(1) Based on customs statistics.

(2) Includes tourism receipts of TD 2,095.1 and TD 2,343.0 for the years 2000 and 2001, respectively.

(3) Includes among other items interest on short-, medium- and long-term loans, direct investment income and workers' remittances.

The indebtedness of the Tunisian economy as a whole grew by 9.9% in 2001. Preliminary data suggests total external medium-term and long-term indebtedness reached TD 15,050.0 million in 2001, up from TD 13,691.0 million in 2000. Figures for external short-term indebtedness in 2001 are not yet available. External short-term indebtedness in 2000 was TD 2,264.0 million.

Public Finance

The following table sets forth a summary of the actual revenues and expenditures for 2000, the estimated revenue and expenditures for 2001 and the budget for 2002:

Government Revenues and Expenditure

	2000 (actual)	2001 (estimated)	2002 (budget)
		(in TD millions)	
Tax revenues			
Direct taxes[1]	1,596.9	1,830.7	2,020.0
Indirect taxes[2]	4,081.5	4,409.1	4,564.0
Total tax revenues	5,678.4	6,239.8	6,584.0
As % of GDP	*21.1%*	*21.7%*	*21.1%*
Non-tax revenues			
Petroleum revenues and gas royalties	173.2	194.4	208.0
Interest[3]	31.3	34.2	30.0
Grants[4]	36.0	78.3	75.0
Privatizations	342.2	11.0	50.0
Debt recoveries[5]	99.6	97.2	70.0
Other non-tax revenues[6]	502.9	450.5	544.0
Total non-tax revenues	1,185.2	865.6	977.0
Total revenues (gross)[a]	6,861.9	7,105.4	7,561.0
As % of GDP	*25.8%*	*24.7%*	*24.2%*
Total revenues (net)[b]	6,772.9	7,008.2	7,491.0
As % of GDP	*25.1%*	*24.3%*	*24.0%*
Current expenditures			
Wages, salaries, goods and services	3,621.9	3,915.0	4,095.2
Subsidies and transfers	741.7	789.2	859.8
Total current expenditures	4,363.6	4,704.2	4,955.0
Interest payments			
Internal debt	396.1	396.4	419.0
External debt	491.6	488.6	557.0
Total interest payments	887.7	885.0	976.0
Capital expenditures			
Direct investment[7]	785.8	836.4	888.9
Capital transactions[8]	486.4	510.6	596.1
Direct payments[9]	452.7	548.4	460.0
Debt repayments[5]	208.0	106.4	0
Loan and advances of Treasury	(32.1)	20	0
Other capital expenditures	372.1	413.6	385.0
Total capital expenditures	2,272.9	2,435.4	2,330.0
Total expenditures, loans and advances (gross)[a]	7,524.2	8,024.6	8,261.0
Budget deficit[c]	(651.2)	(919.2)	(700.0)
As % of GDP[c]	(2.4%)	(3.2%)	(2.2%)
GDP (at current prices)	26,676.7	28,788.0	31,267.8

(1) Includes individual income tax and corporate tax.

(2) Includes primarily value added tax, excise duties, customs duties, tolls and other transportation duties, transfer taxes, registration and stamp taxes and net proceeds from government monopolies in gaming and the sale of tobacco and matches.

(3) Includes interest payable to the State on loans, primarily to Tunisian public sector entities.
(4) Includes grants made to the State.
(5) Includes recoveries of loans made to Tunisian public and private sector entities which had been previously written off.
(6) Includes primarily earnings payable to the State by public sector commercial and industrial entities.
(7) Primarily infrastructure investment, including development of water and irrigation resources, water and soil conservation, and development programs.
(8) Loans granted by the State to finance specific long-term investment projects of public sector entities.
(9) Direct payments made to external lenders which financed the purchase of imported equipment and other durables by Tunisian public and private sector entities on behalf of the State.
(a) Includes debt recoveries.
(b) Excludes debt recoveries.
(c) Including debt recoveries and debt repayments.

The following table sets forth the components of tax revenue for 2000, as estimated for 2001 and the budget for 2002:

Tax Revenues

	2000	2001	2002
	(actual)	(estimated)	(budget)
		(in TD million)	
Direct taxes			
Personal income taxes	1,021.8	1,152.8	1,290.0
Corporate income taxes	575.0	677.9	730.0
Total direct taxes	1,596.9	1,830.7	2,020.0
Indirect taxes			
Taxes on domestic products			
Value added tax	937.9	993.2	1,100.0
Excise taxes	770.8	821.2	842.0
Other taxes	672.6	730.8	716.0
Total taxes on domestic products	2,381.3	2,545.2	2,658.0
Taxes on external products			
Import taxes	630.4	645.9	670.0
Export taxes	11.2	9.3	10.0
Total Customs duties	641.6	655.2	680.0
Value added tax	831.8	952.3	1,000.0
Excise taxes	168.7	200.7	193.0
Other taxes	56.4	55.7	33.0
Total taxes on external products	1,698.5	1,863.9	1,906.0
Total indirect taxes	4,081.6	4,409.1	4,564.0
Total tax revenues	5,678.4	6,239.8	6,584.0
Percent of GDP	21.3%	21.7%	21.1%

Source: Ministry of Finance

2002 Budget

The following presents the major economic assumptions used in the preparation of the 2002 budget:

	2002 Budget *(annual % change)*
Real GDP growth	4.9%
Consumption per head	7.0%
Investment (% of GDP)	26.4%
Exports	5.0%
Imports	4.9%
Inflation	3.0%
Savings (% of GNP)	24.9%
Current-account deficit (% of GDP)	(4.2%)
Average oil price	$26 per barrel
Privatization receipts	TD 50 million

Public Debt

Tunisia's overall public debt at December 31, 2001 (based on preliminary data) was TD 17,821.4 million, representing 61.9% of GDP. Total internal debt was TD 6,632.8 million in 2001, with total internal debt service of TD 2,166.8 million. Total external debt was TD 11,188.6 million, with total external debt service of TD 1,373 million.

DESCRIPTION OF THE BONDS

This prospectus supplement describes the terms of the Bonds in greater detail than the prospectus and provides information that differs from the prospectus. Where the information in the prospectus supplement differs from the prospectus, you should rely on the information in this prospectus supplement.

The Bank will issue the Bonds under the Fiscal Agency Agreement, dated as of April 25, 2002, between the Bank, Deutsche Bank Trust Company Americas, as Fiscal Agent and Registrar and any other paying agents named therein. The information contained in this section and in the prospectus summarizes the material terms of the Bonds and the Fiscal Agency Agreement. Because this is a summary, it does not contain all of the information that may be important to you as a potential investor in the Bonds. Therefore, you should read the form of Fiscal Agency Agreement and the form of the Bonds before making your investment decision. The Bank has filed copies of these documents with the Securities and Exchange Commission. See "Where you can find more information" on page 80 of the accompanying prospectus.

General Terms of the Bonds

The Bonds will:

- be governed by and construed in accordance with the laws of the State of New York;
- be issued in an aggregate principal amount of $650,000,000;
- be repaid on April 25, 2012;
- have the title 7.375% Bonds due 2012;
- be issued in denominations of $1,000 and integral multiples thereof, whether the Bonds remain in book entry form or definitive Bonds are issued;
- bear interest at 7.375% per year, accruing from April 25, 2002;
- pay interest in equal semi-annual instalments in US dollars on April 25, and October 25, of each year, commencing on October 25, 2002. Interest will be calculated based on a 360 day year consisting of twelve 30 day months;
- pay interest to persons in whose names the Bonds are registered at the close of business 15 calendar days prior to each interest payment date;
- constitute direct, unconditional, unsecured, unsubordinated, general and external obligations of the Bank;
- not be guaranteed by, and not constitute obligations of, the Republic of Tunisia;
- be equal in right of payment with all of the present and future unsecured and unsubordinated external indebtedness of the Bank;
- be in fully-registered book entry form only; and
- not be redeemable before maturity and not be entitled to the benefit of any sinking fund.

Neither the Fiscal Agency Agreement nor the Bonds limit the amount of indebtedness which may be incurred or the amount of securities which may be issued by the Bank, and contain no financial or similar restrictions on the Bank, except as described under the caption "– Negative Pledge".

Payment of Principal and Interest

For so long as the Bonds are in global form and not represented by bond certificates, the Bank will make payments of principal and interest on the Bonds represented by global securities by wire transfer of US dollars to the Fiscal Agent for onward transmission to DTC or to its nominee as the owner of the Bonds, which will receive the funds for distribution to the holders. The Bank has been informed by DTC that the holders will be paid in accordance with the procedures of DTC and its direct and indirect participants. Neither the Bank nor the Fiscal Agent shall have any responsibility or liability for any of the records of, or payments made by, DTC or its nominee or any failure on the part of DTC in making payments to bondholders from the funds it receives.

Upon receipt of any interest or principal payment on the Bonds, DTC will credit its participants' accounts in amounts proportionate to their beneficial interests in the principal amount of the Bonds. The participants will be responsible for paying those amounts to the owners of the beneficial interests in the Bonds. Clearstream and Euroclear will credit interest and principal payments on the Bonds to the cash accounts of Clearstream and Euroclear participants in accordance with their respective rules and procedures, to the extent their US depositaries receive those payments through DTC.

If either a date for payment of interest on the Bonds or the maturity date of the Bonds falls on a day that is not a Business Day, the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date the payment was due and no interest will accrue in respect of that delay. For these purposes, ''Business Day'' means any day which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in: (a) the relevant place of payment and (b) the City of New York.

If the Bonds are issued in definitive, certificated form, the Bonds will be issued in registered form only and the Bank will make its interest and principal payments to you, if you are the person in whose name the certificated Bonds are registered, by wire transfer if:

- you own at least $1,000,000 aggregate principal amount of the Bonds; and
- not less than 15 days before the payment date, you notify the Fiscal Agent of your election to receive payment by wire transfer and provide it with your bank account information and wire transfer instructions;

OR

- the Bank is making such payments at maturity; and
- you surrender the certificated Bonds at the corporate trust office of the Fiscal Agent or at the offices of the other paying agents that the Bank appoints pursuant to the Fiscal Agency Agreement.

If the Bank does not pay interest by wire transfer for any reason, it will, subject to applicable laws and regulations, mail a check on or before the due date for the payment. The check will be mailed to you at your address as it appears on the security register maintained on behalf of the Bank on the applicable record date.

The Bank has appointed Deutsche Bank Luxembourg S.A. as the Luxembourg Paying Agent and the Luxembourg Transfer Agent. If the Bank issues Bonds in definitive form, the bondholders may transfer their Bonds at the corporate trust office of the Fiscal Agent in New York City or at the office of the Luxembourg Transfer Agent, subject to the limitations set forth in the Fiscal Agency Agreement. The Bank will make any payments of principal when the bondholders present or surrender the certificates representing those Bonds at the office of the Fiscal Agent or the Luxembourg Paying Agent. With respect to any transfer or exchange of all or a portion of a Bond in definitive form, the transferor will receive a new Bond in definitive form representing the principal amount it retained after the transfer and the transferee will receive a new Bond in definitive form representing the principal amount it received after the transfer. These new Bonds will be given at the office of the Fiscal Agent or the Luxembourg Transfer Agent.

Prescription

Any money that the Bank pays to the Fiscal Agent for payment on the Bonds that remains unclaimed for 2 years will be returned to the Bank, whereupon the holder may look only to the Bank for payment.

Claims against the Bank for the payment of principal will become void unless made within 10 years after the date on which the payment first became due, or a shorter period if provided by law. Claims against the Bank for the payment of interest or additional amounts will become void unless made within 5 years after the date on which the payment first become due, or a shorter period if provided by law.

Additional Amounts

The Bank will make all principal and interest payments on the Bonds without deducting or withholding any present or future Tunisian taxes, unless the deduction or withholding is deemed applicable to the Bonds. In the event that the Bank is required to make any deductions or withholding, it will pay the holders the additional amounts required to ensure that they receive the same amount as they would have received without this withholding or deduction.

The Bank will not, however, pay any additional amounts in connection with any tax, assessment or other governmental charge that is imposed due to any of the following:

- the holder or beneficial owner has some connection with Tunisia other than merely holding the Bonds or receiving principal and interest payments on the Bonds;
- the holder or beneficial owner fails to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with Tunisia of the holder or beneficial owner, if compliance is required by Tunisia as a precondition to exemption from the deduction;
- the holder does not present (where presentment is required) its Bonds within 30 days after Tunisia makes a payment of principal or interest available;
- a tax applied by a Member State of the European Union by way of withholding, deduction or otherwise is imposed on a payment of principal or interest to the holder or beneficial owner and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive;
- a holder or beneficial owner would have been able to avoid such withholding or deduction by presenting the Bonds for payment to another paying agent in a Member State of the European Union;
- any estate, inheritance, gift, sales, transfer, personal property tax or any similar tax;
- any charge payable otherwise than by deduction or withholding from payments of principal of or interest on the Bonds; or
- if the registered holder of the Bonds acts merely as agent, fiduciary or representative for the beneficial owners of the Bonds and such beneficial owners are not otherwise entitled to receive the payment of additional amounts under the conditions set forth herein.

Notices

Notices to holders of the Bonds will be published in authorized daily newspapers in The City of New York, in London and, so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of that stock exchange so require, in Luxembourg. It is expected that publication will be made in The City of New York in *The Wall Street Journal,* in London in the *Financial Times* and in Luxembourg in the *Luxembourg Wort* or, if such publication is not practicable, in an English language newspaper having general circulation in the same markets. Published notices will be deemed to have been given on the date they are published or, if published more than once, on the date first published.

In addition, so long as the Bonds are in global form and held on behalf of DTC and its direct and indirect participants, notices to holders of Bonds represented by a beneficial interest in the global bond may be given by delivery of the relevant notice to DTC. If the Bonds are in certificated, definitive form, notice will be given by publication as described in the previous paragraph and will also be given by mail to the registered holder.

Fiscal Agent and Registrar

The duties of the Fiscal Agent and Registrar will be governed by the Fiscal Agency Agreement. The Bank may maintain deposit accounts and conduct other banking transactions in the ordinary course of business with the Fiscal Agent. The Fiscal Agent is the agent of the Bank, not a trustee for the holders of the Bonds, and does not have the same responsibilities or duties to act for such holders as would a trustee.

CLEARANCE AND SETTLEMENT PROCEDURES FOR THE BONDS

The information set out below in connection with DTC, Euroclear and Clearstream (together the "clearing systems") is subject to any change in or reinterpretation of the rules, regulations and procedures of the clearing systems currently in effect. The information in this section concerning the clearing systems has been obtained from sources that the Bank believes to be reliable, but neither the Bank nor any Underwriter takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the clearing systems are advised to confirm the applicability of the rules, regulations and procedures of the relevant clearing system. Neither the Bank nor any other party to the Fiscal Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of interest in the Bonds held through the facilities of, any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Clearing Systems

The clearing systems have advised the Bank as follows:

DTC: DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. DTC participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations such as the Underwriters. Indirect access to the DTC system also is available to indirect DTC participants such as banks, brokers, dealers, and trust companies that clear through or maintain a custodial relationship with DTC participant, either directly or indirectly.

Transfers of ownership or other interests in Bonds in DTC may be made only through DTC participants. Indirect DTC participants are required to effect transfers through a DTC participant. DTC has no knowledge of the actual beneficial owners of the Bonds. DTC's records reflect only the identity of the DTC participants to whose accounts the Bonds are credited, which may not be the beneficial owners. DTC participants will remain responsible for keeping account of their holdings on behalf of their customers and for forwarding all notices concerning the Bonds to their customers.

So long as DTC, or its nominee, is a registered owner of the Bond, United States dollar payments of principal and interest payments on the Bonds evidenced by the Bond will be made in immediately available funds to DTC. DTC's practice is to credit DTC participants' accounts on the applicable payment date in accordance with their respective holdings shown on the depository's records, unless DTC has reason to believe that it will not receive payment on that date. Payments by DTC participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of the DTC participants and not of DTC, the Fiscal Agent or the Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Bank or the Fiscal Agent. Disbursement of payments to DTC participants will be DTC's responsibility, and disbursement of payments to the beneficial owners will be the responsibility of DTC participants and indirect DTC participants.

According to DTC, the foregoing information with respect to DTC has been provided to the industry for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

Clearstream: Clearstream has advised that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream holds securities for its participating organizations ("Clearstream Participants"). Clearstream facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, eliminating the need for physical movement of certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depositary, Clearstream is subject to regulation by the Luxembourg Monetary Institute. Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly.

Euroclear: Euroclear has advised that it was created in 1968 to hold securities for its participants (''Euroclear Participants'') and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, eliminating the need for physical movement of certificates and eliminating any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. The Euroclear System is owned by Euroclear Clearance System Public Limited Company (ECSplc) and operated through a license agreement by Euroclear Bank S.A./N.V., a bank incorporated under the laws of the Kingdom of Belgium (the ''Euroclear Operator'').

The Euroclear Operator holds securities and book-entry interests in securities for participating organizations and facilitates the clearance and settlement of securities transactions between Euroclear Participants, and between Euroclear Participants and Participants of certain other securities intermediaries through electronic book-entry changes in accounts of such Participants or other securities intermediaries.

The Euroclear Operator provides Euroclear Participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services.

Non-Participants of Euroclear may hold and transfer book-entry interests in the Bonds through accounts with a direct Euroclear Participant or any other securities intermediary that holds a book-entry interest in the Bonds through one or more securities intermediaries standing between such other securities intermediary and the Euroclear Operator.

The Euroclear Operator is regulated and examined by the Belgian Banking and Finance Commission and the National bank of Belgium.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the ''Terms and Conditions''). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Secondary Market Trading

Because the purchaser determines the place of delivery, it is important to establish at the time of trading of any Bonds where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Trading between DTC Participants

Secondary market sales of Bonds held in DTC between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations.

Trading between Euroclear and/or Clearstream Participants

Secondary market sales of beneficial interests in the Bonds held through Euroclear or Clearstream to purchasers that will hold beneficial interests through Euroclear or Clearstream will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream and will be settled using the procedures applicable to conventional eurobonds.

Trading between DTC Seller and Euroclear/Clearstream Purchaser

When book-entry interests in Bonds are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream accountholder, the purchaser must first send instructions to Euroclear or Clearstream through a participant at least one business day prior to the settlement date. Euroclear or Clearstream will then instruct its depositary to receive the Bonds and make payment for them. On the settlement date, the depositary will make payment to the DTC participant's account and the Bonds will be credited to the depositary's account. After settlement has been completed, DTC will credit the Bonds to the Euroclear or Clearstream despositary, Euroclear or Clearstream will credit the Bonds, in accordance with its usual procedures, to the participant's account, and the participant will then credit the purchaser's account. These securities credits will appear the next day (European time) after the settlement date. The cash debit from the account of Euroclear or Clearstream will be back-valued to the value date (which will be the preceding day if settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the cash debit will instead be valued at the actual settlement date.

Since the settlement will occur during New York business hours, a DTC participant selling an interest in the Bonds can use its usual procedures for transferring global bonds to the depositaries of Euroclear or Clearstream for the benefit of Euroclear or Clearstream participants. The DTC seller will receive the sale proceeds on the settlement date. Thus, to the DTC seller, a cross-market sale will settle no differently than a trade between two DTC participants.

Trading between a Euroclear or Clearstream Seller and a DTC Purchaser

Due to time zone differences in their favor, Euroclear and Clearstream participants can use their usual procedures to transfer Bonds through their depositaries to a DTC participant. The seller must first send instructions to Euroclear or Clearstream through a participant at least one business day prior to the settlement date. Euroclear or Clearstream will then instruct its depositary to credit the Bonds to the DTC participant's account and receive payment. The payment will be credited in the account of the Euroclear or Clearstream participant on the following day, but the receipt of the cash proceeds will be back-valued to the value date (which will be the preceding day if settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the receipt of the cash proceeds will instead be valued at the actual settlement date.

Although the foregoing sets out the procedures of Euroclear, Clearstream and DTC in order to facilitate the transfers of interests in the Bonds among participants of DTC, Clearstream and Euroclear, none of Euroclear, Clearstream or DTC is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time, Neither the Bank, the Fiscal Agent, the Registrar, any paying agent, any underwriter or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the United States Securities Act of 1933, as amended, will have any responsibility for the performance by DTC, Euroclear and Clearstream or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.

TAXATION

The following supplements the discussion under "Taxation" on pages 77 to 78 of the accompanying prospectus.

Proposed EU Directive on the Taxation of Savings Income

On December 13, 2001, the Council of the European Union approved a provisional text for a new directive on the taxation of savings income. Subject to a number of important considerations being met, it is proposed that Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system for a transitional period in relation to such payments. The text of the directive is not yet final, and may be subject to further amendment and/or clarification.

UNDERWRITING

Subject to the terms and conditions stated in the Underwriting Agreement dated the date hereof, among the Bank and the several underwriters named below (the "Underwriters") for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") is acting as representative, the Bank has agreed to sell to the Underwriters and the Underwriters have severally agreed to purchase, the respective principal amount of the Bonds set forth after their names below.

The Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the Bonds if any are purchased.

Underwriter	Principal Amount
Merrill Lynch, Pierce, Fenner & Smith Incorporated	$ 611,000,000
Credit Suisse First Boston Corporation	6,500,000
Deutsche Bank AG London	6,500,000
Goldman Sachs International	6,500,000
J.P. Morgan Securities Inc.	6,500,000
Salomon Smith Barney Inc.	6,500,000
UBS AG, acting through its business group UBS Warburg	6,500,000
Total	$ 650,000,000

The Underwriters plan to offer the Bonds directly to investors at the price set forth on the cover page of this prospectus supplement, and to certain dealers at such price less a concession not in excess of .3% of the principal amount of the Bonds. The Underwriters may allow, and such dealers may re-allow, a discount not in excess of .25% of the principal amount of the Bonds to certain other dealers. After the initial offering of the Bonds, the Underwriters may vary the offering price and the selling terms.

In connection with the offering of the Bonds, the Underwriters may engage in transactions that stabilize, maintain or affect the prices of the Bonds. In particular, they may:

- overallot in connection with the offering (i.e., apportion to dealers more of the Bonds than the Underwriters have), creating a short position in the Bonds for their own accounts; or
- bid for and purchase Bonds in the open market to cover overallotments or to stabilize the price of the Bonds.

Any of these activities may stabilize or maintain the market prices of the Bonds above independent market levels. The Underwriters are not required to engage in these activities, but, if they do, it may discontinue them at any time.

Each of the Underwriters has advised the Bank that it or its affiliates intend to make a market in the Bonds. However they are not obligated to do so and may discontinue such market-making activities at any time and without giving notice to the Bank. Neither the Bank nor the Underwriters can give any assurances that a trading market for the Bonds will develop, or as to the liquidity of the trading market if it does develop.

The Underwriters and their affiliates may engage in transactions with and perform services for the Bank. These transactions and services are carried out in the ordinary course of business.

The Bonds are being offered for sale in jurisdictions in the United States, Europe and Asia where it is legal to make such offers. Each of the Underwriters has agreed that it will not offer or sell the Bonds, or distribute or publish any document or information relating to the Bonds, in any place without complying with the applicable laws and regulations of that place. If you receive this prospectus supplement and the prospectus, then you must comply with the applicable laws and regulations of the place where you (i) purchase, offer, sell or deliver the Bonds or (ii) possess, distribute or publish any offering material relating to the Bonds. Your compliance with these laws and regulations will be at your own expense.

Each of the Underwriters has represented and agreed that (i) it has not offered or sold and will not offer to sell any Bonds to persons in the United Kingdom prior to the expiration of the period of six months from the issue date of the Bonds except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the ''FSMA'') received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Bank; and (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

Each of the Underwriters has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in The Netherlands any Bonds other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises).

The Bank has agreed to indemnify against certain liabilities, including liabilities under the U.S. Securities Act of 1933 or to contribute to payments the Underwriters may be required to make in respect of any of these liabilities.

VALIDITY OF BONDS

The validity of the Bonds will be passed upon for the Bank by Mr. Samir Brahimi, Banque Centrale de Tunisie, Legal Department, 25 rue Hedi Nouira, 1080 Tunis, Tunisie, Tunisian counsel to the Bank, and by Sidley Austin Brown & Wood, Princes Court, 7 Princes Street, London EC2R 8AQ, United States counsel to the Bank.

The validity of the Bonds will be passed upon for the Underwriters by Mayer, Brown, Rowe & Maw, 11 Pilgrim Street, London EC4V 6RW, United States counsel to the Underwriters and by Mr. Noureddine Ferchiou, 34, Place du 7 Novembre 1987, 1001 Tunis, Tunisia, Tunisian counsel to the Underwriters.

As to all matters of Tunisian law, Sidley Austin Brown & Wood may assume the correctness of the opinion of Mr. Samir Brahimi, and Mayer, Brown, Rowe & Maw may assume the correctness of that opinion and the opinion of Mr. Noureddine Ferchiou.

As to all matters of United States law, Mr. Samir Brahimi may assume the correctness of the opinion of Sidley Austin Brown & Wood and Mr. Noureddine Ferchiou may assume the correctness of the opinion of Mayer, Brown, Rowe & Maw. All statements with respect to matters of Tunisian law in this prospectus supplement and the prospectus have been passed upon by Mr. Samir Brahimi and are made upon his authority.

GENERAL INFORMATION

Authorization

The issue of the Bonds has been duly authorised by resolutions of the Conseil d'Administration of the Issuer on April 2, 2002.

Clearing Systems

The Bonds have been accepted for clearance through DTC and its participants (CUSIP 066716AF8; Common Code 014660267; ISIN US066716AF82).

Listing

Application has been made to list the Bonds on the Luxembourg Stock Exchange. Prior to the listing, a legal notice relating to the issue of the Bonds and the *statuts* of the Bank will be deposited with the *Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg* where such documents may be examined and copies obtained.

Paying Agent

For so long as the Bonds are listed on the Luxembourg Stock Exchange and such exchange so requires, the Bank will maintain a paying agent in Luxembourg. The Bank has appointed Deutsche Bank Luxembourg S.A. as paying agent in Luxembourg.

Documents

A copy of the Fiscal Agency Agreement executed by Deutsche Bank Trust Company Americas will be available for inspection at the specified office of Deutsche Bank Luxembourg S.A.

Litigation

Except as disclosed in this Prospectus Supplement or in the Prospectus, the Bank is not involved in any litigation or arbitration proceedings which are material in the context of the issue of the Bonds nor so far as it is aware are any such proceedings pending or threatened.

Material Adverse Change

Except as disclosed in this Prospectus Supplement or in the Prospectus, there has been no adverse change in the financial condition of the Bank since December 31, 2001 which is material in the context of the issue of the Bonds.

Auditors

Mohsen Taleb, statutory auditor of the Bank, has audited the annual financial statements of the Issuer as at the end of and for the twelve month periods ended December 31, 2001, 2000 and 1999. Mohsen Taleb has given and has not withdrawn his written consent to the distribution of this Prospectus and Prospectus Supplement with the inclusion herein of reports and references to his name in the form and context in which it appears.

Financial Statements

For so long as the Bonds are outstanding, copies of the following documents may be obtained, free of charge, during normal business hours at the specified office of the Paying Agent in Luxembourg:

(a) the audited financial statements of the Bank in respect of the financial years ended December 31, 2001, 2000 and 1999; and

(b) the most recently published audited financial statements of the Bank.

The Bank does not publish interim financial statements. The Bank has no subsidiaries.

PROSPECTUS

BANQUE CENTRALE DE TUNISIE

Debt Securities

Banque Centrale de Tunisie (the ''Bank'') may from time to time offer debt securities, at prices and on terms to be determined at the time of sale and to be set forth in supplements to this prospectus. The Bank may sell securities having an aggregate initial offering price of up to US$872,200,000 or the equivalent thereof in one or more currencies or currency units in the United States.

The securities will be general, direct, unconditional, unsecured and unsubordinated external indebtedness of the Bank. The securities will rank equally in right of payment with all other unsecured and unsubordinated external indebtedness of the Bank. The securities will not be guaranteed by, and will not constitute obligations of, the Republic of Tunisia.

The Bank may sell the securities directly, through agents designated from time to time or through underwriters.

Neither the Securities and Exchange Commission nor any state securities commission or any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

This prospectus may not be used to make offers or sales of securities unless accompanied by a supplement. You should read this prospectus and the supplements carefully. You should not assume that the information in this prospectus or any prospectus supplement or any document incorporated by reference is accurate as of any date other than the date on the front of those documents.

The date of this prospectus is November 23, 2001.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that the Bank has filed with the SEC under a "shelf" registration process. Under this shelf process, the Bank may sell, from time to time, any of the debt securities described in this prospectus in one or more offerings up to a total of US$872,200,000 or the equivalent thereof in one or more currencies or currency units. This prospectus provides you with a general description of the debt securities the Bank may offer under this shelf process. Each time the Bank sells securities under this shelf process, it will provide a prospectus supplement that will contain updated information about the terms of that offering.

Any information contained in this prospectus may be updated or changed in a prospectus supplement, in which case the more recent information will apply. You should rely only on the information contained or incorporated by reference in this prospectus and any prospectus supplement.

FORWARD-LOOKING STATEMENTS

The following documents relating to the Bank's debt securities may contain forward-looking statements:

- this prospectus;
- any prospectus supplement; and
- the documents incorporated by reference in this prospectus and any prospectus supplement.

