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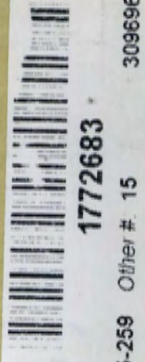
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*McNamara Paper*

*Travel  
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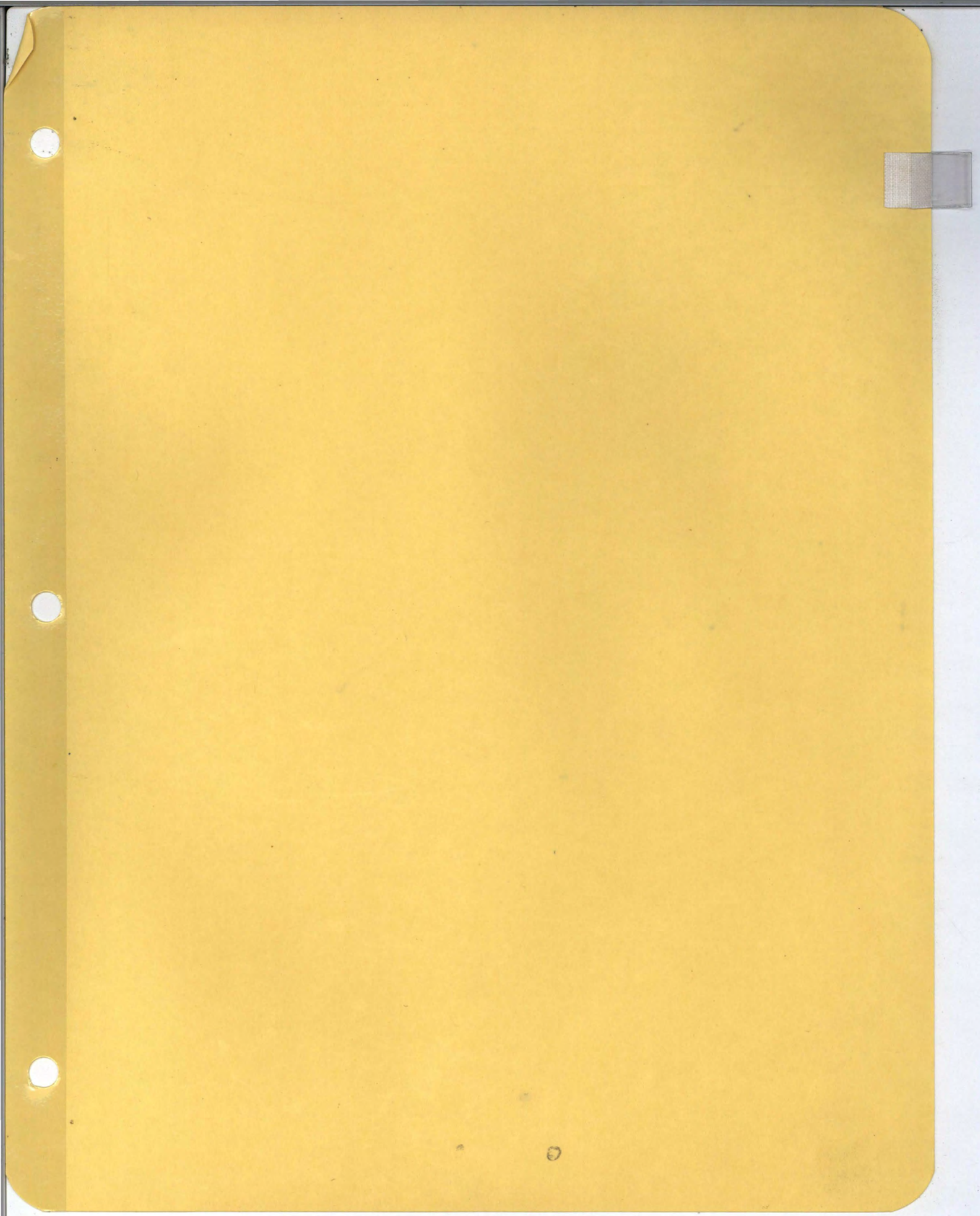


REPUBLIC OF TUNISIA : Country Briefing

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VISIT TO TUNISIA, May 14-16, 1973

<u>DATE</u>	<u>TIME</u>	<u>GMT</u>		<u>REMARKS</u>
May 14	1045	0945	Depart Rome	TU953 (Caravelle)
Mon.	1155	1055	Arrive Tunis	Hilton Hotel
			Lunch free	
			Meet with staff	
	1515		Prime Minister	<i>Masimoudi, Moalla, Fitouri, Ajari, Hainablin, Ghannam (Borj)</i>
	1530		Working session with Ministers of Planning,	
	1600		Economics, Agriculture and Education	
	1730		Governor of Central Bank	
	1745		Bankers and Industrialists with Governor of	
			Central Bank	<i>(Hassan Belkhadja M.D. STB, Shelli Dir. 7 Dir. from Agency)</i>
	2030		Dinner by Prime Minister	<i>Bahroun STEG (Tunis)</i>
May 15	0845		UNDP Res.Rep.	at Hotel
Tues.	0930		Planning Minister	
	1030		Bardo Museum	
	1230		President Bourguiba	
	1300		Lunch by President, <del>return to hotel to change</del>	
	1430		Depart Tunis	by plane
	1530		Arrive Gafsa, greeted by Governor	
	1600		Depart Gafsa	by car
			Visit phosphate mine, <del>and agricultural</del>	<i>project</i>
	1930		Arrive Nefta	Sahara Palace