Statements that are not historical facts, including statements about the Bank's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and the Bank undertakes no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. The Bank cautions you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to:

- Adverse external factors, such as high international interest rates, global capital market instability, low commodity prices and recession or low growth in Tunisia's trading partners. High international interest rates could increase Tunisia's current account deficit and budgetary expenditures. Low commodity price could lead to lower growth in Tunisia and could also exacerbate its current account deficit. Global capital market instability could negatively affect the price of the Bank's debt securities. Recession or low growth in Tunisia's trading partners could lead to fewer exports from Tunisia and, therefore, lower growth in Tunisia and lower international resources for the Bank.
- Adverse domestic factors, such as declines in foreign direct and portfolio investment, domestic inflation, high domestic interest rates, exchange rate volatility and political uncertainty. Each of these could lead to lower growth in Tunisia and lower international reserves for the Bank.

USE OF PROCEEDS

Unless otherwise specified in the applicable prospectus supplement, the net proceeds from the sale of the securities will be made available to the Republic of Tunisia for general budgetary purposes.

THE BANK

General

The Bank is the central bank of the Republic of Tunisia. The Bank was founded as a national public entity. It is an independent legal identity with financial autonomy, according to the *Loi portant Création et Organisation de la Banque Centrale de Tunisie* (Loi No. 58-90 of September 19, 1958, the ''Organization Law''). The Organization Law provides that the primary purpose of the Bank is to defend the dinar, the Tunisian currency, and to maintain its stability. To that end, the Bank controls the circulation of bank notes and the distribution of credit in Tunisia. It is also charged with the oversight and maintenance of the orderly functioning of the banking and financial systems.

The principal office of the Bank is located at 25, rue Hedi Nouira in Tunis. The Bank also has 11 offices throughout Tunisia, in the cities of Bizerte, Gabes, Gafsa, Jendouba, Kasserine, Kairouan, Medenine, Monastir, Nabeul, Sfax and Sousse. The Bank has no foreign offices, but has several correspondents overseas. At December 31, 2000, the Bank employed 1,145 persons.

Relationship with the State

Pursuant to the Organization Law, the capital of the Bank is subscribed and held entirely by the State of Tunisia (the ''State''). The President of Tunisia appoints the Governor and Deputy Governor of the Bank and appoints the members of the Board of Directors (the ''Board of Directors''), the main body responsible for the overall management and control of the Bank. The State also appoints an Auditor of the Bank's operations and accounts. The Bank reports to the Minister of Finance on the status of its accounts every ten days. See ''– Organization''.

The State exercises supervisory power over the operations of the Bank. The Bank is not under the direction of any Minister. Rather, the Bank is directly responsible to the President of the Republic to whom it must submit its annual financial statements and management report. The performance by the Bank of its responsibilities is not subject to prior review or approval by any public authority, although the Bank's borrowings with greater than two years maturity and the Bank's decisions with regard to the issuance of currency must be approved by presidential decree.

By law, the accounts of the Bank may never be in deficit at the end of a fiscal year. If the year end income statement of the Bank shows a loss, the Organization Law requires that loss to be covered from the general and special reserves of the Bank. If these reserves are insufficient to cover the loss, the Organization Law requires the Tunisian Treasury to cover the balance. The Bank can be liquidated only by a law providing the terms of its liquidation.

In its dealings with third parties, the Bank is deemed to be a commercial entity. The Bank is therefore subject to applicable commercial law, but only to the extent that such law is not superceded by a law specific to the Bank or by provisions of the Organization Law.

Functions of the Bank

The principal functions of the Bank as stipulated in the Organization Law are:

- to issue currency in Tunisia, with respect to which the Bank has the exclusive right;
- to control and manage Tunisia's reserves;
- within the framework of the overall economic strategy of the government of Tunisia, to oversee the convertibility of the dinar and implement foreign exchange policy;
- to collaborate with the Ministry of Finance in the development and implementation of the monetary and credit policy of the government;
- to oversee and maintain the proper functioning of the Tunisian banking and financial systems, including assuring compliance by banks and other credit institutions operating in Tunisia with various regulations, the monitoring of capital requirement ratios and the imposition of reserve requirements; and
- otherwise to act as banker to the State.

Issuing Currency

The Bank has the exclusive right, on behalf of the State, to issue currency in Tunisia. The creation, issuance, withdrawal and exchange of bank notes and coins are the responsibility of the Bank, but are subject to approval by presidential decree. Bank notes and coins are the obligations of the Bank, and such obligations are not required to be backed by gold or other assets.

Managing Tunisia's Reserves

The Bank generally controls and manages Tunisia's gold and foreign currency reserves. Tunisia's reserves take the form of gold, direct holdings of foreign currency by the Bank, and special drawing rights (''SDRs'') issued by the International Monetary Fund (the ''IMF'') to Tunisia. The Bank buys and sells gold and financial instruments denominated in foreign currencies and may undertake debt obligations denominated in foreign currencies.

The following table presents Tunisia's reserves at December 31 of the years indicated:

	Reserves *(in millions of U.S. dollars)*				
	1996	1997	1998	1999	2000
Gold(1)	4.4	3.8	4.0	3.5	3.2
Foreign currency(2)	1,898.1	1,969.2	1,865.7	2,222.8	1,792.0
SDRs(2)(3)	20.9	21.0	7.9	31.4	8.6
IMF reserve position(3)	0.1	0.0	0.1	25.7	24.9
TOTAL	1,923.5	1,994.1	1,877.6	2,283.4	1,828.7

Source: The Bank

(1) Gold reserves are valued at the rate of one gram = TD 0.6498475.

(2) Converted into US Dollars at the rate of exchange in effect at the relevant year-end.

(3) SDRs are an asset created by the IMF to supplement the foreign currency and gold reserves of member states. They are assigned based on the amount of a member's IMF quota, or membership contribution, and may be drawn down to meet foreign payment and other obligations. The line item ''SDRs'' represents credit balances available to the Bank. Tunisia's IMF reserves represent the undrawn balance of SDRs allocated by the IMF and available to the Bank. Since the increase in IMF quotas in 1999, Tunisia has not made any drawing on this reserve position.

Foreign currency reserves increased from US$1,865.7 million at December 31, 1998 to US$2,222.8 million at December 31, 1999. This improvement was principally due to two factors: (i) the contraction of the current account deficit and (ii) the strong increase in drawings of medium and long term debt. Foreign currency reserves decreased to US$1,792.0 million at December 31, 2000 due partly to the repayment of principal of the two Samurai bonds in February and April 2000 and the impact of the appreciation of US Dollar. This decrease was offset partially by bond issues denominated in Japanese Yen totalling JPY 60 billion. Moreover, the privatisation of cement plants for US$261 million provided an additional source of funds. As of August 31, 2001, foreign currency reserves were US$1,855.4 million.

Overseeing Convertibility of the Dinar and Exchange Rates

The currency of Tunisia, the dinar, became convertible in 1993 in conformity with Article VIII of the Statutes of the IMF. An authorization from the Bank is therefore not required for current account transactions in foreign currency. Moreover, foreign investors may repatriate the proceeds of investments in Tunisia made in accordance with law. See ''The Tunisian Economy – Economic Reform Program – Structural Reforms – Investment Liberalization''.

The buying and selling rates of the dinar against foreign currencies are now freely established by Tunisian banks on the interbank foreign exchange market created in March 1994. The Bank may intervene to maintain the stability of the dinar. The Bank quotes on a daily basis three, six and twelve month call options in U.S. dollars and euro, designed for Tunisian residents. See ''Financial Information – Significant Accounting Principles Applied to the Bank''.

The following table presents the average annual exchange rate of the dinar against certain major currencies in each of the years indicated:

	Average Annual Exchange Rates(1) (TD per units of currency indicated)				
	1996	1997	1998	1999	2000
USD	0.9747	1.1029	1.1374	1.1884	1.3716
10 FRF	1.9058	1.8899	2.1032	–	–
1,000 ITL	0.6322	0.6480	0.6563	–	–
10 DM	0.6480	0.6363	0.6477	–	–
1,000 JPY	8.9687	9.1423	8.7173	10.4891	12.6904
EURO	–	–	–	1.2646	1.2633

(1) Average annual interbank rates.

On November 1, 2001, the closing U.S. dollar/Tunisian dinar rate of exchange as reported by the Bank was TD 1.4399 = US$ 1.00, the closing Japanese yen/Tunisian dinar rate of exchange was TD 11.8162 = JPY1,000 and the closing Euro/Tunisian dinar rate of exchange as reported by the Bank was TD 1.3039 = Euro 1.00.

An important objective of the Bank is to maintain a stable and competitive foreign exchange rate. The Bank monitors the level of dinar versus a trade-weighted basket of currencies, adjusted for inflation.

Formulating and Implementing Monetary and Credit Policy

The Organization Law requires the government to consult the Governor of the Bank with respect to matters relating to monetary and credit policy or which might have an impact on the monetary situation in Tunisia. The Bank formulates and implements monetary and credit policy in collaboration with the Ministry of Finance. The Bank is also responsible for advising the President of all developments that might affect monetary stability.

Monetary policy before 1987 was characterized by strict controls on the volume and composition of credit and interest levels. Commercial banks were required to obtain prior authorization from the Bank for most of their lending activity. An essential part of the government's efforts to enhance the role of the private sector in the economy and the free operation of market mechanisms has been the liberalization of the banking sector. See "The Tunisian Economy – Economic Reform Program". Since 1987, the requirement of prior authorization by the Bank for loans has been eliminated, and interest rates are now freely set except for those designed to offer incentives for small savings accounts and demand deposits.

One of the objectives of the liberalization of the Tunisian banking sector was to create conditions for more effective indirect monetary management. The development of a money market was an essential step in this direction. The Bank discontinued all rediscounting and preferential credit activities in 1996.

The Bank manages the money supply principally through two refinancing facilities: the *appel d'offres* and the *prise en pension*. The *appel d'offres* is a weekly auction of a pre-set amount of funds having a maturity generally of seven days. Should the Bank wish to decrease liquidity, it uses this mechanism to borrow a pre-set amount of funds for seven days. The *prise en pension* is a seven-day repurchase facility designed to provide banks with additional liquidity at a higher interest rate.

The Bank targets the liquidity provided by the *appel d'offres* to certain sectors of the economy by limiting the collateral which must be presented by the banks as security for borrowing funds in the auction to certain loans to priority sectors, which include agriculture, small and medium-sized businesses and exporters. In May 2000, the Bank began to accept Treasury bills and Treasury bonds as collateral for the *appel d'offres* operations. In addition, the Bank accepts all refinanceable credits, including Treasury bills and Treasury bonds as collateral for the *prise en pension* operations.

The spread between the *appel d'offres* and *prise en pension* rates has been 1% since November 11, 1992. However, these rates have been changed several times, most recently on February 12, 1999.

Since 1990, interbank money market interest rates have generally stayed approximately 1/16th below the *prise en pension* rate, and until recently, interbank money market interest rates had generally stayed at the same level as the auction rate.

Until October 2000, the daily interest rate on the money market, the *appel d'offre*, the over night loan rate and the over night deposit rate were all fixed at 5.875%. On October 20, 2000, in order to allow banks to manage their treasury operations more effectively, the Bank disconnected these rates, fixing the over night deposit rate at 5.8125% (i.e., 1/16th of a percentage point below the *appel d'offre* rate) and the over night loan rate at 5.9375% (i.e., 1/16th of a percentage point above the call for tenders rate). This measure resulted in a slight fluctuation of interbank rates with the result that they have become less linked to the auction rate.

In order to encourage banks to better manage their treasury needs and improve collection of claims, the Bank adopted in March 2001 a new monetary policy whereby the Bank no longer automatically grants banks a *prise en pension* to finance their financial needs at the end of each day.

The term "money market" also includes certificates of deposits and commercial paper with maturities of up to five years and Treasury bills. The minimum maturity for certificates of deposit (CDs) were shortened by circular No 2000-12 of June 11, 2000 from 3 months to 10 days, leading to a substantial increase in issues. In addition, the issuing bank may repurchase the CDs it has issued.

The same circular allows corporations which are either listed on the Tunis Stock Exchange or rated by an authorized rating agency to issue commercial paper without the backing of a bank guarantee. Moreover, such a guarantee is not needed when issuers and subscribers belong to the same group.

Since the government launched its structural reform program in 1987 (see "The Tunisian Economy – Structural Reform"), the Bank, in collaboration with the Ministry of Finance, has followed a balanced monetary policy aimed at moderate growth in the money supply, sufficient to permit the Tunisian economy to expand, while still maintaining control over the inflation rate. During 1996, the Bank eliminated the requirement for banks to make mandatory loans to designated priority sectors of the economy. These loans nonetheless continue to have a significant impact on the liquidity of the financial system.

The following table presents the amount of money in circulation at December 31 of each year indicated:

Money Supply
(in millions of TD, except percentages)

	1996	1997	1998	1999	2000
Money supply, M1(1)	3,981	4,474	4,790	5,554	6,128
% Growth over prior period	13.1	12.4	7.1	15.9	10.3
Money supply, M2(2)	8,764	10,162	10,726	12,816	14,551
% Growth over prior period	13.9	16.0	5.6	19.5	13.5

Source: The Bank

(1) M1 includes cash and checking accounts.

(2) M2 includes M1 and all short term deposits.

M2 (defined to include cash, checking accounts and all short-term deposits) grew by 13.9% during 1996, 16.0% during 1997, 5.6% during 1998; 19.5% during 1999 and 13.5% in 2000. The growth in M2 in 1999 was principally the result of the elimination of certain types of treasury bills which were not included in the M2 calculation with the result that funds were temporarily shifted to cash or other short-term deposits. The growth in M2 in 2000 was due to the increase in consumer spending in the later part of the year related, in part, to the Ramadan holiday occurring prior to the year end.

The liquidity of the Tunisian financial system was increased significantly in 1997 when the Bank assumed a series of substantial domestic bank loans (primarily made by the *Banque Nationale Agricole*) to the *Office des Céréales* and the *Office National de l'Huile*, two agencies of the State, to finance government arrears on extra-budgetary food subsidies. The loans amounted to TD 969 million, the equivalent of 4.6% of GDP, as of December 31, 1997. The Bank took over the loans in the form of an interest-free government-guaranteed loan to the two agencies repayable over 12 years. The Bank financed these acquisitions from commercial banks by canceling outstanding refinancing credits and by issuing fresh reserves. See ''The Republic of Tunisia – Public Debt''.

Banking Regulation and Supervision

The Bank is responsible for supervising the operations and financial condition of Tunisian banks and specialized credit institutions, as well as those of the branches of foreign banks in Tunisia. The Bank regulates banking and specialized credit institutions by monitoring their compliance with regulations such as reserve and credit control requirements. The Bank collects the relevant information from such institutions and is authorized to enforce those regulations if violations are discovered. The Bank also promulgates minimum capital ratios and other requirements to help preserve the solvency of banks and specialized credit institutions. Although the Bank has no legal or regulatory obligation to support institutions facing difficulties, the Bank may do so to maintain the integrity of the banking system. See ''The Banking System – Banking Regulation and Supervision''.

Banker to the State

The Bank is the sole banker to the State and the primary banker for the Tunisian banking system. The Bank holds the State's current account balances and provides full cash management services to the State. In addition, the Bank acts as the State's receiving bank and paying agent in relation to the issue, service and redemption of Treasury bills and other government debt obligations.

The Organization Law authorizes the Bank to borrow in foreign currency in the international financial markets for its own account and for the account of the State. Since 1992, the State has accessed the international financial markets through syndicated international bank loans which it signed directly, and through bonds denominated in yen, dollars and euro issued by the Bank. See ''Sources of Funds'' and ''Public Finance – Public Debt – External Debt''.

The proceeds from the bond offerings, were converted into dinars and made available by the Bank to the State on the same terms and conditions as the original bonds. It is expected that proceeds from the bonds offered pursuant to this Prospectus will also be made available by the Bank to the State.

Borrowings of the Bank are not guaranteed by, and do not constitute obligations of, the State. The Organization Law, however, provides that if the Bank incurs a loss in any year (after taking into account all expenses, including debt service) which is not covered by its reserves, the remaining amount will be reimbursed by the Tunisian Treasury.

The Bank is authorized to provide short-term funding to the State to facilitate the operations of the Treasury and the financing of public expenditures. Such funding is permitted up to a limit of 5% of the ordinary revenues of the State for the preceding budget year, and funds cannot be outstanding for more than 240 days, consecutive or otherwise, in the course of one calendar year. This practice was effectively terminated in 1970 with the passage of a law authorizing the Bank to refinance the State's short-term borrowings that had accumulated at such date. Pursuant to this law, the Bank granted a TD 42,500,000 advance to the State, of which TD 25,000,000 took the form of a permanent advance accruing interest at a rate of 0.5% per annum; and TD 17,500,000 took the form of an advance repayable in 35 annual payments of TD 500,000 each, the first of which was made on July 1, 1975, and the last of which will be made on July 1, 2009, accruing interest at a rate of 3% per annum on the total amount outstanding. As of December 31, 2000, the outstanding balance of this advance was TD 4,553,125, including accrued but unpaid interest.

The Bank is the legal representative of the State with respect to the IMF and the Arab Monetary Fund. The Bank, on behalf of the State, paid the initial subscriptions and continues to pay the State's contributions to these organizations. Such payments, in both foreign currency and dinars, are accounted for as an advance to the Tunisian Treasury, the principal amount of which is the dinar equivalent of the amount of the subscription expressed in SDRs or *Dinars Arabes de Compte*, as the case may be. As of December 31, 2000, the total of advances made to the State in this manner was TD 503,233,712.

The Bank also discounts or purchases bills of exchange and guaranteed bonds with maturities of less than three months payable to the order of the Treasury. The bills of exchange and guaranteed bonds represent customs duties and indirect taxes due to the Treasury by importers and others and the guarantees are issued by commercial banks.

The Bank is also the depositary for the State and holds deposits for Tunisian banks, including their general reserves.

Capitalization

The initial capital of the Bank at its organization in 1958 was TD 1,200,000. The Organization Law provides that the Bank's capital may be increased by incorporating reserves upon the approval of the Bank's Board of Directors, as authorized by presidential decree. Following two such capital increases, the capital of the Bank at December 31, 2000 was TD 6,000,000.

The Organization Law also requires that 15% of annual net surplus be incorporated into a legal reserve until such legal reserve amounts to 50% of the Bank's capital. The legal reserve reached 50% of capital, or TD 3,000,000, as of 1988, and no net surplus has been incorporated into the legal reserve since that time.

The following table sets forth information about the capitalization and long-term debt of the Bank at December 31, 1998, 1999 and 2000:

	At December 31,		
	1998	1999	2000
	(in thousands of TD)		
Capital[(1)]	6,000	6,000	6,000
Special reserve	16,817	16,817	21,817
Legal reserve	3,000	3,000	3,000
Surplus carried forward	342	401	573
Total	26,159	26,218	31,390
Long-term debt[(2)]	2,480,624	3,436,428	3,882,807[(3)]

(1) The Bank's share capital consists of 600,000 shares with a nominal value of TD10 each. All 600,000 shares have been subscribed by and are held by the Tunisian State.

(2) Consists of six series of yen-denominated bonds issued by the Bank between 1994 and 1996 and two series issued in 2000, two series of dollar-denominated bonds issued by the Bank in 1997 and one series of euro-denominated bonds issued by the Bank in 1999, the proceeds of which were made available to the State. Under the current accounting policies of the Bank, this debt is not shown on the Bank's balance sheet.

(3) Does not include ¥10,000,000,000 bonds issued in December 2000 with a maturity of eighteen months. These bonds are shown on the Bank's balance sheet as ''other liabilities''. In accordance with the Bank's *statuts*, indebtedness with a maturity of less than 2 years is considered to be short term. In addition, such amount does not include two additional series of yen-denominated bonds, in the total amount of ¥55,000,000,000, issued in March 2001.

Since December 31, 2000, other than as noted above, there has been no material change to the capitalization of the Bank

Sources of Funds of the Bank

In addition to the Bank's own capital and cash generated from operations, the major sources of funds for the Bank's activities are issues of banknotes and coins and deposits by the State, public entities and commercial banks (including banks' mandatory reserves).

The following table sets forth the outstanding amounts of certain selected liabilities on the balance sheet of the Bank at December 31 of each of the years indicated:

	At December 31,				
	1996	1997	1998	1999	2000
	(in thousands of TD)				
Notes and coins in circulation . .	1,561,269	1,675,730	1,783,141	2,093,525	2,379,600
Current accounts of banks and financial institutions	546,095	126,956	121,484	86,859	53,285
Current accounts of the government	295,328	292,458	315,208	318,045	370,542
Allocation of SDRs[(1)]	48,986	52,560	52,659	59,050	62,603
Other liabilities[(2)]	731,279	768,395	776,893	839,269	1,027,029
Special account for economic cooperation[(3)].	278,653	286,302	283,124	319,428	317,352

(1) SDRs made available by the IMF to Tunisia, which have been drawn down and are repayable by the Bank.

(2) Various deposits and accounts, including those of the Bank's employees, dinar-denominated IMF and Arab Monetary Fund ("AMF") accounts and the Bank's account for any borrowings effected on the money market.

(3) Represents amounts drawn by the Bank, as intermediary on behalf of the State, pursuant to economic and technical co-operation agreements between Tunisia and certain countries. The liability is offset by an asset on the Bank's balance sheet reflecting loans made for use in connection with economic and technical co-operation programs.

Organization

The Organization Law provides that the President appoints the Governor and Deputy Governor of the Bank, the members of the Board of Directors, the main body responsible for the overall management of the Bank, and the Auditor.

Management

The Governor is the legal representative of the Bank. The Governor manages the business of the Bank, carries out all laws related to the Bank and Board decisions, and presides over Board meetings. The government consults the Governor whenever it considers matters concerning the currency or credit or other matters which may have repercussions on the currency or money supply of Tunisia. The Governor is charged with presenting to the President of the Republic the balance sheet and income statement of the Bank for each year, as well as an annual report on the operations of the Bank, by December 31 of the following year. The financial statements of the Bank are published in the official gazette of the Republic within one month of presentation to the President. The Governor is appointed by presidential decree for a renewable six-year term and may be removed only by decree.

The Governor is assisted by a Deputy Governor appointed by presidential decree upon the proposal of the Governor. The Deputy Governor supervises the daily operation of all of the departments of the Bank. In the event of the absence of the Governor or an impediment which prevents the Governor from performing his duties, the Deputy Governor carries out the functions of the Governor.

The Board is composed of the Governor, the Deputy Governor and eight board Members. The Governor acts as Chairman of the Board. The Board is responsible for the internal regulation of the Bank and the manner in which the Bank carries out its operations. Subject to approval by presidential decree, the Board makes all decisions as to the creation, issuance and withdrawal of banknotes and coins. The Board also decides, taking into consideration the prevailing economic and monetary situation and the Bank's operating costs, the interest rates and commissions to be paid to the Bank for its operations. Additionally, the Board advises the Treasury on the terms of all issues by the Treasury of short-, medium- and long-term debt.

The eight Members of the Board are appointed by presidential decree upon the proposal of the Prime Minister for renewable three-year terms. Four of the eight Members are selected for their professional experience in the economic and financial sectors, and the remaining four are selected on the basis of service in positions of authority in an economic or financial capacity within the government or service in public or semi-public organizations participating in the economic development of the Republic.

The Auditor is charged with the responsibility of conducting the year-end audit of the financial statements of Bank and submits the financial statements and his report thereon to the Minister of

Finance. Unlike auditors appointed by the Minister of Finance to other public entities, the Bank's Auditor has no veto power over the decisions of the Bank. The Auditor may, however, make proposals to the Board of Directors. If the proposals are not adopted, the Auditor may request that the proposals be entered in the minutes of the Board meeting and inform the Minister of Finance of these proposals. The Auditor is appointed by presidential decree upon the proposal of the Minister of Finance from among the civil servants of the Central Administration of Finance and must hold at least the rank of director. The Auditor's term is terminated by presidential decree upon the proposal of the Minister of Finance.

The audit performed by the Auditor is much more restricted in scope than an audit conducted by an independent accounting firm in the United States or most European countries. With the exception of limited verification and random checks undertaken personally, the Auditor relies on figures supplied by the Bank's accounting department and the report of the internal control department of the Bank.

The current Governor is Mohamed Daouas. The current Deputy Governor is Moncef Chaffar. The current members of the Board and the Auditor, as well as their respective positions or primary occupations, are as follows:

Name	Position
Board of Directors	
Members chosen on the basis of public office	
Mongi Safra	Primary Advisor to the President of the Republic
Hamed Gaddour	Managing Director of Treasury at the Ministry of Finance
Ridha Touiti	President and Chairman of the *Office de Commerce de Tunisie*
Abdelhamid Triki	Managing Director of Economic Forecasting of the Ministry of Economic Development
Members chosen on the basis of private sector experience	
Ezzedine Ben Mustapha	Vice President of *l'Union Tunisienne de l'Agriculture et de la Pèche*
Mohamed Bousbia	President and Chairman of the *Société Frigorifique et brasserie de Tunis*, a major Tunisian brewing and bottling company.
Hedi Djilani	President of the *Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat*, the Tunisian employers' organization, and President and Chairman of Lee Cooper, a foreign-owned manufacturer of clothing for export
Neji Mhiri	Chairman of ''Hotels El Mouradi''
Auditor	
Mohsen Taleb	Managing Director of Financing at the Ministry of Finance

Financial Information

Accounting Standards and Principles

The Bank's fiscal year is the calendar year. The financial statements of the Bank consist of a balance sheet and an income statement prepared on an annual basis.

The Organization Law provides that the Bank is not subject to the public accounting standards and principles of the State, and the Bank's budget is not annexed to the budget of the State. Currently, the Bank maintains and closes its accounts according to principles determined by its Board of Directors in a manner generally consistent with the current accounting system established by Tunisian law for private enterprises. On December 30, 1996, a law was passed establishing a new accounting system for Tunisian entities based on accounting standards and principles which are substantially the same as those set forth in the International Accounting Principles Convention. In addition, specific accounting principles relating to the activities of banking institutions in general went into effect on January 1, 1998. The Bank is currently reviewing its accounting standards and principles in light of the new Tunisian accounting system.

The accounting principles applied to the Bank's financial statements vary in certain significant respects from U.S. generally accepted accounting principles (''U.S. GAAP'') and International Accounting Standards (''IAS''). The most significant differences between the accounting standards presently used for the preparation of the Bank's financial statements and U.S. GAAP or IAS are that the Bank's financial statements do not include a statement or summary of cash flows and that the Bank's financial statements do not include notes. There are other classification and presentation differences and additional disclosure required under U.S. GAAP or IAS. The Bank does not believe, however, that such differences or disclosures are material to the financial statements as a whole.

As the Bank is a national public entity, the *Décret fixant l'organisation et les modalités de fonctionnement de la chambre des entreprises publiques de la Cour des Comptes* (Décret No. 82-528 of March 17, 1982) applies to the Bank, and it is subject to the ultimate review of the *Cour des Comptes,* or Court of Accounts. See ''Public Finance – Overview – Legal Framework and Budgetary Process'' and ''– Court of Accounts''.

The significant variations in revenues and expenditures associated with money market operations reflect the shift in monetary stance from absorbing liquidity (in 1997, 1998 and 1999) to providing liquidity (in 2000).

Income Statement

	Year ended December 31,			
	1997	1998	1999	2000
	(in TD)			
REVENUES				
Interest on bills	11,976,996	5,533,124	33,230,421	4,729,340
Interest from money market operations	790,254	4,675,655	4,387,281	14,146,110
Interest from term investments in foreign currency	74,901,626	71,692,724	72,987,221	124,912,802
Other revenues from foreign currency transactions(1)	25,569,271	23,514,459	21,050,113	67,028,979
Interest from placements with international organization	888,882	960,131	1,030,815	2,139,120
Interest from funds advanced to the State	160,906	145,906	207,500	269,094
Interest from overdraft accounts of banks and financial institutions	359,822	580,383	1,339,262	595,057
Other revenues	953,674	2,351,177	2,440,893	2,295,280
Foreign exchange adjustment account(2)	23,226,158	22,296,058	91,748,943	73,171,751
Profits from prior years(3)	150,363	327,549	516,681	91,643
Exceptional profits	1,804	237	874,255	122,115
Total revenues	138,979,757	132,077,403	229,813,385	289,501,291
EXPENDITURES				
Administrative expenses	26,422,000	29,364,000	32,117,000	36,893,000
Interest on money market operations	17,609,204	7,337,111	11,652,355	4,593,833
Interest paid on currency transactions	8,087,640	9,874,236	8,988,159	12,909,636
Other expenses on currency transactions	1,143,257	126,376	77,878	46,500,756
Fees and commissions paid to international organizations(4)	13,664,858	11,356,842	7,760,395	9,509,364
Other expenses	100,397	117,343	117,815	196,182
Depreciation of fixed assets	1,640,323	1,668,874	1,652,716	1,685,098
Social fund allocation	1,500,000	1,600,000	2,000,000	2,150,000
Provision allocation	8,500,000	–	5,000,000	1,954,468
Losses from prior years	135,071	572,927	102,443	678,658
Exceptional losses	2,508	155	173,344	29,760
Total expenditures	78,805,258	62,017,864	69,642,106	117,100,755
Net surplus	60,274,499	70,059,539	160,171,279	172,400,536

(1) Includes commission and other non-interest income from foreign currency operations as well as interest income from foreign deposits other than term investments.

(2) Foreign exchange gains or losses resulting from the execution of foreign currency transactions.

(3) Represents adjustments to prior years' accounts.

(4) Represents annual membership obligations and other fees and commissions, excluding initial subscription obligations recorded on the Balance Sheet.

Balance Sheet

	Year ended December 31,			
	1997	1998	1999	2000
	(in TD)			
ASSETS				
Gold reserves	4,385,452	4,388,976	4,390,671	4,408,975
Subscriptions to international organizations(1)	2,371,792	2,371,792	2,371,792	2,371,793
Reserve Tranche position(2)	–	–	32,272,367	34,440,330
SDR reserves(3)	24,006,710	8,646,204	39,459,378	11,924,567
Foreign currency reserves	2,253,406,730	2,045,455,451	2,795,315,997	2,481,232,143
Special account for economic cooperation(4)	266,338,506	274,012,399	290,758,185	298,972,061
Current account of the Postal Service(5)	4,999,987	4,999,529	4,999,759	4,999,481
Foreign exchange refinancing bills	320,165	–	–	–
Special U.I.B. advance(6)	92,500,000	92,500,000	92,500,000	–
Discounted bills and checks in collection on behalf of the State	22,197,219	42,766,179	44,146,914	97,565,814
Bills for collection from the State(7)	29,936,333	25,297,748	43,826,783	20,752,233
Money market advances(8)	–	–	–	449,000,000
Purchased bank credits(9)	887,960,333	807,236,667	726,512,999	645,789,333
Permanent advance to the State	25,000,000	25,000,000	25,000,000	25,000,000
Repayable advance to the State	6,000,000	5,500,000	5,053,125	4,553,125
Advance to the State for IMF and AMF subscriptions	321,455,034	336,003,044	472,600,906	503,233,712
Equity holdings(10	21,832,972	21,494,075	23,217,329	24,884,698
Fixed assets	14,164,738	13,117,650	11,722,925	11,039,304
Other debtors(11)	44,426,511	45,736,683	19,054,082	20,958,345
Temporary accounts	14,118,136	22,568,266	33,558,310	27,638,011
	4,035,420,626	3,777,094,664	4,666,761,522	4,668,763,925

(1) Excluding IMF and AMF subscriptions.

(2) Foreign exchange deposits representing the unused portion of the SDRs made available to the Bank by the IMF.

(3) Undrawn balance of SDRs made available by the IMF to Tunisia. See ''Functions of the Bank''.

(4) Loans by the Bank, as intermediary on behalf of the State, for use in connection with economic and technical cooperation programs.

(5) Deposit with the Postal Service constituting an advance to the State in connection with the operation of postal checking centers.

(6) Special advance made in 1992 to assist the *Union Internationale des Banques*. This advance was repaid as of December 31, 2000.

(7) Obligations of the State presented to the Bank for collection. Counterpart to ''Deposits of bills for collection'' under ''Liabilities, Capital and Surplus''.

(8) Reflects the Bank's intervention in the money market to provide liquidity.

(9) Bank credits incurred by the *Office des Céréales* and the *Office National de l'Huile* to finance government arrears with respect to food subsidies, purchased by the Bank at the end of 1996.

(10) Consists of the Bank's equity interest in the *Union Tunisienne de Banques,* the *Programme de Financement du Commerce Inter-Arabe* and the *Banque Africaine d'Import-Export.* See ''The Republic of Tunisia – International Relations''.

(11) Includes interest payable by the *Union Internationale des Banques* deferred pursuant to the terms of the 1992 special advance. All deferred interest accrued in respect of this advance was fully paid as of December 31, 1999.

Balance Sheet

	Year ended December 31,			
	1997	1998	1999	2000
	(in TD)			
LIABILITIES, CAPITAL AND SURPLUS				
Notes and coins in circulation	1,675,729,745	1,783,141,213	2,093,525,084	2,379,599,918
Current accounts of banks and financial institutions	126,955,922	121,483,654	86,859,356	53,285,361
Current accounts of the government	292,457,599	315,208,322	318,045,421	370,542,423
Money Market Borrowing(1)	448,000,000	12,000,000	468,500,000	–
Allocation of SDRs(2)	52,559,923	52,659,228	59,050,307	62,602,916
Other liabilities(3)	768,394,682	776,893,467	839,268,980	1,027,028,649
Deposits of bills for collection(4)	31,872,163	28,196,143	44,679,297	21,682,978
Special account for economic cooperation(5)	286,301,679	283,123,851	319,427,913	317,351,991
Provisions(6)	71,977,761	71,977,762	22,977,762	22,977,762
Special reserve	16,816,905	16,816,905	16,816,905	21,816,905
Legal reserve	3,000,000	3,000,000	3,000,000	3,000,000
Surplus carried forward(7)	337,351	341,851	401,390	572,669
Capital	6,000,000	6,000,000	6,000,000	6,000,000
Other creditors(8)	58,004,914	62,796,188	63,544,130	64,457,892
Temporary accounts	136,837,479	173,396,541	164,493,698	145,443,925
Net surplus(9)	60,174,498	70,059,539	160,171,280	172,400,536
	4,035,420,626	3,777,094,664	4,666,761,522	4,668,763,925

(1) Reflects the Bank's intervention in the money market to absorb liquidity.

(2) SDRs made available by the IMF to Tunisia which have been drawn down and are repayable by the Bank. See "Functions of the Bank – Managing Tunisia's Reserves".

(3) Various deposits and accounts, including those of the Bank's employees, dinar-denominated IMF and AMF accounts and the Bank's account for borrowings effected on the money market.

(4) Represents the counterpart to "Bills for collection from the State". Discrepancies between the two items represent bills held but not yet collected at year end.

(5) Represents amounts drawn by the Bank, as intermediary on behalf of the State, pursuant to economic and technical cooperation agreements between Tunisia and certain countries.

(6) Amounts provisioned for the construction of new branches of the Bank and with respect to currency risk incurred by the Bank.

(7) Portion of prior year's surplus retained and not paid to the Treasury as a dividend.

(8) Includes a counterpart to the interest payable by the *Union Internationale des Banques* deferred pursuant to the terms of the 1992 special advance and recorded as an asset under "Other debtors". All deferred interest accrued in respect of this advance was fully paid as of December 31, 1999.

(9) Income statement amount representing excess of total annual revenues over total annual expenditures. The Board of Directors of the Bank decides annually how much of the net surplus at the preceding year-end to appropriate for the Tunisian Treasury, with the balance, if any, paid into the Bank's carry-forward account for the current year.

Significant Accounting Principles Applied to the Financial Statements

The following is a summary, prepared by the Bank, of certain significant accounting principles applied to the Bank's financial statements.

(1) *Foreign Currency Translation.* Assets and liabilities denominated in foreign currencies and in SDRs are translated into dinars at the exchange rate in effect on December 31 of the relevant year. The difference between the exchange rate in effect on the day of a transaction and the translation rate is reflected in the financial statements as a loss or gain. Expenses payable in foreign currency are reported in their dinar equivalent at the rate reported on the day of the transaction.

(2) *Property.* The Bank's tangible assets, principally its Tunis head office and its 11 branches, are stated at their historical cost. They are subject to straight-line depreciation at a rate of 5% per year. Assets such as computer equipment, office furniture and equipment and transportation equipment are directly reported as expenses at the time of their acquisition.

(3) *Cash Flow Statements.* The Bank does not publish cash flow statements.

(4) *Gold Reserves.* Gold reserves are valued at the rate of one gram = TD 0.6498475. 80% of the Bank's gold reserves are held in the vaults of the Bank and 20% are held by foreign banks.

(5) *Off-Balance Sheet Items.* The Bank's off-balance sheet items consist primarily of certain foreign debts, as well as certain limited derivative transactions undertaken by the Bank. The Bank's foreign debts and the proceeds therefrom are not recorded on the Bank's balance sheet when the proceeds are immediately re-lent to the State. The Bank's use of derivatives has been restricted as a result of the conservative management practices of the Bank, and the Bank's strategy in such transactions is to cover itself fully. The kinds of derivative transactions that the Bank has engaged in to date have been limited to interest rate and currency swaps. Although these have been carried out in the Bank's name, the transactions have all been for the account of the State or Tunisian entities, and these parties assume all risks and associated costs. The interest rate and currency swap transactions carried out by the Bank are detailed in the off-balance sheet table below.

The following table presents certain information about the Bank's off-balance sheet obligations at December 31 of each of the years indicated:

	At December 31,			
	1997	1998	1999	2000
	(in TD)			
Bond[(1)] and other credits				
Yankee bonds	1,097,097,625	1,017,001,669	1,146,964,197	1,198,198,225
Japanese yen bonds I, II, III, IV, V and VI and Global Samarai and Global Yen[2]	1,377,231,647	1,463,621,863	1,790,306,644	2,178,127,922
Euro bonds	–	–	499,156,875	506,480,625
Other credits	778,947,449	716,354,359	669,275,494	664,830,793
Exchange risk coverage				
Caisse Française de Développement credit lines	44,276,796	64,721,754	–	–
Credits managed for Tunisian bank and financial establishments	1,027,156,232	1,042,091,741	–	–
Interest rate and currency swaps				
Interest rate swaps (relating to loans by two Tunisian development banks)	67,704,417	64,867,375	74,405,042	81,922,167
Currency swaps (relating to Japanese yen bonds I, II and III)	851,910,945	786,891,931	516,318,374	–
Forward exchange transactions	–	–	466,290,585	–
Total off-balance sheet items	5,244,325,111	5,155,550,692	5,162,717,211	4,629,559,732

(1) Includes principal and interest amounts until final maturity.

(2) Japanese yen bonds II and III were repaid in 2000. On August 2, 2000, the Bank issued two bonds denominated in Japanese yen: JPY 35,000,000,000 3.3% Bonds due 2010 and JPY 15,000,000,000 4.3% Bonds due 2030. In addition, on March 17, 2001, the Bank issued JPY 20,000,000,000 4.2% Bonds due 2031 and on March 28, 2001 the Bank issued JPY 35,000,000,000 2.27% Bonds due 2006.

Auditor’s Report

Auditor’s Statement on the Accounts of the Bank for the Fiscal Year 2000
Submitted to the Minister of Finance

Mr Minister

In fulfillment of the legal prescriptions and in accordance with the mission with which you have entrusted me, it is my honor to inform you that I have verified the accounts of the Central Bank of Tunisia drawn up as of December 31, 2000.

As is provided for by law, I made a series of verifications and random checks to satisfy myself that the balance-sheet, the profits and losses accounts and the table of distribution of the income for the fiscal year agree with the entries on the books of the Central Bank of Tunisia, and with the legal prescriptions.

This verification has enabled me to note that the operations were in order, and in perfect compliance with statutory rules.

The balance-sheet and the profits and losses accounts attached may be considered to provide an accurate reflection of the situation of the Central Bank of Tunisia as of December 31, 2000.

The Auditor

Mohsen Taleb

THE BANKING SYSTEM

Overview

Prior to independence, Tunisia had no real banking system. The network of principally French bank branches and agencies throughout Tunisia was created to finance the colonial economy and was an extension of the French banking system. Following independence in 1956, the government set out to build a Tunisian public banking system and created the *Société Tunisienne de Banques* in 1957 and the *Banque Nationale Agricole* in 1959. The structure of Tunisia's modern banking system began to appear between 1962 and 1967 pursuant to a policy of consolidation which led to the creation of certain banks such as the *Union Internationale de Banques* and the publication of the *Loi sur l'exercice de la profession bancaire* (Loi No. 67-51 of December 7, 1967, the "Banking Law").

A new banking law aiming at the elimination of the distinction between commercial banks, investment banks and merchant banks, was adopted by the Parliament on June 19, 2001 (loi 2001-65). This new legal framework permits universal banking. These banks will be authorised to collect public savings, to grant credit and offer a wide range of financial services. The new law also aims to prepare credit institutions to better face external competition, as Tunisia is strongly committed to a further liberalisation of its economy, notably in its financial services area within the context of the Association Agreement with the European Union and its commitments *vis-à-vis* the WTO.

This reform will also set up a system of "Deposit Guarantees" which will provide protection for depositors if a bank is unable to repay deposits to its clients.

Under this law credit institutions will be authorised to do transactions that are not considered as banking operations such as banking insurance. Bank insurance business consists of the distribution, through the banking network, of life insurance and other products promoted by insurance companies. This distribution is regulated pursuant to a convention established between insurance companies and banks.

Today, the Tunisian banking system consists of 14 commercial banks, six development banks, ten leasing companies, eight offshore banks which deal primarily with non-residents, two merchant bank, seven offices representing foreign banks in Tunisia, two factoring companies and other financial institutions. The Bank regulates the banking sector.

Efforts are currently underway by the government to restructure and modernize the banking sector in anticipation of the increased foreign competition in the financial industry, which is expected to result from the possible extension of the European Union Association Agreement to trade in services, including banking services (See "The Republic of Tunisia – International Relations"). One of the areas receiving focus is the development of stronger relations between deposit banks and development banks. As part of this process, the government has merged *Société Tunisienne de Banque* (STB) with *Banque Nationale de Développement Touristique* (BNDT) and *Banque de Développement Economique de Tunisie* (BDET) in December 2000, creating the largest bank in Tunisia based on loans and deposits. Union Internationale de Banques (UIB) was privatized in April 2001.

As at June 30, 2001, there are only 4 State-owned banks in the Tunisian banking sector (STB, BNA, BH and BTS). These 4 banks control 46.4% of total bank assets. Tunisia has a network of 820 banking agencies, one for every 11,600 habitants.

Structure

Depository Banks

The Tunisian banking system includes 14 commercial, deposit-taking banks and the *Office National des Postes* ("ONP"), which provides certain banking services, such as savings and checking accounts, to the public. At December 31, 2000 together the commercial banks and the ONP held assets equal to approximately to TD 25,632.0 million.

Of the depositary banks, *Banque Nationale Agricole* (BNA), *Banque de l'Habitat* (BH), *Société Tunisienne de Banque* (STB) and *Union Internationale de Banques* (UIB) are majority-owned directly or indirectly by the State. With the exception of Amen Bank, all privately held banks have foreign financial institutions among their shareholders.

The following table presents the deposit-taking banks in Tunisia, their respective dates of creation and their paid-in capital at December 31, 2000:

Deposit-Taking Banks

	Year of Creation	Paid-In Capital at December 31, 2000
		(in thousands of TD)
Banque Nationale Agricole (BNA)	1959	233,000
Société Tunisienne de Banque (STB)	1957	124,300
Banque du Sud (BS)	1968	100,000
Union Internationale de Banques (UIB)	1964	70,000
Banque Internationale Arabe de Tunisie (BIAT)	1976	100,000
Banque de l'Habitat (BH)	1989	75,000
Amen Bank	1967	61,000
Arab Tunisian Bank (ATB)	1982	35,000
Union Bancaire pour le Commerce et l'Industrie (UBCI)	1961	35,000
Banque de Tunisie (BT)	1884	35,000
Citibank(1)	1989	10,000
Banque Franco-Tunisienne (BFT)	1879	5,000
Banque Tunisienne de Solidarité	1998	40,000
Arab Banking Corporation (ABC)(1)	1999	18,000

Source: The Bank

(1) Citibank and Arab Banking Corporation operate in two different capacities in Tunisia: as on-shore, deposit-taking banks and as off-shore banks, through two distinct entities.

These banks may receive deposits from the public and engage in short-term financing, working capital lending, and other activities typical of such institutions.

Development Banks

Tunisia's six development banks support development projects in various sectors of the Tunisian economy, such as in agriculture, fishing, tourism and industry. All of the banks are joint ventures 50% owned by the State and 50% owned by another country. At December 31, 2000 together they held assets of approximately TD 1,556.6 million.

The following table presents the development banks in Tunisia, their respective dates of creation and their paid-in capital at December 31, 2000:

Development Banks

	Year of Creation	Paid-In Capital at December 31, 2000
		(in thousands of TD)
Banque Tuniso-Koweitienne de Développement (BTKD)	1981	100,000
Société Tuniso-Saoudienne d'Investissement et de Développement (STUSID)	1981	100,000
Banque Arabe Tuniso-Libyenne de Développement et du Commerce Extérieur (BTLD)	1983	100,000
Banque de Tunisie et des Emirats d'Investissement (BTEI)	1982	90,000
Banque de Coopération du Maghreb Arabe (BCMA)	1981	41,538
Banque Tuniso-Qatarie d'Investissement (BTQI)	1982	46,200

Source: The Bank

Off-Shore Banks

Tunisia's off-shore banks deal mainly with non-resident customers, although they also engage in off-shore activities with resident customers. Under Tunisian foreign exchange control laws and regulations, they are treated as non-residents. They are not subject to restrictions on the repatriation of revenue or profits or on their transactions with other non-residents.

These banks are owned by foreign financial institutions and, at December 31, 2000, together held assets of approximately TD 2,090 million.

The following table presents the offshore banks in Tunisia, their respective dates of creation and their paid-in capital at December 31, 2000:

Off-Shore Banks

	Year of Creation	Paid-In Capital at December 31, 2000
		(in thousands of US$, unless otherwise indicated)
Union Tunisienne de Banque (UTB)	1979	Subsidiary of UTB (Paris)
Tunis International Bank (TIB)	1982	25,000
Beit Ettamouil Saoudi Tounsi (BEST)	1983	50,000
Alubaf International Bank (AIB)	1985	25,000
North Africa International Bank (NAIB)	1983	30,000
Citibank[(1)]	1976	Subsidiary of Citibank (New York)
Loan and Investment Bank Co. (LINC)	1980	TD250
Arab Banking Corporation (ABC)[(1)]	1993	6,000

Source: The Bank

(1) Citibank and Arab Banking Corporation operate in two different capacities in Tunisia: as on-shore, deposit-taking banks and as off-shore banks, through two distinct entities. Arab Banking Corporation's offshore bank is a subsidiary of ABC Bahrain.

The Arab Investment Company (S.A.A.), Crédit Lyonnais, Monte di Paschi di Siena, Société Générale, Proparco, Deutsche Bank and Bank of Valetta PLC also have representative offices in Tunisia.

Merchant Bank

Tunisia has two merchant banks, the International Merchant Bank and *Banque d'Affaires de Tunisie* (BAT). The former bank was created in 1995 with initial capital of TD 3 million, and with the participation of the International Finance Corporation and foreign and domestic private investors. It specializes in consulting and assisting in all aspects of the creation, development and restructuring of business enterprises. In addition, Tunisian monetary authorities approved the establishment in 1998 of BAT, Tunisia's other merchant bank. BAT was promoted by the *Société Tunisienne de Banque*, had initial capital of TD 3 million and benefits from the technical and financial support of foreign banking partners.

Other Financial Institutions

Other financial institutions in Tunisia include nine leasing companies, two factoring companies and approximately 141 portfolio management companies and one savings company (*Caisse d'Epargne Nationale de Tunisie*, or ''CENT''). An export credit insurance agency also operates in Tunisia.

Banking Regulation and Supervision

The banking system is generally regulated by the Bank according to the terms of the Banking Law, as amended. The Banking Law, together with recent regulations promulgated by the Bank, have aimed at improving competition and efficiency in the banking sector, while also introducing more stringent risk requirements.

A general policy of liberalization resulted in the abolition in 1996 of most interest rate restrictions as well as required lending to certain priority economic sectors. Additional reforms are planned to modernize and strengthen the banking system further, to improve transparency and to prepare the sector for international competition. The key measures planned over the next five years include the elimination of barriers separating deposit-taking banks and development banks, the revision of the regulations governing the banking sector to encourage innovation and reduce inefficiencies, the development of improved information systems to enhance and secure bank operations as well as provide better access to financial data, and an increase in professional training to improve bank management standards.

The major provisions of existing banking legislation and regulations are summarized below.

Capital Requirements

According to the Banking Law, deposit and investment banks are required to have initial minimum capital of TD 10,000,000. Merchant banks are required to have initial minimum capital of TD 3,000,000. These requirements also apply to all foreign bank agents and branches operating in Tunisia. Banks are able to increase their capitalization by incorporating retained earnings and issuing new stock.

Mandatory Reserves

Each bank must maintain with the Bank a reserve equal to 2% of its demand and term deposits, savings accounts and certificates of deposit.

Capital Adequacy Ratios and Loan Classification

Tunisian Banks must maintain a risk-weighted capital ratio of 8% based upon the asset risk-weighting criteria of the Basle Accord. Until the implementation of the new banking legislation at December 31, 1999, only Tier One capital (fully paid-in equity and disclosed general reserves) was able to be included. No other forms of capital are currently employed by Tunisian banks.

According to regulations promulgated in 1991, banks are required to classify loans into four categories determined on the basis of delinquency. A loss provision must be taken for each category.

The categories and corresponding reserve requirements are as follows:

Delinquency	Loan Loss Provision[(1)]
0 to 90 days past due	0%
90 to 180 days past due	20%
180 to 360 days past due	50%
more than 360 days past due	100%

(1) Other factors may be considered in determining the amount of a loan loss provision, including the general financial situation of the borrower and the sector in which it operates.

As of December 31, 2000, only one public sector bank, BFT, was not in compliance with the capital adequacy ratio of 8% imposed by the Bank.

Lending Limits

Maximum exposure to a single client (including any affiliate in a group) may not exceed 25% of the lending bank's equity. In addition, individual loans which equal or exceed 15% of a bank's equity may not in total exceed two times the lending bank's equity and individual loans which exceed 5% of a bank's equity may not in total exceed five times its equity. Loans to directors, administrators, and shareholders who hold more than 10% of a bank's share capital may not in total exceed three times the bank's equity.

Participation in Other Companies

A deposit-taking bank may not invest more than 10% of its own capital in shares of a single enterprise, nor may it hold more than 30% of the shares of a single enterprise. However, the bank may temporarily overstep this limit when the investment aim is to recover a debt due to the bank by the enterprise. A deposit bank may also invest in financial companies (including brokerage companies) without regard to the limit mentioned above. However, the deposit bank will be required to establish consolidated financial statements and will also be required to publish a report on its prudential management.

Reporting and Periodic Examinations

All banks, including foreign bank agents and branches operating in Tunisia, are required to comply with accounting principles and standards set by the Bank. They are required to prepare year-end financial statements, including a balance sheet, a cash flow statement and a profit and loss statement, as of December 31 of each year, and to submit the financial statements to their respective shareholders not later than six months after year-end. The balance sheet and profit and loss statements must be published each year in a Tunisian newspaper and, in the case of banks with listed shares, in the publication of the Capital Markets Commission. The auditors of each bank or foreign bank agent or branch must submit to the Bank a copy of their annual report on the financial statements.

The Bank is authorized to request at any time that any bank or foreign bank agent or branch submit to an external audit, and banks, foreign bank agents and branches must submit to the Bank all documents and information, explanations and calculations necessary to permit the Bank to examine their operations. All banks, foreign bank agents and branches are subject to annual audits by their statutory auditors, as well as on-site examinations by the Bank at least every two years. The Bank also reviews the condition of banks, foreign bank agents and branches on an ongoing basis through the review of provisional financial results and other information that must be delivered to the Bank monthly.

Liquidation

In case of a serious event, including the violation of Tunisian banking legislation, regulations or the conditions pursuant to which a bank's accreditation was granted, the accreditation of a bank may be revoked, and the Minister of Finance, after obtaining the advice of the Bank, may appoint a liquidator and set the terms and schedule of the bank's liquidation. The liquidator is required to keep the Bank informed with regard to the progress of the liquidation process.

The Governor of the Bank may, if the situation appears to justify or require such action, call upon the shareholders of the troubled bank to provide it with necessary financial support. The Governor may also call upon and organize the members of the banking community to take such measures as are necessary to protect deposit holders' interests, third party interests, and the general reputation of the industry.

If a bank fails to comply with banking regulations, the Bank may issue a warning to the management or board of directors of such bank. If justified by the situation, the Bank may also issue an order to the bank requiring it to increase its capital or to take certain reserves, or forbidding it to distribute dividends.

The Bank may appoint a provisional administrator with the power to manage the bank or to declare the termination of payments. Such appointment may be made at the request of a bank's administration if they feel they can no longer guarantee the proper functioning of the institution, or upon the initiative of the Bank.

THE REPUBLIC OF TUNISIA

Location, Area and Population

The Republic of Tunisia is situated in northwest Africa on the Mediterranean Sea and shares borders with Algeria to the west and Libya to the east. Tunisia has an area of approximately 164,000 square kilometers, of which approximately one-quarter is pasture or forest and one-quarter is cultivated.

Tunisia includes the easternmost ridges of the Atlas mountains, which rise to 600 meters; however, most of Tunisia is low lying and bordered by a long Mediterranean coastline. The relatively mountainous north registers Tunisia's highest average regional rainfall of 500 millimeters a year, and contains the country's best agricultural lands. The central steppe region is semi-arid and comprises low plateau and plains. The arid Sahara region of the south consists of desert and stony plains, with seasonal salt lakes. Overall, the Tunisian climate is mild, temperate in coastal areas and hotter and drier in the southern regions.

According to the latest census taken in 1999, the population of Tunisia was 9.512 million. The rate of population growth in Tunisia is one of the lowest in the Arab world and is declining. From 1984 to 1999, the population grew at an average annual rate of 1.5%, compared with an average annual rate of 2.3% for the period 1975 to 1984. The falling birth rate is the result of a higher standard of living and education, improved health, the promotion of women's rights and the entry of more women into the workforce, as well as a national birth control program sponsored by the Tunisian government. See ''– Social and Demographic Development''.

Most of Tunisia's population is concentrated along the Mediterranean coastline, with 1.8 million people living in greater Tunis (includes Tunis, Ariana, Manouba and Ben Arous). Increasing numbers of Tunisians are moving to towns. According to the 1999 census, 62.4% of Tunisians lived in towns, compared to 53% in 1953. An earlier census, conducted in 1994, counted approximately 610,000 Tunisians living abroad, 75% of which were living in Europe (mainly in France), and the remainder were living in Arab states and the Maghreb, which comprises, in addition to Tunisia, Algeria, Libya, Morocco and Mauritania.

Arabic is the official language of Tunisia, although French is widely spoken in business. In schools, French is often spoken in the classroom and English is compulsory at the secondary level. Although the official religion is Islam, the Constitution guarantees the freedom of religion.

Social and Demographic Development

Tunisia can be classified as a lower middle income, developing country. GDP per capita in 2000 was TD 2,805 (US$2,025). According to government estimates, 80% of Tunisians are ''middle class'' (defined in 2001 by Tunisia's National Statistics Institute as per capita expenditure of between TD 400 and 2,400 per year), up from 41.5% in 1975. The 1999 census indicated that approximately 80% of Tunisians own their own home, 47% of which comprised three or more rooms. The government estimates that 94.6% of Tunisian homes have electricity (100% in urban areas) and 91.6% have running water (100% in urban areas). Government figures also indicate that in 1999 there was one doctor for every 1,259 Tunisian residents.

The following table sets forth selected 1998 and 1999 comparative statistical data:

	Tunisia	Algeria	Egypt	Morocco	South Africa	Mexico	China	United States
GNP per capita(1)	$5,478	$4,753	$3,303	$3,190	$8,318	$7,719	$3,291	$30,600
Life expectancy (in years)(2)								
Men	70	69	65	65	61	69	68	74
Women	74	72	68	69	66	75	72	80
Adult illiteracy rate(2)								
Men	21	24	35	40	15	7	9	–
Women	42	46	58	66	16	11	25	–
Infant mortality(2) (per thousand live births)	28	35	49	49	51	30	31	7

Source: The World Bank.

(1) Adjusted for purchasing power. 1999 data.

(2) 1998 data.

The government has made significant efforts to combat and alleviate poverty. Government statistics indicate that the rate of absolute poverty fell from an estimated 75% at independence in 1956 and 33% in 1966 to 6.2% in 1995 and to 4.2% in 2000, when it reportedly affected approximately 400,000 individuals. The World Bank estimated in 1995 that 70% of Tunisia's poor live in rural areas, with the majority concentrated in the north-west and west-central regions of the country. The World Bank also estimated that the rural poverty rate was 13.1%, compared to 3.5% in urban areas, and that more than 75% of Tunisia's poor are of working age, between 31 and 60 years old.

Households suffering poverty in 1995 were defined by the government as those whose annual per capita income was below TD 389 in urban areas and below TD 170 in rural areas. These criteria are based on World Health Organization and the United Nations Food and Agriculture Organization standards relating to the income necessary to meet minimum dietary requirements.

The following table illustrates the declining percentage of the population estimated by the government to be below the poverty line between 1956 and 2000:

Percentage of population below poverty line(1)

1956	1975	1980	1985	1990	1995	2000
75.0	22.0	12.9	7.7	6.7	6.2	4.2

Source: Ministry of International Cooperation and Foreign Investment

(1) The poverty line is defined as per capita annual income below:

	1975	1980	1985	1990	1995
			(in TD)		
Urban	87	120	190	278	389
Rural	43	60	95	139	170

Constitution, Government and Political System

Tunisia is a republic governed according to the Constitution (Destour) of 1959. Since the fall of Carthage in the second century BC, the land which is modern day Tunisia was held for long periods under such foreign powers as the Romans, Byzantines, Arabs, Ottomans and French. The French made Tunisia a protectorate in 1881, and Tunisia ultimately gained independence on March 20, 1956.

In comparison to that of neighboring Algeria, Tunisia's struggle for independence was relatively peaceful. In 1934, Habib Bourguiba became the leader of Tunisia's nationalist movement when he formed the Neo-Destour Party, a splinter group from the ruling Destour Party. Mr. Bourguiba's new party sought reform and ultimately independence for Tunisia. A year after independence, the Chamber of Deputies voted to depose Tunisia's hereditary ruler (the Bey), and Tunisia became a republic on July 25, 1957, with Mr. Bourguiba as its first president.

Tunisia's Constitution provides for the separation of the executive, legislative and judicial powers. Executive power is vested in the President, legislative power is vested in the Chamber of Deputies, and judicial power is vested in the judiciary.

The President is elected every five years by direct suffrage by all Tunisians over the age of 20 years. The President is simultaneously head of state, head of the executive, guardian of the Constitution and laws, and chief of the armed forces. The President exercises executive power, and is assisted by the government, headed by the Prime Minister. The President defines the principal orientations and goals and the general policies of the State. He presides over the cabinet (the Counsel of Ministers, or *Conseil des Ministres*). He also promulgates laws and treaties and appoints civil and military leaders, upon the proposal of the government.

Following independence, Mr. Habib Bourguiba served as Tunisia's President for 31 years. Mr. Zine al-Abidine Ben Ali succeeded Mr. Bourguiba as President in 1987 and won re-election in April 1989, March 1994 and October 1999. In accordance with the Constitution, Mr. Zine al-Abidine Ben Ali may not stand for President in the next election expected in 2004.

The government, led by the Prime Minister, is charged with implementing the State's general policy in accordance with the strategy and objectives defined by the President. The government is accountable for its management to the President. The executive branch of the government is headed by the Cabinet, which currently consists of 27 Ministers, 24 Secretaries of State and a General Secretary.

The Chamber of Deputies may challenge the government by passing a vote of no confidence. If adopted by a two-thirds majority of the Chamber, such a motion would force the President to accept the government's resignation. If during the term of the same Chamber of Deputies, a second no confidence motion is adopted by a two-thirds majority of the Chamber, the President may either accept the government's resignation or dissolve the Chamber of Deputies.

The Chamber of Deputies is Tunisia's elected, single chamber legislature. The Chamber of Deputies has 182 seats. Since 1999, 148 deputies are elected on a first-past-the-post basis and 34 seats are reserved for opposition parties and distributed on a proportional basis. Under the Constitution, the Chamber of Deputies exercises legislative power, debates and votes on all laws, approves the budget and development plans, and ratifies treaties. The 34 seats occupied by opposition parties are currently distributed as follows: 13 seats to the *Mouvement Démocratique Socialiste*, 7 seats to the *Parti de l'Unité Populaire*, 7 seats to the *Union Démocratique Unioniste*, 5 seats to the *Mouvement du Renouveau* and 2 seats to the *Parti Social Libéral*. The *Rassemblement Constitutionnel Démocratique* (''RCD'') occupies all 148 seats which are distributed on a first-past-the-post basis.

The judiciary comprises administrative, regular civil and criminal courts, the Courts of Appeals, the Supreme Court and military tribunals. Since 1996, a constitutional council is responsible for the resolution of jurisdictional conflicts between administrative and judicial authorities. Magistrates, who comprise judges and public prosecutors, are appointed by presidential decree following the proposal of the *Conseil Superiéur de la Magistrature* (''CSM''). The CSM is presided over by the President and consists of magistrates who have been elected by their peers. The compensation, promotion and discipline of judges is the responsibility of the CSM. The public prosecutors are subject to the authority of the Ministry of Justice.

The Constitutional Council was created by decree, before being recognized in 1995 by the Constitution, to examine the conformity and the compatibility with the Constitution of laws which are submitted by the President of the Republic. The Council has to be informed of any bills and treaties designated by the Constitution. The President can also submit to the Constitutional Council any questions related to the organization and operations of state institutions. The Constitutional Council's opinions must be communicated to the President of the Republic. The Constitutional Council's opinion takes precedence over all other authorities unless its opinions are related to questions about the organization and the day to day running of state institutions.

Tunisia is currently divided into 24 regional governorates each administered by a Board and a Governor. These Boards have financial autonomy and independently manage regional affairs. The governorates are further sub-divided into 257 municipalities with municipal boards elected by direct universal suffrage every five years.

There are seven political parties in Tunisia: the ruling RCD and six officially recognized opposition parties. The RCD, headed by the current President, Zine al-Abidine Ben Ali, is the direct descendent of the Neo-Destour party which took power at independence in 1956. In the April 1989 legislative election, the RCD won all seats in the Chamber of Deputies and in the 1994 and 1999 legislative elections, the RCD won all the seats that were distributed on a first-past-the-post basis.

In accordance with the terms of the Constitution, political parties based upon religion, language, race or sex (including Islamist parties) are prohibited.

The largest of the opposition parties is the centre-left *Mouvement des Démocrates Socialistes* (MDS), which currently holds thirteen seats in the Chamber of Deputies. The far-left *Harakat Ettajdid* (HE, Renewal Party), the former Tunisian communist party, holds five seats. The pan-Arab, centre-left *Parti de l'Unité Populaire* (PUP) holds seven seats. The pan-Arab, centrist *Union Démocratique Unioniste* (UDU) holds seven seats. The left-wing *Rassemblement Socialiste Progressiste* (RSP) does not hold any seats while the *Parti Social Libéral* (PSL), holds two seats in the Chamber of Deputies.

The RCD continued to demonstrate strength in the May 2000 municipal elections, winning 3,885 of the 4,128 seats. The MDS won 78 seats; the PUP 42 seats; the UDU 35 seats, the PSL 12 seats; the HE 9 seats and independent candidates won a total of 67 seats.

The Republic is a signatory to the United Nations International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the other major international human rights accords. Nonetheless, Tunisia's human rights record has been the subject of some controversy. The government believes that much of the criticism is based on unreliable information and is unwarranted and that its human rights record is consistent with Tunisian cultural, social and political values, the guarantees contained in the Tunisian Constitution and Tunisia's obligations under international conventions. A new ministry, the Ministry of Human Rights, Communications and Relations with the Chamber of Deputies was established in 1999 to monitor and promote the respect of fundamental human rights in Tunisia.

International Relations

Tunisia has traditionally taken a moderate and pro-Western stance in international affairs. Mr. Ben Ali has continued this pro-Western alignment, while at the same time striving to develop closer ties with other Arab countries, especially those of the Maghreb.

Tunisia's relations with its neighbors, Algeria and Libya, have been relatively stable. Relations with Algeria have been good, and Tunisia has been a strong ally of the Algerian government in its fight against Islamic fundamentalists. Relations with Libya have also been good in recent years. Tunisia supports Libya's efforts to end international sanctions, but strictly and consistently enforces the UN resolutions applicable to that country.

In 1989 Tunisia joined Algeria, Libya, Morocco and Mauritania to found the Arab Maghreb Union (AMU) in order to promote regional peace and prosperity by building a Maghreb economic union and a common market of 80 million people. Although member states' domestic concerns often override the AMU's regional ambitions, Tunisia continues to support the AMU as a framework for a future Maghreb common market. As a result it has also pursued bilateral agreements with its neighboring countries. Tunisia has signed free trade agreements with Morroco, Egypt and Jordan, under which tariffs will be progressively reduced.

Tunisia is a member of a number of international and regional organizations including the United Nations (where it is currently a member of the Security Council), the Organization for African Unity, the Arab League, the International Bank for Reconstruction and Development, the International Monetary Fund, the International Development Association, the International Finance Corporation, the African Development Bank, the Arab Monetary Fund, the *Banque Africaine d'Import-Export* (AFREXIM BANK) and the *Programme de Financement du Commerce Inter-Arabe*, among others. Tunisia was a signatory of the General Agreement on Tariffs and Trade (GATT). On January 23, 1995, Tunisia ratified the Uruguay Round Agreement, which had been signed in Marrakech in April 1994, and is now a founding country member of the World Trade Organization (WTO).

Tunisia has had agreements with the European Union (EU) since 1969, and a 1976 co-operation agreement with the EU established preferential status for Tunisia. In April 1995, Tunisia entered an Association Agreement with the EU which aims to establish a free trade area between Tunisia and the EU within 12 years. The Association Agreement was ratified by the Chamber of Deputies in July 1996 and has been ratified by all of the EU member states.

In addition to the phased removal of tariff and non-tariff barriers to trade, the Association Agreement addresses market access for manufactured goods, trade rules, harmonization of standards, and financial and technical assistance to upgrade Tunisian industries and services in the areas of education, training and other social fields. The timetable for implementation may be extended if Tunisia believes its industries are not yet ready for competition. Tunisia also has independent bilateral agreements with several EU member countries, mostly dealing with development assistance and the protection and encouragement of foreign direct investment in Tunisia.

THE TUNISIAN ECONOMY

General

The Tunisian economy has undergone significant change since the mid-1980's, both with respect to the relative importance of the various economic sectors and with respect to the role of the State in economic activity. Following independence in 1956, the economy relied principally upon agriculture, oil and phosphates and was characterized by State control and protectionism. Manufacturing and tourism began to develop in the early 1970s, and by the end of the 1980s had grown into important sectors of the Tunisian economy. The government has also undertaken macro-economic policies combined with an economic reform program aimed at rationalizing and strengthening the competitiveness of the Tunisian economy by transforming it from one dominated by the State to one largely based on market principles.

The share of the Tunisian economy represented by agriculture and fishing, although declining in recent years, remains relatively high, at approximately 15.1% of GDP at factor cost expressed in constant (1990) prices in 2000. The diversification of the economy and its increased openness have resulted in tourism and manufacturing contributing 6.2% and 20.4%, respectively, to the economy during that year. Trade has also played an important role historically in the Tunisian economy, as a result of the country's small domestic market and its proximity to major markets.

The Tunisian economy is facing a number of important challenges and how it responds to these challenges will determine in large part whether it will be able to achieve sustained economic growth in the future. The continued movement toward a market-oriented and private sector-driven economy will require social adjustments. In addition, trade liberalization and the resulting integration of Tunisia into the world economy will require a significant improvement in the competitiveness of Tunisian enterprises. The government believes that a significant percentage of Tunisian enterprises would face serious difficulties upon the removal of trade barriers, and the *mise à niveau,* or upgrading, program has been introduced to begin addressing this problem. Similarly, one of the principal objectives of the Ninth Plan described below is to continue the process of integrating the Tunisian economy into the world economy. See "– Development Planning".

The following table sets forth the main economic indicators for Tunisia for the years indicated:

Principal Economic Indicators

	1996	1997	1998	1999	2000
GDP at current market prices (in TD millions)	19,066	20,898	22,580.7	24,671.5	26,676.7
% change	*11.6%*	*9.6%*	*8.1%*	*9.3%*	*8.1%*
GDP at constant (1990) prices (in TD millions)	14,009	14,771	15,472.6	16,411.5	17,184.9
% change	*7.1%*	*5.4%*	*4.8%*	*6.1%*	*4.7%*
GNP per capita at current market rates (in TD)	2,001	2,174	2,327.9	2,512.6	2,668.8
GNP per capita at constant (1990) prices (in TD)	1,460	1,522	1,578	1,669	1,763
% change	*5.0%*	*4.2%*	*3.1%*	*5.8%*	*5.6%*
Unemployment rate (% of labor force)	*15.6%*	*15.7%*	*15.7%*	*15.8%*	*15.6%*
Consumer price index (% change)	*3.7%*	*3.7%*	*3.1%*	*2.7%*	*2.9%*
Balance of merchandise trade (in TD millions)	(1,714)	(2,162)	(2,449)	(2,550)	(3,088)
Balance of invisibles[(1)] (in TD millions)	1,351	1,586	1,709	2,001	2,122
Current account deficit (in TD millions)	(466)	(655)	(769)	(535)	(1,126)
% of GDP	*(2.4%)*	*(3.1%)*	*(3.4%)*	*(2.2%)*	*(4.2%)*
Overall balance of payments	386.0	373.0	(212.7)	818.0	(333.0)
State budget deficit[(2)] (in TD millions)	(814)	(891)	(288.2)	(881.1)	(633.2)
% of GDP[(2)]	*(4.3%)*	*(4.3%)*	*(1.3%)*	*(3.6%)*	*(2.4%)*
Foreign currency reserves at end of period (in TD millions)	1,917.7	2,281.8	2,058.5	2,746.9	2,532.0
Total public debt	11,650	12,995	13,367	15,146	16,617.8
% of GDP	*61.1%*	*62.2%*	*59.1%*	*61.3%*	*62.2%*

Source: Ministry of Economic Development and the Bank

(1) Principally tourism receipts and, to a lesser extent, royalties from natural gas pipelines.

(2) Excluding repayment of principal of internal and external public debt. See "Public Debt".

Economic Reform Program

The government's economic reform program, which began at the end of 1986, has included structural reform, including the privatization of public enterprises, financial sector reform and tax reform.

Structural Reforms

The structural reform program that the government launched in 1986 aimed at improving resource allocation and increasing competition by moving the economy towards a market orientation. The main elements of the program have been price liberalization, reform of public sector enterprises (including principally privatization), investment liberalization, trade liberalization and currency convertibility.

Price Liberalization. Until 1986, the domestic prices of most goods in Tunisia, except non-essential agricultural products, were subject to price controls, while the cost of services was generally free from control. Agricultural producer prices were the first to be liberalized in 1986, and all agricultural producer prices, except for cereals and milk, are now free from control.

Tunisia then embarked on the liberalization of producer prices in the manufacturing sector, and by early 1993, 87% of manufactured goods were not subject to price controls, although price regulation continues to apply to approximately 19% of total sales of all goods.

In mid-1988, price liberalization was extended to cover distribution, where margins were fully controlled. By early 1995, controls on distribution margins had been removed for products accounting for more than 75% of production (compared with 30% in 1991), equivalent to some 80.6% of domestic consumption. The government intends to pursue further price liberalization.

Reform of Public Sector Enterprises. From independence in 1956 onwards, an important element of government policy has been to promote the development and industrialization of the Tunisian economy through heavy investment in the public enterprise sector. Public enterprises played a key role in the economy in the mid- 1980s, accounting for between one-quarter and one-third of employment, GDP and investment. As a result, public sector reform was viewed as an important element in the overall restructuring of the economy.

By 1985, the public enterprise sector included approximately 550 public or semi-public entities. During the first half of the 1980s, the overall financial performance of the sector deteriorated, increasing both its indebtedness and its need for financial support by the government.

Managerial responsibilities for a large number of enterprises were transferred to non-governmental shareholders. Enterprises engaged in marketable production in competitive sectors of the economy were privatized and non-viable entities were totally or partially liquidated. Enterprises that were to remain under government control were restructured and their relationship with the government was clarified. In the first phase, the privatization program was directed mainly at small and medium size enterprises.

In 1996, in response to World Bank concern about the slow pace of the privatization effort, the government stated its intention to sell TD 1,413 million of assets from a list of 63 public companies over five years, beginning with five of the six state cement factories. The management of the privatization program within the government was also strengthened, with the creation of a privatization department within the Ministry of Economic Development. In 1998, the government sold two large and profitable cement operations for TD 410 million. Two other cement companies were sold for TD 362 million in 2000. The government announced that 41 public enterprises (with a book value of around US$1.3 billion equivalent to over 7% of GDP) would be privatized in 2001. While some of the privatization revenues will be earmarked for capital projects and special initiatives (e.g., the Employment Fund), the bulk is intended for debt reduction.

By the end of 2000, 140 public enterprises in different sectors, including tourism, transport, banking and industry had been privatized either through the sale of assets or through the sale of a controlling block of shares. From 1987 to 2000, TD 1,379 million in proceeds had been realized from the 305 transactions completed. In addition, 20% of the State-owned airline, Tunis Air, had been publicly sold.

Investment Liberalization. Pursuant to the *Code des Investissements Industriels* adopted in 1987, the requirement of prior approval for direct investments where investors were not seeking State aid (including tax, customs and other financial advantages) was abolished and replaced by a registration procedure. Investments in industries where production is destined for export only were also granted this advantage.

This system was extended by specific investment codes for each economic sector. These multiple special incentives often overlapped and provided for different treatment of economic sectors. This resulted in distortions in the allocation of resources among sectors and high budgetary costs. In response to these problems, a new investment law, the *Code d'Incitation aux Investissements,* was introduced in 1993. This code harmonized the principal investment incentives of the previous codes and eliminated those directed only at specific sectors or that were no longer justified by the current economic environment.

In 1996, the law was further liberalized in connection with portfolio investments on the secondary market to permit non-Tunisian nationals to acquire up to 50% of the capital of Tunisian enterprises without prior approval.

Trade Liberalization. Tunisia embarked on a major import liberalization program in 1986. As of January 1988, quotas on imports of raw materials, spare parts, semi-finished products and capital goods had been largely liberalized, with the exception of certain goods produced for the most part by start-up industries or imported by other industries that were considered to be poorly integrated. As a result, the percentage of imported goods not subject to quotas rose from approximately 18% of total imports prior to the program to 53%.

Further quota restrictions were lifted between 1991 and 1993, bringing the percentage of goods not subject to import restrictions to 93% and increasing the share of domestic production subject to import competition to approximately 83%.

As of December 31, 1999, approximately 97% of imported goods were free from quotas. As indicated below, customs duties were also simplified, so that by the end of 1999 average tariff rates had been reduced to 33.6%. Export duties have also been removed, except for a limited list of products.

The government has stated that it plans to continue liberalizing imports until all quota restrictions, with certain limited exceptions, are removed. The government has also reduced compensatory duties and will eliminate all such duties by 2006. Finally, the EU Association Agreement aims at establishing a free trade area between Tunisia and the EU by 2008.

Currency Convertibility. In early 1993, the Tunisian dinar became convertible in conformity with Article VIII of the Statutes of the International Monetary Fund and a law liberalizing all payments for current account transactions was passed. With regard to capital account transactions, Tunisian law provides that foreign investors may repatriate in foreign currency capital investments in Tunisia made in accordance with domestic law. See "– Investment Liberalization." Tunisian exporters may, within certain limits, make investments abroad free of exchange controls. Other outward investment by Tunisian nationals, however, remains subject to exchange controls and other regulatory limitations.

Financial Sector Reforms

The liberalization of the banking system began in 1987.

An immediate objective of the financial sector reforms was to improve monetary management, thereby reducing inflationary pressure, and a medium-term objective was to modernize the financial system and to prepare the financial sector for international competition.

An integral part of the reform effort has also been to develop and deepen further the financial markets through:

- the introduction of new instruments and the elimination of distortions; and
- the strengthening of prudential regulation, and the enhancement of the role of market forces.

To encourage direct financing through the financial markets, new and more flexible financial instruments were authorized, including in 1988, commercial paper issued by non-financial institutions and certificates of deposit issued by commercial banks. Open- and closed-end mutual funds were first established in 1988, transferable Treasury bills were introduced in late 1989 and negotiable Treasury bills were introduced in 1993. However, the issuance of Treasury bills in this form has ceased and new categories of bonds have gradually been introduced. The BTAs (*Bons du Trésor Assimilables*) and the BTCTs (*Bons du Trésor à Court Terme*) were introduced respectively in December 1997 and in August 1999. The bonds issued since 1999 are issued in a manner which allows the Treasury to raise funds on different dates whilst preserving the same due date with respect to each category of bond.

Before liberalization, bank lending had been controlled by quotas which defined how much had to be lent to specific sectors of the economy and determined the interest rate which should be charged, depending on the nature of the borrower and the term of the facility. Preferential interest and refinancing rates and mandatory lending to priority sectors were eliminated in late 1996, thereby completing the liberalization of interest rates, except for those designed to offer incentives for small savings accounts and demand deposits. See "The Banking System – Banking Regulation and Supervision".

In 1998 legislation was adopted which introduced the legal framework for such financial techniques as securitisation, factoring and collection companies. Laws have been passed to eliminate the double taxation of capital income, reduce legal fees for the recovery of bad loans through court actions, provide a tax exemption on capital gains from the sale of shares, permit a tax credit on interest arrears for loans in default, and increase the tax exemption of 75% available for provisions (an increase from 30%). The government reduced corporate tax rates for companies which float 30% or more of their shares on the stock exchange. The authorities have stepped up bank monitoring and supervision activities.

Tax Reform

Tax reform has been directed at replacing a distortionary and complicated direct and indirect tax system with one that is relatively simple and more rational economically, with the objective of encouraging economic growth and increasing government tax receipts. As noted above, certain tax reforms were adopted to promote the development of the financial sector.

A multitude of indirect taxes was gradually reduced and finally replaced in 1988 by a value added tax on production. In 1989, the value added tax was extended to wholesale distribution with the exception of foodstuffs, to which the tax was subsequently extended in 1996.

The former mixture of direct taxes, which was complicated and unevenly applied, was replaced in 1990 by new direct taxes on personal income and corporate profits. The maximum marginal tax rate on income and corporate profits is now 35%.

Customs duties have been lowered and simplified, so that by the end of 1995 average tariff rates had been reduced to 33.6% (as compared to 40% in 1986). Export duties have also been largely removed. Registration and stamp duties have been simplified and rationalized, and the double taxation of capital income has been eliminated.

Development Planning

Since 1962, there have been nine economic and social development plans (the ''Plans''). The main purpose of the Plans has been to improve the balance of payments, reduce unemployment and malnutrition, increase production and improve the average standard of living.

Although the Plans began at a time when the government exercised significant control over the economy and before the economic reform program, the Plans continue to be useful as statements of government policy. Although required to be approved by law under the Constitution, the Plans do not themselves have the force of law. The government's failure to meet specified goals or targets contained in the Plans is not sanctionable and the government may revise the objectives of the Plans annually.

The Seventh Plan (1987-1991) coincided with the first years of the economic reform program and had external and internal deficit reduction as its main objectives. The Eighth Plan (1992-1996) aimed at rapid GDP growth by emphasizing the liberalization of the economy and improvements in its efficiency, while continuing to consolidate the social progress of the previous Plans. The Ninth Plan (1997-2001) also emphasized growth in order to reduce unemployment, raise the standard of living and reduce internal and external imbalances in the economy and society. A key objective of the Ninth Plan was to maintain a sustainable growth rate while at the same time meeting the competitive challenges associated with full integration into the world economy. Preparation of the Tenth Plan has been under way since September 2000 and is expected to be completed in June 2002.

Economic Performance

GDP grew in real terms during the Seventh Plan (1987-1991) at an average annual growth rate of 4.2%. During the Eighth Plan (1992-1996), GDP grew at an average annual rate of 4.6% in real terms. The Eighth Plan had as its goal real annual GDP growth of 6%. Following an increase of 7.8% in 1992, GDP growth in real terms in 1993, 1994 and 1995 was only 2.2%, 3.2% and 2.4%, respectively, principally reflecting the impact of the drought, including poor harvests, and the relatively weak level of economic recovery of Tunisia's European trading partners. By 1996, the economy had recovered for the most part from the effects of the drought and the weak economic recovery in Europe, with real annual GDP growth reaching 7.1%. Economic growth was 5.4% in 1997.

Despite global economic turmoil, the Tunisian economy posted a solid year of growth in 1998. Real GDP growth was 4.8%. Private and public consumption increased 5.3% in real terms while investments rose by 5.8%. The widening of the trade deficit resulted in net exports putting a slight drag on growth.

Real GDP growth was approximately 6.1% in 1999. Domestic demand was the main driver behind the growth. Private and public consumption increased approximately 5.4% in real terms while investment rose by 9.9%. The widening of the trade deficit again had the effect of net exports putting a drag on growth.

Real GDP growth was approximately 4.7% in 2000. Domestic demand continued to be the main driver behind economic growth that year. Private and public consumption increased approximately 5.1% in real terms while investment rose by 5.5%. The widening of the trade deficit again resulted in net exports putting a drag on growth.

Inflation, as measured by the consumer price index, decreased to 2.9% in 2000. Inflation averaged 3.2% over the period 1996 to 2000.

The balance of payments deteriorated in 1998. The current account deficit widened to about 3.4% of GDP due to widening of the trade deficit. Import growth was around 7.9% versus 6% for export growth, pushing the trade deficit (FOB-FOB) to about US$2.1 billion, or 10.8% of GDP. Although their rate of growth slowed from 1997, tourism receipts and workers remittances increased in 1998, improving the current account. For the first time since the 1991 year end, foreign exchange reserves in 1998 were down from the prior year as increased direct investment inflows did not fully compensate for lower than expected external debt issuance and the widening of the current account. At December 31, 1998 gross foreign exchange reserves (excluding gold) were US$1.9 billion, down from US$ 2 billion at the start of 1998.

The balance of payments improved in 1999. The current account deficit narrowed to about 2.2% of GDP due to strong export performances in agriculture products (especially olive oil) and manufactured goods as well as a significant increase in tourism receipts. Import growth was around 6.1% versus 6.9% for export growth, increasing the trade deficit to about US$2.1 billion, or 10.3% of GDP. Tourism receipts and workers remittances continued to increase, improving the current account. At December 31, 1999, gross foreign exchange reserves (excluding gold) were US$2.3 billion.

The balance of payments deteriorated in 2000. The current account deficit widened to about 4.2% of GDP reflecting a rise in the imports of investment goods, a deterioration in agriculture trade due to drought, a slowdown in the growth of tourism sector and the rise of oil prices. Import growth was around 16.6% versus 14.9% for export growth, increasing the trade deficit to about US$2.3 billion, or 11.6% of GDP. Tourism receipts and workers remittances continued to increase but at a lower level than achieved in the previous year. At December 31, 2000, gross foreign exchange reserves (excluding gold) were US$1.8 billion. This represents approximately three months worth of goods and non-factor services imports.

Exports have grown in real terms from 1996 to 2000, at an average annual rate of 9.2%.

During the first eight months of 2001, growth in imports was around 19.7%, compared with 22.9% for exports. If trade in energy and consumables is excluded from these figures, however, the growth in imports was 19.2%, compared with exports growth of 25.9%.

The following table sets forth certain information with respect to total and per capita GDP at current prices and constant (1990) prices for the years indicated:

Gross Domestic Product

	1996	1997	1998	1999	2000
Total GDP					
At current prices (in millions of TD)	19,066.2	20,898.3	22,580.7	24,671.5	26,676.7
At constant (1990) prices (in millions of TD)	14,008.6	14,770.7	15,472.6	16,411.5	17,184.9
Real change (%)	7.1%	5.4%	4.8%	6.1%	4.7%
Per capita GDP					
At current prices (in TD)	2,098.0	2,282.0	2,434.0	2,627.0	2,805.0
At constant (1990) prices (in TD)	1,541.0	1,614.0	1,668.0	1,747.0	1,807.5
Real change (%)	5.5%	4.7%	3.3%	4.7%	3.5%

Source: Ministry of Economic Development

The following table illustrates the major components of GDP at current prices by category of demand for the years indicated:

Gross Domestic Product by Category of Demand At Current Prices

	1996	1997	1998	1999	2000
			(in TD millions, except percentages)		
Private consumption	11,618.4	12,590.8	13,713.5	14,900.0	16,136.7
Government consumption	2,965.0	3,295.5	3,552.4	3,853.3	4,176.9
Gross fixed investment	4,422.3	5,152.9	5,613.5	6,314.0	7,010.0
Changes in stocks	356.4	372.4	458.9	155.7	300.5
Exports of goods and services . .	8,029.9	9,146.7	9,711.9	10,500.5	11,777.5
Imports of goods and services . .	(8,325.8)	(9,660.0)	(10,469.5)	(11,052.0)	(12,724.9)
GDP at current prices	19,066.2	20,898.3	22,580.7	24,671.5	26,676.7
% Change	11.8%	9.6%	8.1%	9.3%	8.1%

Source: Ministry of Economic Development

The following table illustrates the major components of GDP at constant (1990) prices by category of demand for the years indicated:

Gross Domestic Product by Category of Demand At Constant (1990) Prices

	1996		1997		1998		1999		2000	
					(in TD millions, except percentages)					
Private consumption	8,524.9	60.8%	8,908.7	60.3%	9,409.5	60.8%	9,950.8	60.6%	10,468.3	60.9%
Government consumption . .	2,207.1	15.8%	2,343.7	15.8%	2,433.8	15.7%	2,537.3	15.5%	2,656.6	15.5%
Gross fixed investment	3,180.6	22.7%	3,453.8	23.4%	3,653.5	23.6%	4,014.2	24.4%	4,236.7	24.6%
Changes in stocks	282.6	2.0%	186.9	1.3%	187.3	1.2%	11.7	0.1%	153.5	0.9%
Exports of goods and services	5,952.9	42.5%	6,554.3	44.4%	6,844.4	44.2%	7,167.4	43.7%	7,662.2	44.6%
Imports of goods and services	6,139.5	(43.8%)	(6,676.7)	(45.2%)	(7,055.9)	(45.5%)	(7,269.9)	(44.3%)	(7,992.3)	(46.5%)
GDP at constant (1990) prices	14,008.6	100.0%	14,770.7	100.0%	15,472.6	100.0%	16,411.5	100.0%	17,184.9	100.0%
% Change	7.1%		5.4%		4.8%		6.1%		4.7%	

Source: Ministry of Economic Development

The following table illustrates GDP at factor cost, broken down by sectors of origin, at current prices and constant (1990) prices for each of the years indicated:

Gross Domestic Product by Sector of Origin at Current and Constant (1990) Prices

	Current Prices *(in millions of TD)*					Constant (1990) Prices *(in millions of TD)*				
	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
Primary sector (Agriculture and Fishing)	2,614.6	2,759.7	2,825.6	3,196.6	3,276.5	2,037.5	2,098.0	2,079.7	2,320.2	2,297.0
Secondary sector										
Mining	136.8	166.4	205.9	215.8	232.8	118.3	112.4	134.5	142.6	150.0
Energy										
Gas and petroleum product	595.3	603.0	537.2	690.0	808.7	635.1	639.1	669.2	664.3	641.7
Electricity and Water	360.9	412.7	461.0	491.6	529.5	286.2	308.7	322.6	346.2	368.4
Total Energy	956.2	1,015.7	998.2	1,181.6	1,338.2	921.3	947.8	991.8	1,010.5	1,010.1
Manufacturing										
Agriculture and food processing	586.2	700.5	708.3	810.4	905.2	434.4	517.0	497.3	563.5	608.0
Construction materials, Ceramics and glass	349.9	359.0	385.7	410.8	456.4	262.8	265.3	276.7	287.4	310.1
Mechanical and electrical industries	453.8	497.8	556.4	608.2	664.2	338.3	362.0	390.2	417.6	448.9
Chemical and rubber Industries	404.5	466.0	485.0	502.9	527.0	267.3	287.0	298.1	308.1	314.6
Textiles, leather and clothing	1,252.0	1,354.4	1,494.8	1,535.4	1,673.6	831.8	870.2	924.7	957.1	1,010.7
Wood, paper and plastics	448.1	481.3	537.3	577.8	694.7	334.0	352.0	373.6	397.4	421.2
Total manufacturing	3,494.5	3,859.0	4,167.5	4,445.5	4,859.7	2,468.6	2,653.5	2,760.6	2,931.1	3,113.6
Building and civil engineering	844.2	927.0	1,029.4	1,121.2	1,258.0	616.1	657.7	704.9	743.7	806.9
Tertiary sector (services)										
Hotels, café, restaurant	1,152.0	1,276.1	1,390.4	1,553.4	1,665.2	705.9	758.3	795.3	857.3	887.3
Other non-administrative services										
Telecommunications and Transport	1,418.6	1,613.8	1,739.6	1,906.2	2,137.8	1,095.1	1,215.5	1,310.0	1,431.0	1,585.2
Rentals	660.0	712.8	766.9	825.2	883.8	493.1	512.3	532.8	554.1	576.3
Financial Companies	793.2	767.2	807.2	926.8	1,010.2	658.4	698.2	725.9	826.0	879.7
Commercial and other services	3,232.9	3,499.2	3,875.3	4,188.6	4,571.8	2,391.3	2,507.3	2,692.6	2,832.0	3,000.5
Less: imputed financial services	618.6	579.3	622.2	722.2	784.4	515.6	548.6	589.3	684.0	717.2
Administrative services										
Public administration expenses	2,556.8	2,883.1	3,102.9	3,265.3	3,497.1	1,809.7	1,907.6	1,993.7	2,063.6	2,146.1
Other	79.4	83.5	88.1	92.0	81.8	58.6	58.8	60.1	61.1	74.2
GDP at factor cost	16,660.6	18,271.4	19,607.9	21,370.6	23,144.7	12,365.3	13,066.4	13,659.8	14,535.1	15,233.4
Indirect taxes (net of subsidies)	2,405.6	2,626.9	2,972.8	3,300.9	3,532.0	1,643.3	1,704.3	1,812.8	1,876.4	1,951.5
Total GDP	19,066.2	20,898.3	22,580.7	24,671.5	26,676.7	14,008.6	14,770.7	15,472.6	16,411.5	17,184.9
GDP growth rate (%)	11.8%	9.6%	8.1%	9.3%	8.1%	7.1%	5.4%	4.8%	6.1%	4.7%

Source: Ministry of Economic Development

Principal Sectors of the Economy

Agriculture and Fishing

The share of the agricultural sector and fisheries in GDP at factor cost in current prices has varied from one growing season to the next; during 1996 and 1997, it averaged 15.4% of GDP. In 1998, the contribution of agriculture and fishing to GDP at factor cost declined to 14.4%. In 1999, it improved to 15.4% of GDP. In 2000, it decreased again to 14.2%.

Tunisia's principal agricultural products are olives, citrus fruit, wine, dates and cereals (mainly wheat and barley). Tunisia is one of the world's main producers and exporters of olive oil. Because of its co-operation agreement with the EU, Tunisia exports agricultural products under advantageous terms to Western European markets. Agriculture employs over one-third of the Tunisian workforce, albeit seasonally. Approximately 60% of Tunisia's cultivated land is dedicated to two main crops: olives and cereals (mostly hard wheat). Agriculture contributed 11% to GDP at factor cost in 1999.

Generally, agricultural output is susceptible to Tunisia's irregular rainfall. To help moderate climatic impact, some 80% of Tunisia's available water resources are used for irrigation. Nevertheless, rainfed agriculture still predominates, with only 300,000 irrigated hectares of a total of approximately 4.2 millions hectares under cultivation. The national water policy calls for the construction of several dams, reservoirs and deep wells to apply approximately 90% of Tunisia's water resources for agricultural purposes. 1997 and 1998 were relatively difficult for agriculture because of inadequate rainfall. Better climatic conditions in 1999 provided for much better crops during that year. However, in 2000 agriculture and seafood production declined, with output decreasing approximately 1.0% by value at constant prices. Drought has continued into 2001. As a result, the agriculture and fishing sector is expected to grow by only 1.5%, rather than the 6.5% that was initially forecast.

Tunisia's second most important food export after olive oil is fish. Fisheries production of all forms increased by 2.6% to 95,600 tonnes in 2000, compared with 93,200 tonnes the previous year. This level was achieved primarily by trawling, lamparo fishing (sardine and mackerel) and fish aqua-culture. Nevertheless, fish imports in 2000 also increased from 8,661 to 11,131 tonnes.

Seafood exports decreased materially in 1999, from 16,500 tonnes in 1998 with a value of TD 125.8 million, to 12,600 tonnes with a value of TD 102.1 million. Sea food exports increased slightly in 2000, to 13,700 tonnes with a value of TD 119.9 million.

The Tunisian government has instituted a number of initiatives to modernize and encourage the fishing industry. In 1996, it began to offer subsidies to encourage investment in new fishing boats and to develop coastal fish farms in the north. A program is also underway to upgrade processing factories and product quality to meet European standards.

The following table sets forth Tunisia's annual production of its principal agricultural products for the years indicated.

Annual Production of Principal Agricultural and Seafood Products

	1996	1997	1998	1999	2000
	(in thousands of tonnes, except where noted)				
Cereals	2,867	1,054	1,664	1,812	1,090
Eggs (million of units)	1,130	1,270	1,403	1,380	1,335
Potatoes	270	289	295	320	295
Tomatoes	700	500	663	930	950
Olive oil(1)	60	310	90	180	225
Citrus fruits	210	211	229	211	226
Dates	74	95	103	103	104
Meat	163	169	187	206	218
Seafood	84	89	90	93	96

Source: Ministry of Economic Development

(1) For comparability purposes, olive oil production figures are presented according to the year of the corresponding olive harvest. Actual production generally occurs in the year following the harvest.

Industry

The industrial sector of the Tunisian economy comprises manufacturing industries and non-manufacturing industries (including mining, energy, building and civil engineering). Value added for industrial activity rose by 5.2% in real terms in 2000, as compared to increases of 5.1% in real terms in 1999, 5.0% in real terms in 1998, 6.0% in real terms in 1997 and 3.3% in real terms in 1996. The contribution of industry to GDP reached 28.8% in 2000 compared to 28.2% in 1999. These recent trends are consistent with the overall restructuring of the industrial sector since the 1980s, with the energy sector accounting for 5.9% of GDP in 2000 as compared to over 11.1% in 1985 and the contribution of manufacturing industries to GDP decreasing to 18.2% in 2000 as compared to 19.0% in 1985. In 2000, the industrial sector employed approximately 30% of the Tunisian workforce.

The industrial sector is largely export-driven and is dependent upon the imports of capital goods, spare parts, and raw materials. As a result, the sector is vulnerable to world price fluctuations.

In 1992, the government implemented a policy of industrial modernization. The objectives of this policy are to improve productivity, product quality and marketing through better management, improved financial controls, improved training and the introduction of modern technology. In 1995, the government created the Fund for the Development of Industrial Competitiveness, which finances up to 20% of the investment required by companies to modernize their management, technology and financial structures with a view to increasing their competitiveness. The program is a voluntary scheme which aims to enroll 2000 industrial companies by the end of 2001. As of December 31, 2000, a total of 1,624 companies had applied to benefit from the program. Eight hundred and sixty three applications had been approved as of that date, for a total of TD 1,609 million.

The government believes that an increase in competitiveness is essential if Tunisian industry is to compete successfully in international markets, particularly in the light of the future free trade area which is to be established between Tunisia and the EU pursuant to the EU Association Agreement. See "The Republic of Tunisia – International Relations".

Manufacturing Industries

Since independence, manufacturing in Tunisia has evolved from small-scale craft and food processing activities to a more diversified range of industrial production. Many companies are engaged in processing Tunisia's raw materials, particularly food, minerals, wool, leather and crude oil. The sector is principally composed of small and medium-size family owned enterprises, and value added varies greatly depending upon the activity. The manufacturing industry is largely export oriented. In 2000, the manufacturing industry employed approximately 460,000 people, or more than 20% of the working population.

Value added in the agriculture and food processing sectors and the mechanical and electrical sectors led the growth in the manufacturing industries during the 1996 - 2000 period. The contribution of the manufacturing industries to GDP at factor cost (at constant prices) was 20.4% in 2000. The contribution of the manufacturing industries to exports decreased slightly, totalling approximately 84.2% in 2000 compared with 89.3% in 1999, and their share in imports accounted for 85% in 2000 compared to 89.0% in 1999. Not counting food industry products, foreign trade in the manufacturing sector represented 82.9% of total trade in 1999 and 79.8% in 2000. In 1999, investment in manufacturing industries amounted to TD 865 million, or 13.7% of all investment in Tunisia. In 2000, it increased to TD 960 million or 13.7% of all investment in Tunisia.

The following table sets forth the output of the principal manufacturing industries in the period 1996-2000 at constant (1990) prices.

Value Added by Manufacturing Industries at Constant (1990) Prices

	1996	1997	1998	1999	2000
			(in millions of 1990 TD)		
Food	434.4	517.0	497.3	563.5	608.0
Construction materials, ceramics and glass	262.8	265.3	276.7	287.4	310.1
Mechanical and electrical	338.3	362.0	390.2	417.6	448.9
Chemicals	267.3	287.0	298.1	308.1	314.6
Textiles, leather and clothing	831.8	870.2	924.7	957.1	1,010.7
Wood, paper and plastics	334.0	352.0	373.6	397.4	421.2
Total	2,468.6	2,653.5	2,760.6	2,931.1	3,113.6
% of GDP at factor cost	19.9%	20.3%	20.2%	20.2%	20.4%

Source: Ministry of Economic Development

Food industry. The principal products of the food industry are cereal products, dairy products, canned goods (principally tomato paste), sugar and confectionery, oils and fat (principally olive oil and processed seed oils) and beverages (mainly mineral water and carbonated beverages). Stimulated essentially by good cereals harvests during the 1995-96 growing season and by record olive oil production during the 1996-97 season, growth in the food industries was appreciable in 1997, at 19.0% in real terms, compared with 2.0% the previous year. Despite a decline due to inadequate rainfall in 1998, the food industry recovered in 1999 and grew by 7.9% in 2000.

The food industry contributed 19.5% of the value added (in real terms) by manufacturing industries in Tunisia in 2000 and 4.0% of GDP at factor cost.

Construction materials, ceramics and glass industries. The principal products manufactured by this industry include cement, lime, clay ware, mosaic and earthenware tiles and bottles and glasses. Activity picked up in this sector during 1997, with value added advancing by 0.9% in real terms, compared with a decrease of 0.3% in 1996. In 2000, growth was 7.9%, compared to 3.9% in 1999. In 2000, these industries contributed 10.0% of the value added (in real terms) by manufacturing industries in Tunisia and 2.0% of GDP at factor cost.

Mechanical and electrical industries. The mechanical and electrical industries include the iron and steel industry and the automobile and household appliance industries. The iron and steel industry produces cast iron, steel rods, round iron bars for concrete, drawn wire and metal structures. The automobile and household appliance industries are engaged essentially in assembly. The automobile industry assembles trucks, buses and mini-buses. The household appliance industry principally assembles television sets and electric meters. Activity in the mechanical and electrical industries picked up in 1997, with a 7.0% increase in value added in real terms, compared with 0.9% the year before. In 1998, growth continued at 7.8%; in 1999, growth was 7.0% and in 2000 growth was 7.5%. In 2000, these industries contributed 14.4% of the value added (in real terms) by manufacturing industries in Tunisia and 2.9% of GDP at factor cost.

Chemicals industry. The phosphate processing industry is the most active part of the chemicals sector, producing, among other things, fertilizers and phosphoric acid. Other products include rubber, basic chemicals and pharmaceuticals. The general drop in production all across the phosphate by-products branch because of lower demand from certain foreign customers has resulted in slackened growth in the chemicals industries. In 1997, growth was 7.4%, in 1998, 3.9%, in 1999, 3.4% and 2.1% in 2000. In 2000, the chemical industry contributed 10.1% of the value added (in real terms) by manufacturing industries in Tunisia and 2.1% of GDP at factor cost.

Textiles, leather and clothing industries. The principal products of the textile, leather and clothing industries are cotton and woollen yarn, fabric, apparel, hosiery, carpets and footwear. This sector depends upon foreign markets for its supply of raw materials and semi-finished products and exports a large proportion of its production. Increases in the production of textile threads and yarns, fabrics, clothing and shoes and in finishing operations, joined with a firming of foreign demand following resumed activity in most of the partner countries of the EU, made it possible to maintain growth in this sector in 1997, which advanced by 4.6% in real terms. Growth increased to 6.3% in 1998 and was 3.5% in 1999 and 5.6% in 2000. In 2000, these industries contributed 32.4% of the value added (in real terms) by manufacturing industries in Tunisia and 6.6% of GDP at factor cost.

Wood, paper and plastics industries. These industries registered lower growth in 2000 than in 1999, with 6.0% growth in real terms in 2000 against 6.4% growth in real terms in 1999. In 2000, these industries contributed 13.6% of the value added (in real terms) by manufacturing industries in Tunisia and 2.8% of GDP at factor cost.

Building and Civil Engineering

Investment and value added in this sector showed strength during 1997 and 1998. Growth, fuelled by renewed investment and expansion of the housing sector, was 6.8% and 7.2% in real terms for each of the two years. In 2000 growth was 8.5%. The contribution of the sector to GDP at factor cost was 5.3% in 2000. Construction employs a relatively large work force, engaged primarily on a temporary basis. After increasing significantly in 1995 and 1996, the number of persons employed in this sector decreased in 1997 and 1998. It grew in 1999 and in 2000 by about 30% and 20% respectively.

Non-Manufacturing Industries

Non-manufacturing industries include mining (principally calcium phosphate, iron ore and sea salt), energy (primarily the generation and distribution of electricity and the production of crude oil and natural gas) and the construction and the engineering sectors. The relative contribution of non-manufacturing industries to GDP has been in decline in recent years, and in 2000 amounted to 12.9% of GDP at factor cost (TD 1,967.0 million) at constant prices. This decline reflects low world prices for phosphates and the fall in crude oil production due to declining recoverable reserves and steady growth in the manufacturing industries. The non-manufacturing industries grew at a rate of 3.6% in real terms in 1999, compared to a 1998 level of 6.6%, due mainly to slightly weaker activity in each of the sectors except for electricity and water. In 2000, these industries grew by 3.7%.

Mining. The mining industry, which includes principally calcium phosphate, iron ore and sea salt, contributed 1.0% to GDP (TD 150.0 million) in 2000. However, when combined with the phosphate derivatives industry, mining accounted for approximately 9.0% of Tunisia's foreign exchange earnings, or TD 716.9 million in 2000. Following three years of growth in mining activity, 1997 was marked by a decline in value added of about 5.0% in real terms. This resulted from a decline in the production of most ores, resulting principally from the closure of the Bougrine Mine in October 1996. This mine was reopened in April 1998 by a Canadian mining group. Nevertheless, the exhaustion of reserves of iron ore and of certain non-ferrous metals, combined with the tapping of stocks of calcium phosphate, suggest that the mining sector will experience only moderate growth, if not stagnation, in the future. Despite this, the sector grew by 19.7% in 1998, 6.0% in 1999 and 5.2% in 2000.

Tunisia is the fourth largest producer of calcium phosphate in the world. Production of marketable calcium phosphate in 2000 amounted to approximately 8.3 million tonnes, comparing favorably with the 8 million tonnes sold in 1999. Exports of calcium phosphate and phosphate derivatives declined by 1.1% to TD 678.0 million in 2000.

Iron ore production of 222,000 tonnes in 1998 marked a 16.5% decrease over 1997 as a result of an 18% reduction in production by the Djerissa Iode, which thus totalled approximately 185,000 tonnes in 1998. The Tamera mine provided 37,000 tonnes in 1998, compared with 40,000 in 1997. Iron ore production in 1999 remained steady at approximately 222,000 tonnes. The iron ore produced by the Djerissa Iode is supplied almost exclusively to the El Foulad iron and steel works. In 2000, iron ore production decreased to 183,000 tonnes (a decrease of 17.6% compared to 1999), of which the Djerissa Iode produced 139,000 tonnes.

The production of sea salt was 466,000 tonnes in 1998, 455,000 tonnes in 1999 and 620,000 tonnes in 2000. Sea salt is produced in Sfax, Sousse and Megrine. Sea salt is used almost exclusively for human consumption. Exports of sea salt amounted to 394,400 tonnes in 1998, 373,000 tonnes in 1999 and 403,000 tonnes in 2000.

The following tables set forth mining production by principal product for the years indicated.

Calcium Phosphate

	1996	1997	1998	1999	2000
Output tonnes (millions)	7.1	7.2	7.9	8.0	8.3
Total value exported (in TD millions)	35.7	45.6	38.2	39.9	46.6
% of total goods exports	0.7%	0.7%	0.6%	0.6%	0.6%

Source: Ministry of Economic Development

Iron Ore, Salt, Lead and Zinc

	1996	1997	1998	1999	2000
			(in thousands of tonnes)		
Iron	239	264	222	222	183
Sea salt	557	437	466	455	620
Lead	8.0	2.0	7.0	10.0	11.0
Zinc	58.0	5.0	57.0	89.0	75.0

Source: Ministry of Economic Development

Energy

The resources of primary energy declined in 2000 by approximately 1.0% compared with a rise of 2.3% in 1999, with production of crude oil amounting to 3.7 million tonnes. In 2000, energy consumption in Tunisia was divided among petroleum and its derivatives (58.7%), electrical power (0.3%), natural gas (39.7%) and other sources (1.3%).

Electricity. In 2000, total domestic production of electricity was 10,096 million kWh, of which more than 90.0% was produced by the Tunisian Electricity and Gas Company (‘‘STEG’’). Electricity production by STEG thermal power plants continued to be fuelled mainly by natural gas, which accounted for 96% of this production, almost all of the remainder was produced using fuel oil.

Hydraulically produced electricity accounted for 90 million kWh in 1999, a level nearly identical to that of 1998. It declined to 64 million kWh in 2000 reflecting the effect of drought. Domestic electrical consumption totaled 8,975 million kWh in 2000, of which 5,635 kWh was of high and medium-voltage current. About 43.0% of the total consumption went to the industrial sector. The mining, chemicals, petroleum, construction materials and ceramics and glass industries continue to be the heaviest consumers of electrical energy.

The following table sets forth electricity production and consumption for the years indicated.

Electricity Production and Consumption

	1996	1997	1998	1999	2000
			(in millions of kWh)		
Domestic Production					
STEG production[(1)]	6,852	7,387	7,936	8,639	9,222
Self-producing	701	695	720	886	874
Total domestic production	7,553	8,082	8,656	9,525	10,096
Net exchanges with Algeria	15	7	(4)	2	1
Losses in transit	(796)	(878)	(962)	(1,042)	(1,122)
Total energy available for consumption	6,772	7,211	7,690	8,485	8,975
High-and-medium-voltage consumption					
Mining industries	413	406	441	605	619
Iron, steel and metallurgical plants	193	193	187	216	217
Chemical and petroleum industries	575	596	612	630	636
Construction materials	886	893	921	916	998
Paper industry and publishing	116	110	118	123	135
Textile industries	328	347	365	380	425
Food industries	321	343	373	407	421
Miscellaneous industries	292	312	352	376	420
Other sectors	1,272	1,415	1,511	1,657	1,764
	4,396	4,615	4,880	5,310	5,635
Low-voltage consumption:	2,376	2,596	2,810	3,175	3,340
Total Domestic Consumption	6,772	7,211	7,690	8,485	8,975

Source: Tunisian Electricity and Gas Company (STEG)

(1) Primarily thermal.

Oil. Tunisian petroleum reserves are estimated at approximately 60 million tonnes in tonnes oil equivalent at the end of 2000. Since oil production began in 1966 in the El Borma field in the south, El Borma has been the heart of the Tunisian oil industry. The field produces over one-third of total oil output. The second largest producing field is in Ashtart, producing approximately one-fifth of total output, while the balance is produced from newer fields in Sidi Kilani, Ezzaouia, Belli and Cercina. In 2000, total production was 3.7 million tonnes. Despite this production capacity, Tunisia has in recent years been a net importer of oil and derivatives.

Crude oil production in 1999 increased 1.3% over 1998, but still remains below production levels achieved in 1996 and prior years. Of a total of 4.0 million tonnes produced in 1999, 1.0 million came from the El Borma field and 0.9 million from Ashtart. These figures represent drops of 9.5% (El Borma) and 3.8% (Ashtart) from the 1998 production. For the other, smaller fields, production grew from some 1.9 million tonnes to nearly 2.1 million tonnes. The share of crude oil in total primary energy production remained preponderant at 56% in 2000. Crude oil sales to the Biserte Refinery (STIR) amounted to 1.7 million tonnes in 1999 and approximately 1.8 million in 2000. Crude oil imports rose by 33% in 1999 to approximately 1.1 million tonnes following a decrease of 12.1% in 1998. In 2000, crude oil imports rose by 9.5% to 1,196.2 tonnes.

Crude oil exports rose by 4.5% in quantity in 1998 and 12.2% in 1999. However, export earnings increased by 43.1%, to TD 458.4 million, due to the recovery of oil prices in 1999. In 2000, crude oil exports decreased by 8% in quantity, but increased in value by 82.3% due to the rise in oil prices. In 2000, crude oil imports rose by 9.5% to 1,196.2 tonnes.

The following table sets forth crude oil production and exports in constant (1990) prices during the period 1996-2000:

Crude Oil Production and Exports

	1996	1997	1998	1999	2000
Output tonnes (millions)	4.2	3.8	3.9	4.0	3.7
Total value exported (in TD millions)	56.3	416.0	320.4	458.4	835.7
% of total goods exports	10.4	6.8	4.9	6.6	10.4

Source: Ministry of Economic Development and the Bank

Natural Gas. Until the Miskar field began producing in 1995, domestic natural gas production was limited to the declining output of the El Borma field. This production was supplemented by gas imported as in-kind transcontinental pipeline royalties from Algeria. These royalties are payable for the transportation of Algerian natural gas on two pipelines linking Algeria and Italy and crossing Tunisia from the Feriana region on the Algerian border through the Cap Bon region to the Mediterranean. Both pipelines were constructed pursuant to agreements between the Republic and ENI, the Italian oil and gas company, which call for the payment to Tunisia of pipeline user fees as well as royalties based on the volume of natural gas transported.

With the combined production of Miskar and the smaller, newer gas fields, most notably Zinia, the national level of gas production increased substantially to reach 813 million cubic meters in 1996 which more than doubled in 1997 to reach 1.656 billion cubic meters and grew further in 1998 to 1.899 billion cubic meters. The production declined in 1999 to 1.817 billion cubic meters. The contribution of the Miskar deposit went from 660 million in 1996 to 1.622 billion cubic meters in 1999, bringing it from 81% to 89% of total gas production. Production at the El Borma field has become marginal. In 2000, the national level of gas production increased by 9.2% bringing it from 1.817 billion to 1.985 billion cubic meters. The contribution of the Miskar deposit was about 1.719 billion cubic meters.

Domestic consumption increased by 6.0% in 2000, compared to 4.9% in 1999, 11.0% in 1998 and 5.6% in 1997, to total approximately 2.881 billion cubic meters. In 2000 domestic consumption was 2.881 billion cubic meters, of which 2.24 billion were taken by STEG. The remainder went to industrial consumers and to the residential and services sectors. Exports decreased by 18% to 837 million cubic meters.

Domestic consumption increased by 6.0% in 2000, compared to 4.9% in 1999, 11.0% in 1998 and 5.6% in 1997, to total approximately 2.7 billion cubic meters.

The following table sets forth natural gas production and consumption during the period 1996-2000:

Natural Gas Production and Consumption

	1996	1997	1998	1999	2000
	(in millions of cubic meters)				
Production:					
El Borma	114	153	122	83	12
Miskar	660	1,499	1,727	1,622	1,719
Other	39	4	50	112	254
Total production	813	1,656	1,899	1,817	1,985
Royalties in-kind	957	911	1,037	1,200	1,274
Imports	1,032	448	430	721	459
Total supply	2,802	3,015	3,366	3,738	3,718
Consumption					
STEG	1,693	1,800	2,026	2,143	2,240
Other (industrial, residential and tertiary use)	520	536	566	576	641
Total Domestic Consumption	2,213	2,336	2,592	2,719	2,881
Exports	589	679	774	1,019	837
Total Consumption	2,802	3,015	3,366	3,738	3,718

Source: Agence pour la Matrise de l'Energie (the Office of Energy Management)

Petroleum Fuel Production. Motor fuel production increased by 2.6% in 1999 reaching 1,941 thousand tonnes, compared with a decrease of 9.2% in 1998 over the prior year. Fuel oil and diesel oil represented approximately 32.1% and 26.3% of the total. Liquified petroleum gas production also fell.

Motor fuel consumption reached 3.6 million tonnes in 1999, representing a 3.7% increase over 1998 consumption. Local production met 53.6% of consumer needs in 1999, down slightly from 54.2% in 1998. Imports reached 2.2 million tonnes in 1999, representing a slight decline in terms of quantity compared to 1998. However, as a result of increases in world oil prices the cost of motor fuel imports in 1999 increased approximately 2.6%. In 2000, motor fuel production increased by 1.4% bringing it to 1,969 thousand tonnes with a continued predominance of fuel oil and diesel oil representing 33.2% and 27.3% of the total production. Consumption reached 3,745 thousand tonnes.

The following table sets forth petroleum fuel production for the period 1995-1999:

Petroleum Fuel Production

	1996	1997	1998	1999	2000
	(in thousands of tonnes)				
Liquefied petroleum gas	134	123	127	111	110
Super and unleaded gasoline	222	226	244	262	292
Regular gasoline	103	108	102	101	95
Paraffin oil	131	107	127	155	168
Diesel	571	594	560	511	537
Fuel oil	644	650	631	623	653
Other	96	275	100	178	114
Total	1,901	2,083	1,891	1,941	1,969

Source: Agence pour la Matrise de l'Energie (Office of Energy Management)

Services

Transportation. Tunisia's transportation network includes seven international airports (including the new Airport of Gafsa), eight commercial seaports, 22 smaller ports, an oil terminal in La Skhira, approximately 2,190 km of railway, and approximately 20,000 km of primary and secondary roads. Transport contributed 6.5% to GDP at factor cost in 2000. In 2000, growth in the transportation sector was down slightly to 5% in real terms as compared to 6.5% in 1999. This slowdown was influenced principally by a drop in the volume of air transportation.

Reform in this sector continued in 1998 and 1999 to prepare it for international competition, principally by strengthening its economic competitiveness through containment of service costs. The major reforms involved improvement, restructuring, and the continued liberalization of most means of transport, as well as updating the legal framework surrounding transport activities.

Reform was supported by a number of actions related to privatization, especially in the sector of road merchandise transport, which is now handled entirely by private operators. The transport sector was also strengthened in 1997 by the creation of two new maritime transport companies, *Gaz Marine* and the *Compagnie Générale Maritime* (COGEMA). A new private air transport company, Mediterranean Air Service (MAS), which specializes in air freight, also began operating in 1999.

In total, investment in transport decreased by 2.2% in 1998 and increased by 68% in 1999, totaling TD 1,184 million in 1999. In 2000, it decreased slightly to TD 1,120 million.

The government continues to encourage investment to expand, improve and modernize this sector. In early 1996, an US$80 million program was commenced to upgrade the two major ports in La Goulette and Rades. Also in early 1996, the government announced a schedule of construction, running into 2011, to construct 818 km of highway south to Libya and west to Algeria. In addition, a program to modernize airport infrastructure has been underway to expand the capacity of airports in Tunis-Carthage, Monastir-Skanes and Djerba-Zarzis in order to accommodate the expected growth in the tourism industry. A major goal of the program was the extension of the Tunis-Carthage international airport to improve air traffic fluidity. This extension was completed in 1999.

Telecommunications. Tunisia's telecommunications network remains relatively weak, although the government has undertaken steps to lower costs, improve efficiency and expand availability of services. Telephone density in Tunisia was 10.0 telephones per 100 inhabitants at year end 1999 and was expected to reach 12.2 in 2000. In 1996, *Office Tunisie Telecoms,* a new state-owned company, assumed responsibility from the Ministry of Communications to improve the network by installing new lines and digital switching centers, among other improvements. At year end 1999, Tunisia's telecommunications network totalled 850,381 fixed lines and 46,258 mobile lines (GSM). At the end of 2000, these figures amounted to 887,823 and 92,246 respectively. In addition, a second private operator is expected to be granted a national telecommunications licence. However, the first tender was abandoned in July 2001 due to a lower offered price than was expected.

Financial Services. The Tunisian financial sector consists of banking and other financial institutions and the stock market.

The Banking Sector. The Tunisian banking sector consists of 14 commercial banks, six development banks, ten leasing companies, eight off-shore banks, two merchant banks, and six offices representing foreign banks. Tunisia has approximately 820 banking branches, one for every 11,600 inhabitants. See "The Banking System" The number of development banks was reduced from eight to six after the acquisition and merger by STB of BDET and BNDT.

The Stock Market. The *Bourse des Valeurs Mobilières de Tunis,* the Tunis Stock Exchange, which was created in 1969, was relatively dormant until 1990. The stock market's failure to perform according to government expectations in its first two decades of existence was caused by several factors which the government has subsequently attempted to correct.

First, until the privatizations of several state entities, most large enterprises were publicly owned and private companies were family concerns. Recent public enterprise reform and the government's privatization program is intended to increase liquidity on the exchange.

Second, prior to the reforms, Tunisian tax law discriminated against equity financing in favor of debt financing. In 1990, a law on direct income taxation eliminated double taxation of capital income.

Third, the government has undertaken measures to modernize the Tunis Stock Exchange and to initiate, conform and update accounting and reporting practices of participating companies. These reforms were intended to facilitate the transfer of shares, to make the brokerage process more efficient and to increase transparency in the market in order to promote investor confidence and activity.

Efforts were undertaken beginning in 1995 to modernize the capital market, with a reorganization that separated the functions of control from those of management. Efforts at modernization continued in 1997, aimed at giving the Tunis market appropriate techniques for quotation and operation and a secure infrastructure that would meet international standards. The new system of electronic quotation has covered all stocks quoted on the exchange since June 1997. The Tunis Stock Exchange has also assumed management of the Market Guarantee Fund, the function of which is to ensure successful completion of all transactions handled by stockbrokers.

Also among the government's reforms was the establishment of a clearing company to streamline settlements. In October 1996, supported by a French government grant, the Tunis Stock Exchange introduced a new computerized dealing and settlement system, based upon the Paris Bourse system, called SUPERCAC. The Tunisian system is believed to be the first of its kind in an emerging market. The goal of the new system was to enhance investor confidence in the Tunisian market through increased transparency and immediacy, and also to facilitate global trading of Tunisian stocks.

The general regulations for the organization and functioning of the Tunis Stock Exchange were approved by the Capital Market Council (CMF) in February 1997. This new regulatory framework specifies the conditions under which companies are accepted on the stock exchange and defines the principles that govern the negotiation of transactions, the procedures for public offers, and the procedures for settlement of default on payment and delivery of securities.

Tunisia's banks play a very significant role on the Tunis Stock Exchange. At December 31, 2000, 12 of the 42 companies listed on the exchange were banks. In addition, over 67.9% of the securities listed, and over 54.4% of the aggregate capitalization of the exchange, were held by banks. Many Tunisian banks have also created their own mutual funds and brokerage services.

The following table presents the main Tunis Stock Exchange indicators for the periods indicated:

Main Tunis Stock Exchange Indicators

	1996	1997	1998	1999	2000
Overall volume of offerings . .	644	754	435	n/a	n/a
Volume of public offerings. . . .	385	513	199	1,708	2,789
Tunis Stock Exchange index in points (base 1000 on December 31, 1997)	n/a	1,000.00	917.08	1,192.57	1,442.61
Stock exchange capitalization (in TD millions)	3,892	2,632	2,452	3,326	3,889
Stock exchange capitalization/ GDP, (in %)	20.4%	12.6%	10.9%	13.5%	14.6%
Number of companies quoted . .	30	34	38	44	42
Overall volume of transactions (in TD millions)	626	590	927	880.5	1,814

Source: Tunis Stock Exchange, Capital Market Commission

Finally, legislation limiting the ownership of a Tunisian company by non-Tunisians was liberalized to increase the ceiling to less than 50% without prior approval. The ceiling had previously been 10% for listed companies and 30% for unlisted companies.

Tourism. Despite increasingly stiff competition, Tunisia succeeded in improving its position on the Mediterranean and African markets. Entries of non-residents in 1998 were up 10.7% over 1997, raising tourist bed nights by 4.0%. The number of non-resident entries increased another 2.4% in 1999, raising the tourist bed nights by 15.2%. In 1999, tourism employed 77,000 people directly and another 270,000 people indirectly. In the context of stronger world tourism activity, particularly in the Mediterranean area, tourism in Tunisia increased in 2000 above the previous year's figures. However, growth was slower than in 1999, an exceptional year, slowing in real terms from 7.8% in 1999 to 3.5% in 2000. However, the contribution of the sector to GDP at factor cost remained relatively unchanged at 6.2% for the third straight year.

Western Europeans, mainly French, Italian, German and British tourists, represent approximately 53% of Tunisia's annual visitors. Tunisia has also developed new markets in central and eastern Europe. Although still small, these new markets are growing rapidly. Receipts from the sector reached TD 1,954.3 million in 1999 and TD 2,095.1 million in 2000.

In 1990 the government launched a new investment code for tourism that offered tax, customs and other financial incentives to foreign and local investors. The code contributed to the growth of investment in the sector, which in 1999, reached TD 331 million, representing 5.2% of total investment. Most of this investment was used to build hotels. In accordance with the strategy to improve integration and increase diversification in this sector, a share of invested monies was devoted to tourism-oriented activities, especially casinos.

The following table sets forth certain information on tourism activity during each of the years indicated:

Indicators of Tourism Activity

	1996	1997	1998	1999	2000
Investments (TD millions)	305	325	329	331	325
Number of beds (thousands) . .	169.9	178.2	185.0	192.0	197
Overnight stays (millions)	26.1	29.8	30.9	35.3	35.4
Number of visitors (millions) . .	3.9	4.3	4.7	4.8	5.1
Receipts (TD millions)	1,413	1,565	1,713	1,954	2,095

Source: Tunisian Tourism Board; Ministry of Economic Development; The Bank

Commerce

After slowing down in 1996, the trade sector showed distinct recovery in 1997 and 1998. Value added in 1999 and in 2000, expressed in real terms, increased by 5.9%. The sector's contribution to economic growth was 8.7% in 1999 and 11.2% in 2000. Stronger activity in this sector was favored, in particular, by high production in the manufacturing industries, joined with considerable increases in foodstuff imports – to cover the production deficit – and in consumer goods, for which imports were deregulated as an element in the policy to reinforce competition on the domestic market. It was also supported by an increase in consumption, especially household consumption, related to continued containment of price rises, rising wages and easy payment terms.

Domestic trade increased in 2000 at the same rate as in 1999, 5.9% in real terms.

Employment and Labor

In 2000, the total labor force in Tunisia numbered 2.7 million people, of which some 25% were women. At year end 2000, the rate of unemployment was 15.6%.

The following table summarizes trends in Tunisia's labor market:

Employment and Labor Trends

	1996	1997	1998	1999	2000
Total labor force (in millions)	2.49	2.59	2.56	2.63	2.70
Official unemployment rate(1)	15.5%	15.7%	15.7%	15.8%	15.6%

Source: The Bank

(1) Calculations made following International Labor Organization guidelines. The unemployment rate represents the number of unemployed individuals aged 18 to 59 as a proportion of the active population.

Job creation, particularly in non-agricultural sectors, has been a priority of the Tunisian government and features prominently in the Ninth Plan and the annual State budget. Jobs in the non-farming sectors, including fisheries, increased by 63,000 in 1999, and 67,000 in 2000. These figures remain below demand for additional jobs, which was approximately 70,000 in 1999 and 71,000 in 2000. The rate of coverage of this demand for job creation increased to 95% in 2000 compared with 90% in 1999. As a result, unemployment which had grown slightly in 1999, reaching 15.8% of the working-age population, decreased to 15.6% in 2000. The level of unemployment is also influenced by the number of workers affected by the various forms of dismissal, particularly layoffs with and without compensation. The sectors most affected by layoffs are textiles and clothing, mechanical, metallurgical and electrical industries, services, and food industries, as a result of ongoing restructuring within these industries.

The following table presents job creation statistics for non-agricultural sectors:

Job Creation in Fisheries and Non-Agricultural Activities

	1996	1997	1998	1999	2000
			(number of jobs)		
Fisheries	1,000	550	900	600	600
Mining and Energy	(430)	150	(50)	(600)	100
Building & Civil Engineering	4,500	3,500	2,300	3,000	3,600
Manufacturing Industries	13,000	16,000	18,200	18,400	20,400
Transport & Telecom	3,250	3,700	4,250	7,100	6,000
Tourism	3,200	3,600	2,600	2,900	3,700
Other Services	23,780	22,600	25,800	24,200	24,000
Administration	7,000	7,900	7,000	7,400	8,600
Total	55,300	58,000	61,000	63,000	67,000

Source: Ministry of Economic Development and Central Bank of Tunisia

Prices and Wages

Prices

In addition to a tight monetary policy to contain inflation, the Tunisian government has implemented a number of structural initiatives with the same objective, including the reorganization of commercial trade and distribution, the strengthening of domestic and foreign competition through price and import liberalization and the reorganization of public finances to contain the budget deficit. Reforms have included the creation of new government bodies, such as the National Trade Council and the Competition Council, created in April 1995, as well as the adoption of a new competition and price law. The Competition Council, in particular, was instituted to prevent and penalize anti-competitive practices and thereby ensure transparency of prices and limit economic concentrations that hinder the free functioning of market mechanisms.

At year end 2000, retail prices were fully liberalized for approximately 81% of domestic consumption and producer prices were freely set for approximately 87% of domestic production. This compares with retail and producer price control of 70% and 30%, respectively, in 1991. Most of the remaining controls at the production stage concern the agro-industries and construction materials. At the distribution stage, controls still prevail in other sectors, such as agriculture and fishing and mechanical and electrical industries, and are motivated by weak competition.

As a result of these reforms and the return of agricultural supply and demand to more normal levels after two years of drought, inflation (as measured by changes in the consumer price index) declined from 6.3% in 1995 to a low of 2.7% in 1999. The consumer price index rose in 2000 by 2.9%. In 2000, the producer price index rose by 2.2%, compared with 1.4% in 1999 and 3.5% in 1998.

Despite the drought, as at August 31, 2001, the Consumer Price Index had increased by 1.6% compared with 3.1% in 2000.

The following table presents data regarding inflation for the periods indicated:

Inflation

	Producer Price Index(1)	% Change	Consumer Price Index(1)	% Change
1993-2000				
1993	114.4	3.9%	119.1	4.0%
1994	118.2	3.3%	124.6	4.7%
1995	123.9	4.8%	132.4	6.3%
1996	128.5	3.7%	137.4	3.7%
1997	132.5	3.1%	142.4	3.7%
1998	137.1	3.5%	146.8	3.1%
1999	139.0	1.4%	150.8	2.7%
2000	142.0	2.2%	155.2	2.9%
2000				
January	140.4	0.6%	154.1	0.4%
February	140.6	0.1%	154.7	0.4%
March	141.7	0.8%	154.4	(0.2%)
April	141.5	(0.1%)	154.2	(0.1%)
May	141.9	0.3%	154.3	0.1%
June	141.4	(0.4%)	154.8	0.3%
July	141.6	0.1%	155.2	0.2%
August	142.5	0.6%	155.6	0.3%
September	143.2	0.5%	156.0	0.3%
October	143.5	0.2%	156.2	0.1%
November	143.7	0.1%	156.5	0.2%
December	143.5	(0.1%)	157.0	0.3%

Source: National Statistics Institute

(1) 1990 equals 100.

Wages

Under the Labor Code, the government sets minimum wages for workers in agriculture, the *salaire minimum agricole garanti* ("SMAG"), and industry, the *salaire minimum interprofessionel garanti* ("SMIG"). The government, employers and the *Union Générale des Travailleurs Tunisiens* ("UGTT") negotiate adjustments in these wages.

In 1990, Tunisian employers and Labor representatives negotiated a three-year wage agreement pursuant to which wages rose in line with increases in the consumer price index. Similar three-year wage agreements have been reached as the previous agreement expired, with the most recent adopted in February 1999.

Wage increases in 2000 contributed to improving workers' purchasing power. As a result of fluctuations in employment, particularly through recruitment, retirement and professional promotion, total salaries in 2000 increased by 8.9% over 1999, when the increase was 8.6%. The wage aggregate rose 8.7% in agriculture and fisheries, 10.0% in the non-agricultural production sectors, and 7.1% in government service. These rates are considerably higher than the 2.9% inflation rate recorded in 2000. Thus the average annual real wage in these three types of sector increased by 8.3%, 6.3% and 5.0% respectively, to total TD 1,960 in farming and fisheries, TD 4,700 in non-agricultural production, and TD 7,940 in state employment.

To offset the impact of price adjustment on subsidised products, guaranteed minimum wages have been raised several times in recent years. The most recent increase took effect in July 2001 (see table). There have been no significant strikes or work stoppages in Tunisia.

Wage increases contemplated under the 1999-2001 collective convention range between 3.5% and 4.5% per annum.

The following table presents trends in the minimum wage for Tunisia over the periods indicated:

	August 1997	November 1997	August 1998	May 1999	August 1999	May 2000	July 2001
Inter-professional minimum wage (SMIG)							
Hourly SMIG (in millimes)							
48 hour week	790	819	831	860	870	899	940
40 hour week	832	861	875	906	916	945	986
Monthly SMIG (in TD)							
48 hour week	164,320	170.352	172.848	178.880	180.960	186.992	195.520
40 hour week	144,211	149.237	151.664	156.691	158.771	163.798	170.905
Agricultural minimum wage (SMAG) per day (in TD) . .	5.061	5.209	5.309	5.509	5.609	5.809	6.059

Source: Ministry of Social Welfare

Environment

Prior to 1988, the government did not have a specific environmental policy. The government subsequently created a ministry responsible for the environment, the *Ministre de I'Environnement et de l'Aménagement du Territoire,* as well as an environmental enforcement agency, the *Agence Nationale pour la Protection de I'Environnement.* The administration is in the process of developing new environmental standards and a framework for the prevention of pollution that combines economic and ecological regulations, market-based incentives, stepped-up monitoring, and the execution of agreements negotiated between industries and the authorities. The administration's strategy has two main goals: the clean-up of historically heavily polluted areas corresponding roughly to major population and industrial centers and the promotion of "clean" industrial growth with acceptable environmental impact.

The government has also embarked on an environmental policy aimed at the conservation of energy and non-renewable resources. To that end, the government is developing the use of bio-gas in rural zones to decrease dependence on firewood and promoting the distribution and use of solar energy panels and water heaters.

FOREIGN TRADE AND BALANCE OF PAYMENTS

Foreign Trade

Exports and Imports

Tunisia's external trade policy since 1987 has been to promote exports in order to enhance Tunisian economic strength and its balance of payments, as well as to integrate the Tunisian economy into the world economy. The level of total exports has increased by approximately four times over the period 1987 to 2000, with average annual growth of 13.7% in current prices, compared with average annual growth of 3% during the period 1982 to 1986. In 2000, growth in the level of exports was 14.9% compared with 6.9% in 1999.

Measures and incentives were adopted to give impetus to exports as part of the national strategy to strengthen the economy's competitiveness by confronting the new context of trade globalization and increased international competition. This new context will intensify as trade protections are removed and tariffs are dismantled. Tunisia has undertaken this process in the framework of its commitments to the EU for the establishment of a free-trade zone. In addition, the decision to create a free - trade zone with arab countries over a ten-year period beginning in 1998 and of similar zones with certain individual countries, particularly Egypt, Jordan and Morocco will further expose Tunisian products to foreign competition.

Tunisian exports rose by 14.9% in 2000, after growth of 6.9% in 1999 and 6.0% in 1998. This trend was, however, accompanied by continued import growth (7.9% in 1998, 6.1% in 1999 and 16.6% in 2000).

The currency effect on foreign payments was negative in 2000 because of the appreciation of the main currencies of payment, particularly the US dollar and the Japanese yen, which rose against the dinar by respective averages of 15.4% and 21.0%. The dinar remained essentially flat against the euro.

Since the mid-1970s, Tunisia has evolved from being an exporter primarily of raw materials (oil, agricultural produce and phosphates) to an exporter of manufactured goods. Export receipts in 2000 were derived primarily from manufactured goods (over 78% of total receipts against 80.5% in 1999), the principal categories of which were textiles and leather goods and electrical and mechanical goods.

The year 2000 was notable for a significant increase in the volume of trade in energy products, a recovery in the level of trade in primary agricultural products and fish and a considerable improvement in the volume of trade in manufactured products (other than agrofood). This progress was supported by higher foreign demand, especially from the European Union, which is Tunisia's main trading partner. Excluding energy products, foreign trade grew less markedly than global figures: 8.8% for exports and 11.8% for imports compared with 6% and 4.3%, respectively a year earlier. Exports in the agricultural, fisheries and agri food industries sector declined by 10.6% in 2000, and imports rose by 15.1% in this sector. Excluding this sector, the increase in foreign trade was generally less rapid than that in the overall balance of trade, at 4.9% for exports and 18.2% for imports, compared with 4.5% and 16.7% in 1999. In 2000, total exports rose by 14.9% to TD 8,005 million, contributing 30% of GDP. Overall growth was mainly attributable to growth in electrical and mechanical (18.1%); textiles and leather (9.7%); offsetting declines in food and agriculture (–10.6%) and in chemical products (–2.3%).

The following table presents total Tunisian exports (FOB) and imports (CIF) of goods for the years indicated:

Total Exports (FOB) and Imports (CIF)

	1996	1997	1998	1999	2000
	(in millions of TD, except percentages)				
Total exports (FOB)	5,372	6,147.9	6,518.3	6,666.9	8,004.8
Annual variation	3.8%	14.4%	6.0%	6.9%	14.9%
Total imports (CIF)	7,498.8	8,793.5	9,489.5	10,070.5	11,738.0
Annual variation	0.5%	17.3%	7.9%	6.1%	16.6%
Balance	(2,126.8)	(2,645.6)	(2,971.2)	(3,403.6)	(3,733.2)

Source: National Statistics Institute

The following tables set forth Tunisian exports and imports of goods by principal categories for the years indicated:

Exports

	1996	1997	1998	1999	2000
			(in millions of TD)		
Energy[1]	563.0	555.9	417.7	498.0	967.5
Food and agriculture	404.8	681.7	627.0	790.9	707.2
Chemical products	614.9	669.9	701.9	712.6	716.9
Textiles and leather	2,747.8	2,996.4	3,289.5	3,396.5	3,726.8
Electrical and mechanical	669.6	830.3	1,043.4	1,120.1	1,323.1
Other	372.0	413.7	438.8	448.8	563.3
Total exports (FOB)	5,372.1	6,147.9	6,518.3	6,966.9	8,004.8

Source: Ministry of Economic Development

(1) Excludes royalties paid to the Republic for international pipeline transshipments.

Imports

	1996	1997	1998	1999	2000
			(in millions of TD)		
Capital goods	1,520.4	1,906.4	2,183.8	2,648.5	2,998.1
Raw materials	2,170.2	2,448.1	2,707.8	2,615.9	3,053.9
Energy	591.2	659.8	450.6	641.8	1,198.1
Food and agriculture	605.6	764.2	802.5	670.9	782.4
Consumer goods	2,611.4	3,015.0	3,344.8	3,493.4	3,705.5
Total imports (CIF)	7,498.8	8,793.5	9,489.5	10,070.5	11,738.0
Freight and insurance	412.4	483.6	521.9	553.9	645.6
Total imports (FOB)	7,086.4	8,309.9	8,967.6	9,516.6	11,092.4

Source: Ministry of Economic Development

Direction of Trade

The EU remains Tunisia's principal trading partner. In 2000, imports from the EU made up 70.5% of total Tunisian imports, and exports to the EU made up 79.9% of total Tunisian exports.

In 2000, Tunisia's main trading partners were France, accounting for 26.8% of total exports and 26.3% of total imports, Italy, accounting for 23.0% of total exports and 19.1% of total imports and Germany, accounting for 12.5% of total exports and 9.6% of total imports.

In 2000, Tunisia's exports to Arab Maghreb Union countries totaled approximately TD 410.3 million and accounted for 5.1% of total exports compared to 5.5% in 1999. Imports from Arab Maghreb Union countries totaled TD 645.0 million, and accounted for 5.5% of total 2000 imports.

The following tables set forth Tunisian exports and imports of goods by main area of destination and origin for the years indicated:

Exports by Area of Destination

	1996	1997	1998	1999	2000
			(in millions of TD)		
France	1,380.0	1,564.4	1,760.1	1,835.0	2,145.7
Italy	1,113.1	1,312.3	1,392.6	1,575.2	1,842.2
Germany	839.6	893.4	1,006.1	974.5	1,001.8
Belgium	385.0	375.6	392.5	401.6	406.1
Spain	194.1	221.2	226.5	375.8	434.4
Libya	190.7	284.3	251.5	286.5	288.9
Algeria	93.6	41.8	30.7	50.0	84.3
Morocco	36.5	36.5	45.7	43.6	34.8
United States.	42.8	41.4	32.3	52.3	57.6
Former USSR	9.4	5.0	5.3	3.9	17.9
Other countries	1,087.2	1,373.9	1,375.0	1,368.5	1,691.1
Total exports (FOB)	5,372.1	6,147.9	6,518.3	6,966.9	8,004.8

Source: The Bank; National Statistics Institute

Imports by Area of Origin

	1996	1997	1998	1999	2000
			(in millions of TD)		
France	1,831.2	2,091.5	2,569.4	2,694.4	3,088.1
Italy	1,413.6	1,698.2	1,887.2	1,856.4	2,243.4
Germany	951.0	1,187.7	1,143.4	1,122.0	1,126.3
Belgium	338.9	351.7	356.1	382.6	402.5
Spain	295.5	366.0	406.8	405.6	468.4
Libya	228.5	268.6	198.3	281.4	437.7
Algeria	123.8	84.5	57.0	63.1	119.9
Morocco	57.1	53.7	58.0	51.1	87.1
United States.	312.2	377.7	328.0	433.7	540.8
Former U.S.S.R.	95.9	146.0	177.9	194.8	261.9
Other countries	1,851.1	2,167.9	2,307.3	2,585.4	2,961.9
Total imports (CIF)	7,498.8	8,793.5	9,489.5	10,070.5	11,738.0
Freight and insurance	412.4	483.6	521.9	553.9	645.6
Total imports (FOB)	7,086.4	8,309.9	8,967.6	9,516.6	11,092.4

Source: The Bank; National Statistics Institute

Balance of Payments

After a positive balance of payments of TD 818 millions in 1999, Tunisia registered a negative balance of payments of TD 332.8 million in 2000, reflecting a capital account surplus of 834.6 million and a current account deficit of TD 1,125.7 million.

The widening of the current account deficit in 2000 is due to a contribution of several factors, such as the deterioration in agriculture trade, the deceleration of tourism receipts, the continuing strong growth of imports, mainly raw materials and equipment products and the rise in oil prices.

Movements in Tunisia's external accounts have increasingly reflected the impact of the opening of the Tunisian economy through a continuing process of trade and exchange liberalization.

The deficit in the trade balance has persisted for several reasons. Exports of manufactured goods have grown strongly in the past decade, but this growth has been partly offset by a decline in more traditional exports of raw materials, notably crude oil and phosphates. The Tunisian economy is also dependent upon external markets for capital equipment. Therefore, economic expansion, and particularly expansion of industry, draws in capital goods and increases imports. Furthermore, the main exporting sectors in manufacturing, textiles and leather goods and mechanical and electrical industries use Tunisian labor to transform raw and semi-processed imports, such as cotton, cloth or vehicle components, into finished products for reexport. As a result, any expansion of production for export necessarily draws in more imports of raw or semi-finished materials. Finally, rising disposable incomes have boosted imports of consumer goods and the liberalization of trade has reduced the government's ability to moderate the inflow of imports. An important goal of the government's reform efforts is to reduce Tunisia's dependence on its traditional exports.

The trade deficit is partly offset by a surplus in the invisibles account, which derives principally from tourism receipts, remittances from workers living abroad and, to a lesser extent, from royalties from the natural gas pipelines. The continuing strength of workers' remittances from the 700,000 Tunisians living abroad, in particular, has helped to ease current-account deficit levels. Remittances have risen in recent years. Since 1994, roughly three-quarters of the total workers' remittances have been in the form of bank transfers, postal orders or foreign bank notes. Contributions in kind consist mainly of motor vehicles.

Workers' remittances

	1996	1997	1998	1999	2000
			(in millions of TD)		
Total	798	846	902	1,020	1,091
Cash	592	616	676	732	810
Contributions in kind	206	230	226	288	281

Source: The Bank

The following table sets out the balance of payments for Tunisia for the years indicated:

Balance of Payments

	1996	1997	1998	1999	2000
	(in millions of TD)				
Current account					
Goods					
Exports (FOB)[(1)]	5,372.0	6,147.9	6,518.3	6,966.9	8,004.8
Imports (FOB)[(1)]	(7,086.4)	(8,309.9)	(8,967.6)	(9,516.6)	(11,092.4)
Trade Balance	(1,714.4)	(2,162.0)	(2,449.3)	(2,549.7)	(3,087.6)
Services[(2)]					
Inflow	2,561.4	2,891.2	3,139.5	3,463.8	3,791.9
Outflow	(1,210.8)	(1,305.5)	(1,430.1)	(1,462.8)	(1,670.1)
	1,350.6	1,585.7	1,709.4	2,001.0	2,121.8
Current transfers[(3)]					
Inflow	919.9	993.6	1,073.1	1,196.2	1,299.5
Outflow	(1,022.0)	(1,072.6)	(1,101.8)	(1,182.1)	(1,459.4)
	(102.1)	(79.0)	(28.7)	14.1	(159.9)
Balance – current account	(465.9)	(655.3)	(768.6)	(534.6)	(1,125.7)
Capital Account					
Grants (net)	35.7	84.2	68.6	70.4	4.2
Foreign direct investment (net)	231.3	368.4	741.0	411.8	1,028.9
Portfolio investment (net)	60.1	120.2	37.6	11.8	(27.6)
Medium and long term borrowings (net)					
Borrowings by the State (net)	474.3	405.2	(122.6)	364.4	120.2
Borrowings by business (net)	(84.5)	98.6	(4.1)	191.6	185.6
	389.8	503.8	(126.7)	556.0	305.8
Short-term capital (net).	164.9	(21.9)	(162.2)	297.2	(476.7)
Balance – capital account	881.8	1,054.7	558.3	1,347.2	834.6
Adjustments	(29.9)	(26.3)	(2.5)	5.4	(41.7)
Overall balance	386.0	373.2	(212.8)	818.0	(332.8)

Source: The Bank

(1) Based on customs statistics.

(2) Includes tourism receipts of TD 1,413.2 million, TD 1,565.3 million, TD 1,712.8 million, TD 1,954.3 million and TD 2,095 million for the years 1996 through 1999, respectively.

(3) Includes among other items interest on short-, medium- and long-term loans, direct investment income and workers' remittances.

The following table presents the external debt of the Tunisian economy as a whole by creditor type for the years indicated:

Tunisia's External Debt by Creditor Type

	1996	1997	1998	1999	2000
Bilateral sources	4,534.3	4,694.1	4,730.4	5,333.6	5,747.3
Multilateral sources	3,855.8	4,170.5	4,111.0	4,816.2	5,105.7
International financial markets	1,229.9	1,955.4	2,016.6	2,645.2	2,838.0
Total	9,620.0	10,820.0	10,858.0	12,795.0	13,691.0

Source: The Bank

Tunisia's outstanding public and private medium and long-term foreign debt rose from TD 10,820 million in 1997 to TD 10,858 million in 1998 to TD 12,795 million in 1999 and to TD 13,691 million in 2000, 0.4%, 17.8% and 7.0% increases respectively. The 1998 stability was a result of the decision by the government to finance the budget deficit with a higher level of domestic funds. In this way, the government tried to avoid negotiating loans in external markets where conditions had become very harsh following the financial crisis that shook several countries in Southeast Asia as well as Russia and Brazil. Receipt by the government in October 1998 of the proceeds from the sale of two cement plants to non-residents helped to make this decision possible. The amount of foreign debt carried by the government increased from TD 8,127 million in 1998 to TD 9,576.0 million in 1999 and to TD 10,159.0 million in 2000. Foreign debt carried by non-financial companies also increased in 2000, by 6.6%, compared to a 24.3% increase in 1999.

Foreign Direct Investment

An important objective of the State is to attract foreign investment. The government has simplified investment regulations for most sectors, offered fiscal incentives to investment, made the dinar convertible for current account transactions and guaranteed foreign investors' right to repatriate capital investments made in accordance with law. Tunisia has also concluded the EU Association Agreement in part to encourage European investors and has created the Foreign Investment Promotion Agency to help attract American, Japanese and British investors, among others.

Cumulative Foreign Direct Investment (FDI) increased from TD 6,340 million in 1990 to TD 15,262 million in 1999. Annual FDI in Tunisia increased from TD 77.5 million in 1990 to nearly TD 437.2 million in 1999. Total FDI in 2000 reached an amount over TD 1 billion for the first time, representing an increase of 144.4% compared to 1999. This increase was due to the sale of two cement companies by the government to foreign investors for a total amount of TD 362.0 million and the increase of the investment in the energy sector.

The energy sector accounted for 30.2% of total foreign direct investment in 2000 as compared to 44.6% in 1999 and the manufacturing industries reached an amount of TD 688 million or 64.4% of total FDI compared to TD 198 million or 45.3% in 1999.

In 2000, nearly 73.5% of the companies who had invested in Tunisia originated from the European Union. The United States and Arab countries represented respectively 11.5% and 5.4%.

	1996	1997	1998	1999	2000
			(in millions of TD)		
Argentina	0.4	4.3	2.0	0.8	9.3
Australia	1.0	11.3	7.4	7.8	3.1
Austria	0.7	–	0.2	0.3	0.1
Belgium	3.6	9.0	9.3	15.9	9.5
Canada	1.8	38.8	24.0	11.0	21.3
France	37.5	41.1	50.2	64.9	86.3
Finland	–	–	–	–	–
Germany	11.6	27.2	27.5	34.1	21.3
Great Britain	63.1	64.2	35.4	37.9	42.9
Hungary	0.3	1.4	18.8	5.2	–
Italy	35.6	102.2	47.9	68.0	163.0
Japan	2.2	–	–	14.7	46.4
Kuwait	10.6	3.7	–	18.4	21.5
Norway	–	–	1.5	1.9	4.0
Portugal	–	–	241.3	–	311.1
Romania	–	–	–	–	–
Saudi Arabia	38.1	8.4	21.7	26.8	19.7
Singapore	–	–	–	–	–
Spain	0.5	–	168.2	1.1	6.5
Sweden	2.1	–	0.1	2.2	0.6
Switzerland	2.1	4.8	7.8	8.9	7.8
The Netherlands	2.2	7.4	8.8	9.7	131.9
Ukraine	0.4	0.4	0.3	0.1	–
United States	58.7	76.1	52.0	56.2	122.7
Other	–	2.6	35.5	51.3	39.2
Total	272.5	402.9	759.9	437.2	1,068.2

Source: The Bank

The following table presents total foreign direct investment by industry for the years 1996 to 2000.

Foreign Direct Investment by Industry

	1996	1997	1998	1999	2000
			(in millions of TD)		
Energy	166.9	271.3	201.8	194.8	323.4
Tourism and real estate	48.4	23.0	24.6	37.2	41.5
Manufacturing industries	49.5	85.7	523.3	197.9	688.3(1)
Other (including agriculture)	7.7	22.9	10.2	7.3	15.0
Total	272.5	402.9	759.9	437.2	1,068.2
Total excluding energy	105.6	131.6	558.1	242.4	744.8

Source: The Bank

(1) Includes TD 362 million from the privatization of two cement companies and TD 104 million from the privatization of a chemical company, each of which were sold to non-residents.

Foreign direct investment in agriculture is insignificant because of investment restrictions on foreign ownership of agricultural land.

PUBLIC FINANCE

Overview

Legal Framework and Budgetary Process

The *Loi Organique du Budget* (Loi No. 67-53 of December 8, 1967, the ''Budget Law'') provides the legal framework and timetable for the preparation of the annual State budget. Under the Budget Law, the fiscal year of the State is the calendar year. By August of each year, Administration Heads prepare expenditure projections for the coming year which they present to the Minister of Finance. The Minister of Finance examines these projections, calculates revenue projections, and prepares the proposed *Loi de Finances,* containing the annual State budget. The proposed *Loi des Finances* is then presented to the President of the Republic. During the final quarter of each fiscal year, but no later than November 15, the President submits the proposal to the Chamber of Deputies.

The *Loi des Finances* regulates the presentation of the State's expenditures and revenues. The *Loi des Finances* includes provisions which determine the amount and authorize the collection of public revenue, set the ceiling for guarantees which may be granted by the State and authorize borrowings and obligations which may be undertaken on behalf of the State.

In addition to the State budget, the *Loi des Finances* also includes the annexed budgets of certain public entities endowed with legal personality and financial autonomy as well as certain industrial and commercial public-service entities lacking these characteristics. The purpose of the separate, annexed budgets is primarily to segregate the accounts of certain State entities that operate relatively autonomously in order to promote sound financial management within these entities, while keeping their revenues and expenditures within the overall framework and budgetary objectives of the *Loi des Finances*.

The Chamber of Deputies votes on the *Loi des Finances*, and the budget for each year must be approved by December 31 of the preceding calendar year.

The main sources of revenue for the State are consumption taxes (the most important in terms of revenue-raising being a value-added tax), income tax (personal and corporate) and various non-fiscal revenue sources including petroleum revenue, gas royalties and earnings of state-owned industrial and commercial enterprises. The main expenditures of the State are subsidies and transfers and wages and salaries as current expenditures, and investment as a capital expenditure.

State expenditures are limited to those provided for in the annual budget as enacted. The State's accounts are audited by the *Cour des Comptes* (the Court of Accounts) which then prepares a report which is presented to the Chamber of Deputies.

Court of Accounts

The mission of the Court of Accounts is to monitor the management of public finance. Accordingly, the Court of Accounts has jurisdiction to examine the management and accounts of the State, all regional and local governmental bodies, public entities and public industrial and commercial enterprises, as well as the accounts of any enterprise in which the State or regional or local governments own an interest.

The table below sets forth a summary of the revenues and expenditures of the State for the fiscal years 1996 through 2000 (and the budget for 2001):

Government Revenues and Expenditure

	1996	1997	1998	1999	2000	2001 (Budgeted)
			(in TD millions)			
Tax revenues						
Direct taxes[1]	892.0	1,109.9	1,285.9	1,383.7	1,596.9	1,821.0
Indirect taxes[2]	2,888.4	3,121.1	3,476.8	3,823.0	4,079.8	4,284.0
Total tax revenues	3,780.2	4,231.0	4,762.7	5,206.7	5,676.7	6,105.0
As % of GDP	*19.8%*	*20.2%*	*21.0%*	*20.9%*	*21.1%*	*20.7%*
Non-tax revenues						
Petroleum revenues and gas royalties	322.4	209.0	273.4	266.3	173.2	203.0
Interest[3]	47.3	53.6	48.9	34.6	31.3	23.0
Grants[4]	42.3	88.6	108.3	83.0	36.0	114
Privatizations	9.7	0.0	418.3	0.9	342.2	150.0
Debt recoveries[5]	114.7	177.6	117.7	150.8	99.6	75.5
Other non-tax revenues[6]	480.2	448.8	360.4	381.4	502.9	419.5
Total non-tax revenues	1,016.6	977.6	1,327.0	917.2	1,185.2	985.0
Total revenues (gross)[a]	4,797.0	5,208.6	6,089.7	6,123.7	6,861.9	7,090.0
As % of GDP	*25.2%*	*24.8%*	*26.9%*	*24.6%*	*25.5%*	*24.0%*
Total revenues (net)[b]	4,682.1	5,016.2	5,989.2	5,972.9	6,762.3	7,014.5
As % of GDP	*24.6%*	*24.1%*	*26.3%*	*24.0%*	*25.1%*	*23.8%*
Current expenditures						
Wages, salaries, goods and services	2,633.0	2,845.0	3,056.0	3,361.6	3,621.9	3,853.5
Subsidies and transfers	614.6	785.8	843.4	740.8	741.7	806.5
Total current expenditures	3,247.6	3,630.8	3,899.4	4,102.4	4,363.6	4,660.0
Interest payments						
Internal debt	405.8	385.4	340.2	390.82	396.0	390.0
External debt	350.0	403.3	429.8	448.8	491.3	520.0
Total interest payments	755.8	788.7	770.0	839.6	887.3	910.0
Capital expenditures						
Direct investment[7]	630.6	650.7	677.2	731.4	747.5	850.3
Capital transactions[8]	376.4	353.9	386.3	456.0	486.4	493.0
Direct payments[9]	311.9	325.0	341.8	389.9	452.7	460.0
Net loans and advances	115.6	129.5	179.2	0	0	0
Debt repayments[5]	120.6	184.7	97.1	206.0	143.7	0
Loan and advances of Treasury	52.6	14.2	26.9	(37.6)	(41.8)	0
Other capital expenditures	118.6	133.4	179.2	317.2	372.1	416.7
Total capital expenditures	1,610.7	1,661.9	1,708.5	2,062.9	2,244.2	2,220.0
Total expenditures, loans and advances (gross)[a]	5,614.1	6,081.4	6,377.9	7,004.9	7,495.1	7,790.0
Total expenditures, loans and advances (net)[b]	5,499.4	5,903.8	6,260.2	6,854.3	7,395.5	7,714.5
Budget deficit[c]	(817.1)	(872.8)	(288.2)	(881.0)	(633.2)	(700.0)
Budget deficit[d]	(808.3)	(880.3)	(297.7)	(818.0)	(732.9)	(775.0)
As % of GDP[d]	*(4.2%)*	*(4.2%)*	*(1.3%)*	*(3.5%)*	*(2.4%)*	*(2.4%)*
GDP (at current prices)	19,066.2	20,893.3	22,580.7	24,671.5	26,676.7	29,423.4

Source: Ministry of Finance

(1) Includes individual income tax and corporate tax.

(2) Includes primarily value added tax, excise duties, customs duties, tolls and other transportation duties, transfer taxes, registration and stamp taxes and net proceeds from government monopolies in gaming and the sale of tobacco and matches.

(3) Includes interest payable to the State on loans, primarily to Tunisian public sector entities.

(4) Includes grants made to the State.

(5) Includes recoveries of loans made to Tunisian public and private sector entities which had been previously written off.

(6) Includes primarily earnings payable to the State by public sector commercial and industrial entities.

(7) Primarily infrastructure investment, including development of water and irrigation resources, water and soil conservation, and development programs.

(8) Loans granted by the State to finance specific long-term investment projects of public sector entities.

(9) Direct payments made to external lenders which financed the purchase of imported equipment and other durables by Tunisian public and private sector entities on behalf of the State.

(10) Other loans granted by the State (net of repayments), including, generally, loans and advances made to public sector entities.
(a) Includes debt recoveries.
(b) Excludes debt recoveries.
(c) Including debt recoveries and debt repayments.
(d) Excluding debt recoveries and debt repayments.

The main sources of tax revenues are individual and corporate income taxes and indirect taxes, particularly value added taxes (''VAT'') that have been expanded to apply to more products and services, and other consumption taxes and excise duties.

The following table sets forth the components of tax revenue for 1997-2000 and for the 2001 budget:

Tax Revenues

	1997	1998	1999	2000	2001 (Budget)
			(in TD million)		
Direct taxes					
Personal income taxes	676.7	776.7	892.7	1,022.0	1,158.0
Corporate income taxes	433.2	509.2	491.0	574.9	663.0
Total direct taxes	1,109.9	1,285.9	1,383.7	1,596.9	1,821.0
Indirect taxes					
Taxes on domestic products					
Value added tax	554.6	715.9	877.6	937.9	1,069.0
Excise taxes	587.8	618.6	696.4	770.8	850.0
Other taxes	482.9	511.8	608.5	672.6	693.0
Total taxes on domestic products	1,625.3	1,846.3	2,182.5	2,381.3	2,612.0
Taxes on external products					
Import taxes	694.1	707.3	680.9	630.4	615.0
Export taxes	10.2	6.7	6.2	11.2	10.0
Total Customs duties	704.3	714.0	687.1	641.6	625.0
Value added tax	615.0	721.0	747.6	831.8	850.0
Excise taxes	134.6	156.1	161.4	168.7	178.0
Other taxes	41.9	39.4	44.4	56.4	19.0
Total taxes on external products	1,495.8	1,630.5	1,640.5	1,698.5	1,672.0
Total indirect taxes	3,121.1	3,476.8	3,823.0	4,079.8	4,284.0
Total tax revenues	4,231.0	4,762.7	5,206.7	5,676.7	6,105.0
Percent of GDP	20.2%	21.1%	21.1%	21.3%	20.7%

Source: Ministry of Finance

In 1999, income taxes accounted for approximately 26.6% of total revenues. In 2000, this figure has increased to approximately 28.1%. The income tax on individuals has six income brackets and marginal tax rates ranging from 15% to 35% (with no tax due on incomes below TD 1,000). The corporate income tax is a system of two rates, a standard rate of 35% and a special rate of 10% which applies to enterprises in the agriculture, fishing and handicrafts sectors. In 1999, 76.9% of personal taxes collected were withheld at source from salaries and interest and this is expected to have grown to approximately 78.5% for 2000.

The VAT rate is 18% on most goods and services, 6% on basic consumer goods, 29% on luxury consumer goods and 10% on most retail shop sales. Excise duties are also payable on a number of products, including tobacco, petroleum and alcohol, as are import, export and other customs duties, although Tunisia has over the past few years been reducing its reliance upon these duties.

Non-tax revenues, which comprise approximately 15% of total revenues, principally include revenues from interest and dividend payments payable to the State from various publicly-owned entities and revenues from the sale of government petroleum resources and royalties from natural gas pipelines.

Approximately 50% of State expenditures are for wages and salaries of public employees and for goods and services utilized in government service. Other major areas of government expenditure include debt service on the State's public debt, investment in Tunisia's infrastructure, particularly for the development of irrigation resources and water and soil conservation, and direct payments and loans to public and private Tunisian businesses.

2001 Budget

The following presents the major economic assumptions used in the preparation of the 2001 budget:

	2001 Budget (annual % change)
Real GDP growth	6.2%
Consumption per head	5.7%
Investment (% of GDP)	26.4%
Exports	5.7%
Imports	5.4%
Inflation	2.9%
Savings (% of GNP)	25.8%
Current-account deficit (% of GDP)	(3.0%)

PUBLIC DEBT

Overall Debt

The following table sets forth Tunisia's overall public debt at December 31 in each of the years indicated:

	1997	1998	1999	2000[1]	2001[2]
			(in millions of TD)		
Internal debt	4,946.4	5,240.4	5,570.4	6,479.8	6,927.0
External debt	8,049.0	8,127.0	9,576.0	10,159.0	10,759.6
Total debt	12,995.4	13,367.4	15,146.4	16,638.8	17,686.6
% of GDP	62.2%	59.1%	61.4%	62.3%	60.1%

Source: Ministry of Economic Development and 1997 Budget Report

(1) Preliminary data.

(2) Projected amounts.

The following table presents information with regard to the evolution of Tunisia's public debt and debt service for the years indicated:

Public Debt and Debt Service Levels, 1999-2001

	1999[1]	2000[1]	2001[2]
		(in millions of TD)	
Public debt outstanding			
Internal debt	5,570	6,479.8	6,927.0
External debt	9,576	10,159.0	10,759.6
Total debt	15,146	16,638.8	17,687.6
Interest payments			
Internal debt	390.8	396.1	390.0
External debt	414.0	470.0	481.0
Total	804.8	866.1	871.0
Principal payments			
Internal debt	1,567.6	1,763.1	2,190.0
External debt	781.0	1,371.0	852.0
Total	2,348.6	3,134.1	3,042.0
Total debt service			
Internal debt	1,958.4	2,159.2	2,580.0
External debt	1,195.0	1,841.0[1]	1,333.0
Total	3,153.4	4,000.2	3,913.0

Source: Ministry of Finance and BCT.

(1) Definitive amounts.

(2) Budget: Figures of Finance law 2001.

Internal Debt

Prior to 1991, domestic financing of the fiscal deficit was achieved through the placement of ten-year Treasury investment bonds (*bons d'équipement*) at below-market rates with domestic banks which were required to purchase the bonds. As part of the financial liberalization program, the government has, since 1991, relied mainly on Treasury bills (*bons du Trésor*) at market-related interest rates to finance the deficit. Treasury bills were first introduced in 1989 and modified on several occasions. These securities, which have maturities ranging from 13 weeks to 10 years, are placed through weekly auctions to the banks, which then sell them to the public. The rates for Treasury bills bid by the banks have remained virtually constant with respect to the *appel d'offres* rate, and the interest rates for the shortest maturities are only slightly lower than for the longest-maturity Treasury bills.

The following table sets forth trends in Tunisia's internal public debt at December 31 in each of the years indicated:

Internal Debt

	1996	1997	1998	1999	2000
	(in millions of TD)				
Total internal debt					
Investment bonds and other. .	1,868.0	1,722.2	1,735.4	1,787.4	2,426.5
Treasury bills	2,813.3	3,224.2	3,505.1	3,783.0	4,053.3
	4,681.3	4,946.4(1)	5,240.5(1)	5,570.4	6,479.8
Debt service					
Principal					
Investment bonds and other. .	135.7	51.9	31.1	13.0	9.1
Treasury bills	1,493.2	1,804.8	1,616.5	1,459.0	1,653.3
Other	62.1	122.4	96.5	95.6	100.8
	1,691.0	1,979.1	1,744.1	1,567.6	1,763.2
Interest					
Investment bonds and other. .	17.7	8.8	5.7	3.4	2.3
Treasury bills	211.5	267.9	264.2	304.8	298.4
Other	176.6	108.7	70.7	82.6	95.4
	405.8	385.4	340.6	390.8	396.1
Total internal debt service	2,042.8	2,364.5	2,084.3	1,958.4	2,159.3
% of gross revenues	42.7%	45.5%	34.1%	36.5%	31.5%

Source: Ministry of Finance and BCT.

(1) Includes loan guaranteed by the State of TD 968.7 million and TD 901.9 million representing the reimbursement of debt of Office de Commerce and l'ONH.

External Public Debt

External public debt as a percentage of GNP was 39.8% at December 31, 2000. Tunisia has been accessing the international public debt markets since 1994.

The following table presents Tunisia's external public debt at December 31 in each of the years indicated:

External Public Debt

	1996	1997	1998	1999	2000
	(in millions of TD)				
Total external public debt	6,969.0	8,049.0	8,127.0	9,576.0	10,138.0
% of GDP	36.6%	38.5%	36.0%	38.8%	38.0%
Debt Service					
Principal	618.0	718.0	722.0	781.0	1,371.0
Interest	350.0	403.0	430.0	414.0	470.0
Total external debt service	968.0	1,121.0	1,152.0	1,195.0	1,841.0
% of gross revenues	20.2%	21.5%	18.9%	19.5%	26.8%

Source: The Bank

The following table presents the breakdown by currency of Tunisia's external public debt as of December 31, 1998, 1999 and preliminary data for 2000:

External Public Debt by Currency

	% of total external public debt as at December 31,		
	1998	1999	2000(1)
US dollar	37.9	29.0	30.2
Japanese yen	12.5	23.0	25.6
French franc	13.4	–	–
Deutschmark	22.9	–	–
Euro	–	38.0	36.3
Other currencies of Euro zone	3.2	–	–
Other	10.1	10.0	7.9
Total	100	100	100

Source: The Bank

(1) Preliminary data.

The following table presents the breakdown by creditor type of the external debt of the Government as of December 31, 1999 and 2000:

External Public Debt by Creditor Type

	% of total external public debt as at December 31, 1999	% of total external public debt as at December 31, 2000[(1)]
Bilateral sources	35.6%	35.3%
France	8.4%	8.7%
Germany	4.2%	3.9%
Japan	6.1%	6.6%
United States	5.4%	5.0%
Italy	3.9%	3.6%
Saudi Arabia	0.7%	0.5%
Other	6.9%	7.0%
Multilateral sources	38.1%	37.9%
International Bank for Reconstruction and Development	17.4%	16.9%
African Development Bank	11.2%	11.3%
European Investment Bank	4.5%	4.7%
Arab Fund for Economic and Social Development	3.9%	4.1%
Other	1.1%	0.9%
International financial markets	26.3%	26.8%
International (other than Japan, US and Europe)	3.5%	3.8%
Japan	14.5%	14.6%
US	5.3%	5.5%
Europe	3.0%	2.9%
Total	100%	100%

Source: The Bank

(1) Preliminary data.

Debt Record

Since independence in 1956, Tunisia has never defaulted on the principal or interest of any debt obligation.

Internal Debt of the Republic of Tunisia

The following tables and supplementary information provide details of the internal debt of the Republic of Tunisia.

Funded Internal Debt

1. Treasury Bonds – short term

BTCT 13 weeks

Date of Issue	Maturity Date	Interest Rate	Principal Amount	Disbursed Principal Amount Outstanding at December 31, 2000
		(%)	*(in TD millions)*	*(in TD millions)*
05/12/2000	06/03/2001	5.940	2,000	2,000
12/12/2000	06/03/2001	5.947	3,000	3,000
26/12/2000	06/03/2001	5.960	3,000	3,000
Total		–	8,000	8,000

BTCT 26 weeks

Date of Issue	Maturity Date	Interest Rate	Principal Amount	Disbursed Principal Amount Outstanding at December 31, 2000
		(%)	*(in TD millions)*	*(in TD millions)*
11/07/2000	09/01/2001	6.000	6,500	6,500
18/07/2000	09/01/2001	6.000	2,500	2,500
26/07/2000	09/01/2001	6.000	2,500	2,500
01/08/2000	09/01/2001	6.000	3,000	3,000
08/08/2000	09/01/2001	6.000	500	500
15/08/2000	09/01/2001	6.000	11,500	11,500
22/08/2000	09/01/2001	6.000	11,500	11,500
29/08/2000	09/01/2001	6.000	22,000	22,000
12/09/2000	09/01/2001	6.000	32,500	32,500
19/09/2000	10/04/2001	6.000	15,500	15,500
26/09/2000	10/04/2001	6.000	19,500	19,500
03/10/2000	10/04/2001	6.000	20,000	20,000
10/10/2000	10/04/2001	6.000	23,500	23,500
24/10/2000	10/04/2001	6.000	11,000	11,000
31/10/2000	08/05/2001	6.000	48,000	48,000
08/11/2000	08/05/2001	6.000	1,000	1,000
14/11/2000	08/05/2001	6.000	1,000	1,000
21/11/2000	08/05/2001	6.000	1,500	1,500
28/11/2000	08/05/2001	6.000	1,500	1,500
05/12/2000	12/06/2001	6.000	1,000	1,000
12/12/2000	12/06/2001	6.050	1,000	1,000
26/12/2000	12/06/2001	6.020	3,000	3,000
Total		–	240,000	240,000

BTCT 52 weeks

Date of Issue	Maturity Date	Interest Rate	Principal Amount	Disbursed Principal Amount Outstanding at December 31, 2000
		(%)	*(in TD millions)*	*(in TD millions)*
01/02/2000	23/01/2001	6.100	6,000	6,000
08/02/2000	23/01/2001	6.158	26,500	26,500
15/02/2000	23/01/2001	6.233	28,500	28,500
22/02/2000	23/01/2001	6.250	16,000	16,000
29/02/2000	23/01/2001	6.277	36,500	36,500
07/03/2000	23/01/2001	6.300	12,000	12,000
21/03/2000	19/03/2001	6.290	52,000	52,000
28/03/2000	19/03/2001	6.300	32,500	32,500
18/04/2000	19/03/2001	6.100	5,000	5,000
25/04/2000	24/04/2001	6.100	12,500	12,500
02/05/2000	24/04/2001	6.100	12,000	12,000
09/05/2000	24/04/2001	6.100	12,500	5,500
16/05/2000	24/04/2001	6.100	5,000	5,500
23/05/2000	22/05/2001	6.100	55,000	55,000
30/05/2000	22/05/2001	6.100	105,000	105,000
06/06/2000	05/06/2001	6.100	26,200	26,200
13/06/2000	05/06/2001	6.100	6,000	6,000
20/06/2000	05/06/2001	6.100	15,000	15,000
27/06/2000	05/06/2001	6.100	13,000	13,000
04/07/2000	05/06/2001	6.100	7,000	7,000
11/07/2000	10/07/2001	6.100	8,000	8,000
18/07/2000	10/07/2001	6.100	2,000	2,000
26/07/2000	10/07/2001	6.100	1,500	1,500
22/08/2000	10/07/2001	6.100	500	500
29/08/2000	10/07/2001	6.100	25,000	25,000
12/09/2000	10/07/2001	6.100	32,000	32,000
19/09/2000	04/09/2001	6.100	10,000	10,000
26/09/2000	04/09/2001	6.100	18,000	18,000
03/10/2000	04/09/2001	6.100	19,000	19,000
10/10/2000	04/09/2001	6.100	13,000	13,000
17/10/2000	04/09/2001	6.100	60,000	60,000
24/10/2000	04/09/2001	6.100	20,000	20,000
31/10/2000	13/11/2001	6.100	119,000	119,000
08/11/2000	13/11/2001	6.100	1,500	1,500
14/11/2000	27/11/2001	6.100	1,500	1,500
21/11/2000	27/11/2001	6.100	500	500
28/11/2000	27/11/2001	6.100	12,500	12,500
05/12/2000	27/11/2001	6.144	5,000	5,000
12/12/2000	27/11/2001	6.190	11,500	11,500
19/12/2000	27/11/2001	6.193	7,000	7,000
26/12/2000	27/11/2001	6.196	23,500	23,500
Total		–	875,200	875,200

2. Treasury Bonds – long term

(i) Two-Year Bonds – Full Repayment at Maturity

Date of Issue	Maturity Date	Interest Rate	Principal Amount	Disbursed Principal Amount Outstanding at December 31, 2000
		(%)	*(in TD millions)*	*(in TD millions)*
05/01/1999	02/01/2001	7.1250	11,000	11,000
12/10/1999	09/10/2001	6.1250	84,000	84,000
11/10/2000	Oct/2002	6.250	5,000	5,000
15/11/2000	Oct/2002	6.250	15,000	15,000
05/12/2000	Oct/2002	6.250	26,200	26,200
12/12/2000	Oct/2002	6.250	50,000	50,000
Total		–	191,200	191,200

(ii) Two-Year Bonds – Annual Repayment

Date of Issue	Maturity Date	Interest Rate	Principal Amount	Disbursed Principal Amount Outstanding at December 31, 2000
		(%)	*(in TD millions)*	*(in TD millions)*
05/01/1999	02/01/2001	7.1875	4,000	2,000
12/01/1999	08/01/2001	7.2500	4,000	2,000
Total		–	8,000	4,000

(iii) Three-Year Bonds – Full Payment at Maturity

Date of Issue	Maturity Date	Interest Rate	Principal Amount	Disbursed Principal Amount Outstanding at December 31, 2000
		(%)	*(in TD millions)*	*(in TD millions)*
08/12/1998	04/12/2001	7.3750	50,000	50,000
15/12/1998	11/12/2001	7.1875	50,000	50,000
22/12/1998	18/12/2001	7.3125	69,000	69,000
29/12/1998	25/12/2001	7.3125	53,000	53,000
05/01/1999	02/01/2002	7.3125	15,000	15,000
12/01/1999	08/01/2002	7.5000	56,000	56,000
11/10/2000	Oct/2003	6.500	27,000	27,000
15/11/2000	Oct/2003	6.250	48,000	48,000
05/12/2000	Oct/2003	6.250	61,800	61,800
12/12/2000	Oct/2003	6.250	50,000	50,000
Total		–	479,800	479,800

(iv) Three-Year Bonds – Annual Repayment

Date of Issue	Maturity Date	Interest Rate	Principal Amount	Disbursed Principal Amount Outstanding at December 31, 2000
		(%)	*(in TD millions)*	*(in TD millions)*
06/01/1998	02/01/2001	7.2500	19,000	6,334
20/01/1998	16/01/2001	7.2500	22,000	7,334
24/02/1998	20/02/2001	7.1875	8,000	2,668
31/03/1998	27/03/2001	7.1250	5,000	1,667
14/04/1998	10/04/2001	7.1250	15,000	5,000
21/04/1998	17/04/2001	7.1250	20,000	6,667
29/04/1998	24/04/2001	7.1250	15,000	5,000
05/05/1998	02/05/2001	7.1250	10,000	3,334
26/05/1998	22/05/2001	7.1875	5,000	1,667
02/06/1998	29/05/2001	7.3125	6,000	2,000
09/06/1998	05/06/2001	7.3125	30,000	10,000
16/06/1998	12/06/2001	7.3125	15,000	5,000
30/06/1998	26/06/2001	7.3125	3,000	1,000
01/09/1998	28/08/2001	7.3125	1,000	334
08/12/1998	04/12/2001	7.0625	3,000	1,000
05/01/1999	02/01/2002	7.3125	10,000	6,667
12/01/1999	08/01/2002	7.3125	23,000	15,334
Total		–	210,000	81,006

(v) Four-Year Bonds – Full Payment at Maturity

Date of Issue	Maturity Date	Interest Rate	Principal Amount	Disbursed Principal Amount Outstanding at December 31, 2000
		(%)	*(in TD millions)*	*(in TD millions)*
11/10/2000	Oct/2004	6.750	38,300	38,300
15/11/2000	Oct/2004	6.750	97,500	97,500
05/12/2000	Oct/2004	6.750	197,800	197,800
12/12/2000	Oct/2004	6.750	150,200	150,200
Total		–	483,800	483,800

(vi) Four-Year Bonds – Annual Repayment

Date of Issue	Maturity Date	Interest Rate	Principal Amount	Disbursed Principal Amount Outstanding at December 31, 2000
		(%)	*(in TD millions)*	*(in TD millions)*
09/12/1997	04/12/2001	7.3750	64,000	16,000
16/12/1997	11/12/2001	7.3750	58,000	14,500
23/12/1997	18/12/2001	7.3125	30,000	7,500
30/12/1997	25/12/2001	7.3125	120,000	30,000
06/01/1998	02/01/2002	7.3125	16,000	8,000
13/01/1998	08/01/2002	7.3125	5,000	2,500
20/01/1998	15/01/2002	7.3750	20,600	10,300
27/01/1998	22/01/2002	7.3750	33,000	16,500
24/02/1998	19/02/2002	7.3125	8,000	4,000
17/03/1998	12/03/2002	7.1875	20,000	10,000
24/03/1998	19/03/2002	7.1875	43,000	21,500
31/03/1998	26/03/2002	7.1875	17,500	8,750
14/04/1998	09/04/2002	7.1875	10,000	5,000
21/04/1998	16/04/2002	7.1875	5,000	2,500
29/04/1998	23/04/2002	7.1875	3,000	1,500
05/05/1998	30/04/2002	7.3125	12,000	6,000
19/05/1998	14/05/2002	7.3125	22,000	11,000
26/05/1998	21/05/2002	7.3125	24,000	12,000
02/06/1998	28/05/2002	7.3125	37,000	18,500
09/06/1998	04/06/2002	7.5000	12,000	6,000
16/06/1998	11/06/2002	7.5000	48,000	24,000
23/06/1998	18/06/2002	7.5000	21,000	10,500
30/06/1998	25/06/2002	7.5000	3,000	1,500
08/07/1998	02/07/2002	7.5000	10,000	5,000
Total		–	642,100	253,050

(vii) Five-Year Bonds – Full Payment at Maturity

Date of Issue	Maturity Date	Interest Rate	Principal Amount	Disbursed Principal Amount Outstanding at December 31, 2000
		(%)	*(in TD millions)*	*(in TD millions)*
10/03/1999	March/2004	6.000	81,600	81,600
14/04/1999	March/2004	6.000	6,473	6,479
12/05/1999	March/2004	6.000	20,776	20,776
09/06/1999	March/2004	6.000	16,931	16,931
14/07/1999	March/2004	6.000	9,000	9,000
15/09/1999	March/2004	6.000	4,000	4,000
13/10/1999	March/2004	6.000	24,440	24,440
10/11/1999	March/2004	6.000	7,000	7,000
15/12/1999	March/2004	6.000	24,000	24,000
12/01/2000	March/2004	6.000	3,000	3,000
12/04/2000	April/2005	6.375	4,000	4,000
10/05/2000	April/2005	6.375	1,300	1,300
14/06/2000	April/2005	6.375	11,500	11,500
12/07/2000	April/2005	6.375	22,800	22,800
09/08/2000	April/2005	6.375	14,900	14,900
05/12/2000	April/2005	6.375	4,500	4,500
Total		–	256,220	256,220

(viii) Five-Year Bonds – Annual Repayment

Date of Issue	Maturity Date	Interest Rate	Principal Amount	Disbursed Principal Amount Outstanding at December 31, 2000
		(%)	*(in TD millions)*	*(in TD millions)*
09/01/1996	02/01/2001	9.5000	25,000	5,000
16/01/1996	09/01/2001	9.5000	20,000	4,000
23/01/1996	16/01/2001	9.5000	20,000	4,000
30/01/1996	23/01/2001	9.5000	16,000	3,200
27/02/1996	20/02/2001	9.5000	10,000	2,000
02/07/1996	26/06/2001	9.2500	5,000	1,000
30/07/1996	24/07/2001	9.3750	5,000	1,000
09/12/1996	03/12/2002	7.7500	65,000	26,000
20/01/1998	14/01/2003	7.5000	10,000	6,000
27/01/1998	21/01/2003	7.5000	30,000	18,000
03/02/1998	28/01/2003	7.5000	18,000	10,800
10/02/1998	04/02/2003	7.4375	30,000	18,000
17/02/1998	11/02/2003	7.4375	21,000	12,600
24/02/1998	18/02/2003	7.3750	10,000	6,000
03/03/1998	25/02/2003	7.3750	35,000	21,000
10/03/1998	04/03/2003	7.3750	42,250	25,350
24/03/1998	18/03/2003	7.3125	15,000	9,000
31/03/1998	25/03/2003	7.3125	35,500	21,300
14/04/1998	08/04/2003	7.3125	71,000	42,600
21/04/1998	15/04/2003	7.3125	15,000	9,000
24/04/1998	22/04/2003	7.3125	43,000	25,800
05/05/1998	30/04/2003	7.3125	10,000	6,000
12/05/1998	06/05/2003	7.3125	13,000	7,800
19/05/1998	13/05/2003	7.3125	6,500	3,900
09/06/1998	03/06/2003	7.5000	5,000	3,000
30/06/1998	24/06/2003	7.5000	3,000	1,800
Total		–	579,250	294,150

(ix) Seven-Year Bonds – Annual Repayment

Date of Issue	Maturity Date	Interest Rate	Principal Amount	Disbursed Principal Amount Outstanding at December 31, 2000
		(%)	*(in TD millions)*	*(in TD millions)*
22/03/1994	13/03/2001	9.5000	7,000	1,000
13/12/1994	04/12/2001	9.5000	7,000	1,000
Total		–	14,000	2,000

(x) Ten-Year Bonds – Full Payment at Maturity

Date of Issue	Maturity Date	Interest Rate	Principal Amount	Disbursed Principal Amount Outstanding at December 31, 2000
		(%)	*(in TD millions)*	*(in TD millions)*
10/03/1999	March/2009	6.500	86,900	86,900
14/04/1999	March/2009	6.500	137,633	137,633
12/05/1999	March/2009	6.500	105,000	105,000
09/06/1999	March/2009	6.500	28,500	28,500
14/07/1999	March/2009	6.500	16,700	16,700
11/08/1999	March/2009	6.500	3,000	3,000
15/09/1999	March/2009	6.500	5,500	5,500
13/10/1999	March/2009	6.500	11,400	5,500
10/11/1999	March/2009	6.500	45,700	45,700
15/12/1999	March/2009	6.500	61,146	61,146
12/01/2000	March/2009	6.500	8,000	8,000
12/04/2000	April/2009	6.750	17,000	17,000
10/05/2000	April/2009	6.750	2,500	2,500
14/06/2000	April/2009	6.750	11,500	11,500
12/07/2000	April/2009	6.750	20,000	20,000
09/08/2000	April/2009	6.750	20,100	20,100
12/12/2000	April/2009	6.750	14,700	14,100

DESCRIPTION OF THE SECURITIES

This prospectus provides you with a general description of the securities that the Bank may offer. Each time the Bank sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. If the information in this prospectus differs from any prospectus supplement, you should rely on the information in the prospectus supplement.

Debt Securities

The Bank will issue the debt securities under a fiscal agency agreement between the Bank and a bank or trust company, as fiscal agent. Whenever the Bank issues a series of securities, it will attach the fiscal agency agreement pursuant to which the securities are issued as an exhibit to the registration statement of which this prospectus forms a part. The name of the fiscal agent will be set forth in the applicable prospectus supplement.

The following description contains a summary of the material provisions of the debt securities and the fiscal agency agreement. Given that it is only a summary, the description may not contain all of the information that is important to you as a potential investor in these debt securities. Therefore, you should read the fiscal agency agreement and the form of the debt securities in making your decision on whether to invest in the debt securities. The Bank has filed copies of these documents with the SEC and will also file copies of these documents at the office of the fiscal agent.

General Terms

The prospectus supplement relating to any series of debt securities offered will include specific terms relating to the debt securities. These terms will include some or all of the following:

- the title;
- any limit on the aggregate principal amount;
- the issue price;
- the maturity date or dates;
- if debt securities bear interest, the interest rate, which may be fixed or floating, the date from which interest will accrue, the interest payment dates and the record dates for these interest; payment dates;
- any mandatory or optional sinking fund provisions;
- any provisions that allow the Bank to redeem debt securities at its option;
- any provisions that entitle the holder to early repayment at the holder's option;
- the currency or currencies that the Bank may use to pay principal, any premium and interest;
- the form of debt security – global or certificated and registered or bearer;
- the authorized denominations;
- any index the Bank will use to determine the amount of principal, any premium and interest payment; and
- any other terms of the debt securities that do not conflict with the provisions of the fiscal agency agreement.

The Bank may issue debt securities in exchange for other debt securities or which are convertible into new debt securities. The specific terms of the exchange or conversion of any debt security and the debt security for which it will be exchangeable or into which it will be converted will be described in the prospectus supplement relating to the exchangeable or convertible debt security.

The Bank may issue debt securities at a discount below their stated principal amount, bearing no interest or interest at a rate which at the time of issuance is below market rates. The Bank will describe the United States federal income tax consequences and any other relevant considerations in the applicable prospectus supplement for any issuance of debt securities.

Nature of Obligation

The debt securities will be general, direct, unconditional, unsecured and unsubordinated external indebtedness of the Bank. The debt securities will rank equally in right of payment among themselves and with all other unsecured and unsubordinated external indebtedness of the Bank. The debt securities will not be guaranteed by, and will not constitute obligations of, the Republic of Tunisia.

Form and Denomination

Unless otherwise provided in the prospectus supplement for a specific offering, the Bank will issue debt securities:

- denominated in U.S. dollars;
- in fully registered book-entry form;
- without coupons; and
- in denominations of US$1,000 and integral multiples of US$1,000.

Payment of Principal and Interest

The Bank will make payments on registered certificated debt securities on the specified payment dates to the registered holders of the debt securities. The Bank will make payments of interest by check mailed to the registered holders of the debt securities at their registered addresses.

Any money that the Bank pays to the fiscal agent for payment on any debt security that remains unclaimed for 2 years will be returned to the Bank. Afterwards, the holder of such debt security may look only to the Bank for payment. Claims against the Bank for the payment of principal will become void unless made within 10 years after the date on which the payment first became due, or a shorter period if provided by law. Claims against the Bank for the payment of interest or additional amounts will become void unless made within 5 years after the date on which the payment first became due, or a shorter period if provided by law.

Additional Amounts

Unless otherwise provided in the prospectus supplement for a specified offering, the Bank will make all principal and interest payments on the debt securities without deducting or withholding any present or future Tunisian taxes, unless the deduction or withholding is deemed applicable to the debt securities. In the event that the Bank is required to make any deductions or withholding, it will pay the holders the additional amounts required to ensure that they receive the same amount as they would have received without this withholding or deduction.

The Bank will not, however, pay any additional amounts in connection with any tax, assessment or other governmental charge that is imposed due to any of the following:

- the holder or beneficial owner has some connection with Tunisia other than merely holding the debt securities or receiving principal and interest payments on the debt securities;
- the holder or beneficial owner fails to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with Tunisia of the holder or beneficial owner, if compliance is required by Tunisia as a precondition to exemption from the deduction; or
- the holder does not present (where presentment is required) its debt security within 30 days after Tunisia makes a payment of principal or interest available.

Redemption and Repurchase

Unless otherwise provided in the prospectus supplement for a specific offering, the debt securities will not be redeemable prior to maturity at the option of the Bank or repayable before maturity at the option of the holders. Nevertheless, the Bank may at any time purchase the debt securities and hold or resell them or surrender them to the fiscal agent for cancellation.

Negative Pledge

Unless otherwise provided in a prospectus supplement for a specified offering, the Bank has agreed that as long as any of the debt securities remain outstanding, it will not create or permit to exist any lien (i.e., a lien, pledge, mortgage, preference, security interest, deed of trust or charge) on its present or future undertaking, revenues, properties or assets to secure any external indebtedness of the Bank unless such debt securities are secured equally and ratably. As used in this prospectus, ''external indebtedness'' means all present or future, actual or contingent obligations of the Bank for borrowed money, or for the repayment of which the Bank is responsible, that are payable, or at the option of the holder may be payable, in any currency other than the Tunisian currency.

Nevertheless, the Bank may create or permit to exist:

- any lien arising in the ordinary course of banking transactions;
- any lien created, at the time of purchase, on any asset purchased after the date of issue of the debt securities, if the lien is created to secure the payment of the purchase price of such asset; and
- any lien created on revenues arising solely and exclusively from any asset acquired or constructed after the date of issue of the debt securities, if the lien is created to secure the payment of financing contracted for the acquisition or construction of such asset.

Default and Acceleration of Maturity

Unless otherwise provided in the prospectus supplement for a specified offering, each of the following is an event of default under a series of debt securities:

1. *Non-Payment:* The Bank fails to pay any principal, premium, if any, or interest on any debt security of that series within 14 days of when the payment was due; or
2. *Breach of Other Obligation:* The Bank fails to perform any other material obligation contained in the debt securities of that series or the fiscal agency agreement and that failure continues for 30 days after any holder of the debt securities of that series gives written notice to the Bank to remedy the failure and gives a copy of that notice to the fiscal agent; or
3. *Governmental Order:* The Republic of Tunisia adopts any order, decree or enactment which prevents the Bank from observing and performing in full its obligations as set forth in the debt securities of that series; or
4. *IMF Membership:* The Republic of Tunisia ceases to be a member in good standing or becomes ineligible to use the resources of the International Monetary Fund; or
5. *Moratorium:* The Republic of Tunisia declares that it is generally unable to pay its debts as they fall due or enters into any arrangement or composition with or for the benefit of its creditors or declares a general suspension of payments or a moratorium on the payment of debt which does not expressly exclude the debt securities of that series; or
6. *Cessation of Function:* The Bank ceases to act as the central bank of the Republic of Tunisia or any legislative order or decree or other decision is passed or made which has the effect of causing the Bank to cease to be the central bank of the Republic of Tunisia; or
7. *Bankruptcy or Insolvency:* The Bank is adjudicated or found bankrupt or insolvent; any order is made by a competent court or administrative agency to declare the Bank bankrupt or insolvent; the Bank applies for the appointment of a receiver or trustee or other similar official insolvency proceedings in relation to the Bank or a substantial portion of its assets; or proceedings are instituted to wind up or dissolve the Bank; or
8. *Substantial Sale or Transfer:* The Bank sells or transfers all or substantially all of its assets, unless (i) the obligations of the Bank are unconditionally and irrevocably adopted by the buyer or transferee

and (ii) the Republic of Tunisia unconditionally and irrevocably guarantees all the obligations existing under the debt securities; or

9. *Unenforceability:* For any reason whatsoever, the obligations under the debt securities are declared to be no longer binding or no longer enforceable against the Bank; or

10. *Cross Default:* The Bank fails to pay when due any external indebtedness of the Bank and that failure continues until the earlier of (i) the expiration of the applicable grace period or 30 days, whichever is longer, or (ii) the acceleration of such external indebtedness by any holder.

If any of the events of default described above occurs and is continuing, the holders of the debt securities of the affected series may, by written notice to the Bank at the specified office of the fiscal agent, declare such debt securities due and payable immediately.

Upon any declaration of acceleration, the principal, interest and all additional amounts payable on the relevant debt securities will become immediately due and payable on the date the Bank receives written notice of the declaration, unless the Bank has remedied the event or events of default prior to receiving the notice.

Meetings and Amendments

The Bank, the Fiscal Agent or the holders of at least 10% in aggregate principal amount of the outstanding debt securities of any series may call a meeting of the holders of debt securities of such series at any time.

The Bank will give the holders not less than 30 or more than 60 days' prior notice of each meeting. The notice of each meeting will state:

- the time and the place of the meeting;
- in general terms, the action proposed to be taken at the meeting; and
- the record date for determining the holders entitled to vote at the meeting.

If an event of default relating to the debt securities of a series has occurred and is continuing, the holders of at least 10% in aggregate principal amount of outstanding debt securities of that series may request that the fiscal agent call a meeting of the holders. This request must be in writing and set forth in reasonable detail the action proposed to be taken at the meeting.

To be entitled to vote at any meeting, a person must be:

- a holder of outstanding debt securities of the relevant series; or
- a person duly appointed in writing as a proxy for a holder.

The persons entitled to vote more than 50% of the aggregate principal amount of the outstanding debt securities of a series will constitute a quorum. The fiscal agent may make any reasonable and customary regulations governing the conduct of any meeting.

The Bank and the fiscal agent may modify, amend or supplement the terms of debt securities of any series and the fiscal agency agreement as it relates to those securities, or the holders of debt securities may take any action provided by the fiscal agency agreement or the terms of their debt securities, with the vote or written consent of the holders of not less than $66\frac{2}{3}$% in aggregate outstanding principal amount of the debt securities of the relevant series.

However, each holder of a debt security of a particular series must consent to any amendment, modification or change that would:

- change the due date for the payment of principal, any premium, or any interest on the debt securities;
- reduce the principal amount of the debt securities;
- reduce the portion of the principal amount of the debt securities that is payable upon acceleration of the maturity date;

- reduce the interest rate on the debt securities of the relevant securities or any premium payable upon redemption of such debt securities;
- change the currency or place of payment of principal of or any premium or interest on such securities;
- shorten the period during which the Bank is not permitted to redeem the debt securities or permit the Bank to redeem the debt securities if, prior to this action, the Bank was not permitted to do so;
- reduce the percentage of principal amount of the holders of the debt securities whose vote or consent is needed to modify, amend or supplement the fiscal agency agreement or the terms and conditions of the debt securities or to take any other action; or
- change the Bank's obligation to pay additional amounts.

The Bank and the fiscal agent may, without the vote or consent of any holder of debt securities of a series, amend the fiscal agency agreement or the debt securities of that series for the purpose of:

- adding to the Bank's covenants for the benefit of the holders;
- surrendering any of the Bank's rights or powers;
- providing collateral for the debt securities; or
- curing any ambiguity or correcting or supplementing any defective provision contained in the fiscal agency agreement or the debt securities.

Notices

Notices to the holders of debt securities will be mailed to the addresses of such holders as they appear in the register maintained by the fiscal agent and will be published in an English language newspaper with general circulation. If the debt securities are issued in bearer form, the relevant prospectus supplement will describe the manner in which notices will be given to the holders.

Further Issues

The Bank may, without the consent of the holders of outstanding debt securities, create and issue additional debt securities having the same terms and conditions as the outstanding debt securities (or the same except for the amount of the first interest payment). Unless otherwise provided in the prospectus supplement for a specified offering, the Bank may consolidate the additional debt securities to form a single series with the outstanding debt securities.

Governing Law

Unless otherwise provided in the prospectus supplement for an offering, the fiscal agency agreement and the debt securities will be governed by and interpreted in accordance with the laws of the State of New York. However, the laws of the Republic of Tunisia will govern all matters relating to authorization and execution by the Bank.

ENFORCEMENT OF CIVIL LIABILITIES

Unless otherwise stated in the prospectus supplement, the Bank is the central bank of the Republic of Tunisia and is therefore an instrumentality of a foreign sovereign. Consequently, it may be difficult for investors to obtain or enforce judgments against the Bank.

The Bank will appoint the Tunisian Ambassador to the United States and its successors from time to time as its process agent for any action brought by a holder based on the debt securities instituted in any state or federal court in the Borough of Manhattan, The City of New York.

The Bank will irrevocably submit to the exclusive jurisdiction of any state or federal court in the Borough of Manhattan, The City of New York in respect of any action brought by a holder based on the securities. The Bank will also irrevocably waive any objection to the venue of any of these courts in an action of that type. Holders of the securities may, however, be precluded from initiating actions based on the securities in courts other than those mentioned above.

The Bank will, to the fullest extent permitted by law, irrevocably waive and agree not to plead any immunity from the jurisdiction of any of the above courts in any action based upon the securities.

Nevertheless, the Bank reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 in actions brought against it under United States securities laws or any state securities laws. The Bank's appointment of its process agent will not extend to these actions. Without the Bank's waiver of immunity, a holder will not be able to obtain a United States judgment against the Bank unless the court determines that the Bank is not entitled under the Immunities Act to sovereign immunity in such action. In addition, execution upon property of the Bank located in the United States to enforce a judgment obtained under the Immunities Act may not be possible except in the limited circumstances specified in the Immunities Act.

Even if a holder is able to obtain a judgment against the Bank in the United States, it might not be possible to enforce it in Tunisia. The ability to enforce foreign judgments in Tunisia is dependent, among other factors, on such judgements not violating the principles of Tunisian public policy and is subject to compliance with applicable procedures under Tunisian law.

TAXATION

The following discussion summarizes certain United States federal income, Tunisian tax considerations that may be relevant to you if you invest in the debt securities. This summary is based on laws, regulations, rulings and decisions now in effect in the United States, on laws and regulations in effect in Tunisia and may change. Any change could apply retroactively and could affect the continued validity of this summary.

This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your tax adviser about the tax consequences of holding debt securities, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

Tunisian Taxation

Under current Tunisian law, payments of interest on debt securities denominated in foreign currencies and held by a non-resident are not generally subject to withholding tax. The Bank will make all principal and interest payments on the debt securities without deducting or withholding any present or future Tunisian taxes. If the Bank is ever required to deduct or withhold Tunisian taxes on any principal or interest payments on the debt securities, it will pay the holders the additional amounts required to ensure that they receive the same amount as they would have received without such withholding or deduction. See ''Additional Amounts'').

Gains realized on the sale or other disposition of the debt securities will not be subject to Tunisian income or withholding tax, *provided* that the holder of the debt securities is not a Tunisian resident and is not domiciled in Tunisia.

United States Federal Income Taxation

The following is a summary of U.S. federal income tax consequences of the acquisition, ownership and retirement of debt securities by a holder of the debt securities. This summary applies only to debt securities held as capital assets and does not address federal income tax rules applicable to taxpayers subject to special tax rules such as insurance companies, tax exempt organizations, banks, dealers or traders in securities or currencies, holders that mark their securities to market or to holders that will hold a debt security as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or that have a functional currency other than the U.S. dollar. Moreover, this summary does not address the U.S. federal income tax treatment of holders that do not acquire debt securities as part of the initial distribution at the initial issue price. Prospective purchasers should consult their own tax advisors with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and retirement of debt securities.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended, administrative pronouncements, judicial decisions and existing, proposed and temporary U.S. Treasury Regulations currently in effect. These authorities are subject to changes that could affect the tax consequences described in this U.S. federal income tax discussion.

For purposes of this summary, a U.S. holder is a holder of debt securities who, for U.S. federal income tax purposes, is

- a citizen or resident of the United States;
- a corporation or partnership organized in or under the laws of the United States or any State including the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

Interest

Interest paid on a debt security including any additional amounts will be includible in a U.S. holder's gross income as ordinary interest income in accordance with the U.S. holder's usual method of tax accounting. In addition, interest on the debt securities will be treated as foreign source income for U.S. federal income tax purposes. For U.S. foreign tax credit limitation purposes, interest on the debt securities will constitute passive income or, in the case of banks or other financial services entities, financial services income. The rules relating to foreign tax credits are extremely complex. U.S. holders should consult with their own tax advisors with regard to the availability of a foreign tax credit and the application of the foreign tax credit rules to their own tax situation.

Payments of interest on a debt security to a Non-U.S. holder will not be subject to U.S. federal income tax unless the interest is effectively connected with the conduct by the Non-U.S. holder of a trade or business in the United States.

Sale, Exchange or Retirement

Upon the sale, exchange or retirement of a debt security, a U.S. holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or retirement and the U.S. holder's adjusted tax basis in the debt security. A U.S. holder's adjusted tax basis in a debt security will generally equal the cost of the debt security to the U.S. holder. Any gain or loss will be capital gain or loss although amounts received that are attributable to accrued but unpaid interest will be taxable as ordinary income. In the case of a non-corporate U.S. holder, the maximum marginal U.S. federal income tax rate applicable to capital gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if the U.S. holder's holding period for the debt security exceeds one year. Any gain recognized upon a sale exchange, or retirement of a debt security by a U.S. holder will be treated as U.S. source income. The deductibility of capital losses is limited.

Any gain realized by a Non-U.S. holder upon the sale exchange or retirement of a debt security will not be subject to U.S. federal income tax, unless the gain is effectively connected with the conduct by the Non-U.S. holder of a trade or business in the United States or, in the case of any gain realized by an individual Non-U.S. holder, the Non-U.S. holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement.

U.S. Backup Withholding Tax and Information Reporting

Payments of interest, principal or proceeds from the disposition, exchange, redemption or retirement of a debt security may be subject to information reporting or to backup withholding of United States federal income tax if a recipient who is a noncorporate U.S. holder fails to furnish to the paying agent an Internal Revenue Service Form W-9 containing its taxpayer identification number or to otherwise establish an exemption from withholding. Penalties also may be imposed on a recipient that fails to properly supply Form W-9 or other evidence of exemption from withholding. Any amounts deducted and withheld may be allowed as a credit against the recipient's United States federal income tax liability, if any. If withholding results in an overpayment of taxes, a refund may be obtained.

Payments of principal or interest, and payments on the sale, exchange or retirement of a debt security to or through a foreign office of a broker will not be subject to backup withholding. Payments to or through the United States office of a broker will be subject to backup withholding of U.S. federal income tax unless the Non-U.S. holder has submitted an Internal Revenue Service Form W-8 BEN to the Paying Agent signed under penalties of perjury, attesting to its foreign status.

THIS SUMMARY DOES NOT CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP OF DEBT SECURITIES. PROSPECTIVE PURCHASERS OF DEBT SECURITIES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE CONSEQUENCES OF OWNING THE DEBT SECURITIES.

PLAN OF DISTRIBUTION

The Bank may sell the debt securities in any of the following ways:

- through underwriters, managers or dealers;
- directly to one or more purchasers; or
- through agents.

Each prospectus supplement will set forth:

- the name or names of any underwriters, managers or agents;
- the purchase price of the securities;
- the net proceeds to the Bank from the sale;
- any underwriting discounts, agent commissions or other items constituting underwriters' or agents' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchanges on which the securities may be listed.

The Bank may offer the securities to the public either through underwriting syndicates represented by managing underwriters or directly by underwriters and their affiliates. Unless otherwise set forth in the applicable prospectus supplement, the obligations of the underwriters to purchase the securities will be subject to certain conditions precedent. The underwriters will be obligated to purchase all of the securities if any are purchased. The underwriters may change any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers.

Underwriters may sell securities to or through dealers, and these dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of the securities may be deemed to be underwriters, and any discount or commission received by them from the Bank and any profit realized on the resale of securities by them may be deemed to be underwriting discounts and commissions under the Securities Act. The related prospectus supplements will identify any of these underwriters or agents and will describe any compensation received from the Bank.

The Bank may also sell the securities directly to the public or through agents designated by the Bank from time to time. The applicable prospectus supplement will name any agent involved in the offer or sale of securities and will disclose any commissions the Bank may pay to these agents. Unless otherwise specified in the applicable prospectus supplement, an agent used in the sale of securities will sell the securities on a best efforts basis for the period of its appointment.

The Bank may authorize agents, underwriters or dealers to solicit offers by certain specified entities to purchase the securities from the Bank under delayed delivery contracts. Purchasers of securities under delayed delivery contracts will pay the public offering price and will take delivery of these securities on a date or dates stated in the applicable prospectus supplement. Delayed delivery contracts will be subject only to those conditions set forth in the applicable prospectus supplement. The applicable prospectus supplement will set forth the commission payable for solicitation of these delayed delivery contracts.

The Bank may offer the securities of any series to present holders of other securities of the Bank as consideration for the purchase or exchange by the Bank of these other outstanding securities. This offer may be in connection with a publicly announced tender, exchange or other offer for these securities or in privately negotiated transactions. This type of offering may be in addition to or in lieu of sales of securities directly or through underwriters or agents as set forth in the applicable prospectus supplement.

The Bank may agree to indemnify agents and underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments which the agents or underwriters may be required to make in respect of any of these liabilities. Agents and underwriters may engage in transactions with or perform services for the Bank in the ordinary course of business.

OFFICIAL STATEMENTS

The information included in the prospectus relating to the Bank has been reviewed by Mr. Habib El Montacer Sfar, in his capacity as *Directeur Général des Finances Extérieures* of the Bank, and is included in the prospectus on his authority. The information in this prospectus relating to the Republic of Tunisia has been reviewed by Mr. Taoufik Baccar, in his official capacity as Minister of Finance of the Republic of Tunisia, and has been included in the prospectus on his authority.

VALIDITY OF THE SECURITIES

Our United States counsel, Sidley Austin Brown & Wood, will pass upon the validity of the New York law governed debt securities. Mr. Samir Brahimi, Directeur Général des Services Juridiques, de l'Organisation et de l'Audit, Legal Counsel for the Bank will pass upon the validity of the debt securities under Tunisian law. The validity of the securities of each series may also be passed upon on behalf of any agents, underwriters or managers by counsel named in the applicable prospectus supplement.

As to all matters of Tunisian law, Brown & Wood will rely upon the opinion of Mr. Samir Brahimi. As to all matters of United States law, Mr. Samir Brahimi will rely upon the opinion of Sidley Austin Brown & Wood.

AUTHORIZED REPRESENTATIVE

The authorized representative of the Bank in the United States of America is Mr. Hatem Aatallah, the Tunisian Ambassador to the United States, or such person as is designated in the applicable prospectus supplement.

WHERE YOU CAN FIND MORE INFORMATION

The Bank has filed a registration statement with the SEC relating to the debt securities. For further information, you should refer to the registration statement.

The Bank is not subject to the informational requirements of the U.S. Securities Exchange Act of 1934. The Bank may amend the registration statement from time to time for the purpose of filing with the SEC exhibits which have not been previously included in the registration statement to which this prospectus and any prospectus supplements relate.

You can request copies of these exhibits by writing to the SEC. You may also read and copy these exhibits at the SEC's public reference room in Washington, D.C. or at the SEC's regional offices:

Room 1024, Judiciary Plaza
450 Fifth Street, N.W.
Washington, D.C. 20549

Please call the SEC at 1-800-SEC-0330 for further information.

The SEC allows the Bank to incorporate by reference some information that the Bank files with the SEC. Incorporated documents are considered part of this prospectus. The Bank can disclose important information to you by referring you to those documents.

Later information that the Bank files with the SEC will update and supersede earlier information that it has filed.

Any person receiving a copy of this prospectus may obtain, without charge and upon request, a copy of any of the above documents (including only the exhibits that are specifically incorporated by reference in them). Requests for such documents should be directed to:

Banque Centrale de Tunisie
25, rue Hedi Nouira
1080 Tunis
Tunisia
Telephone: 216 1 254 000
Facsimile: 216 1 340 615

THE ISSUER
Banque Centrale de Tunisie
25, rue Hedi Nouira
1080 Tunis
Tunisia

STATUTORY AUDITOR OF THE BANK
Mohsen Taleb
Ministry of Finance
Place du Governement
La Kasbah Tunis
Tunisia

FISCAL AGENT AND REGISTRAR
Deutsche Bank Trust Company Americas
Four Albany Street
New York, New York 10006

LISTING AGENT AND PAYING AGENT
Deutsche Bank Luxembourg S.A.
2, Boulevard Konrad Adenauer
L-1115 Luxembourg

LEGAL ADVISERS
to the Bank

As to Tunisian Law:
Mr Samir Brahimi
Banque Centrale de Tunisie
Legal Department
25, rue Hedi Nouira
1080 Tunis
Tunisia

As to United States Law:
Sidley Austin Brown & Wood
Princes Court
7 Princes Street
London EC2R 8AQ

LEGAL ADVISERS
to the Deaslers

As to Tunisian Law:
Noureddine Ferchiou
34, Place du 7 Novembre 1987
1001 Tunis
Tunisia

As to United States Law:
Mayer, Brown, Rowe & Maw
11 Pilgrim Street
London EC4V 6RW

$650,000,000

Banque Centrale de Tunisie

7.375% Bonds Due 2012

PROSPECTUS SUPPLEMENT

Merrill Lynch & Co.
Credit Suisse First Boston
Deutsche Bank
Goldman Sachs International
JPMorgan
Salomon Smith Barney
UBS Warburg

April 19, 2002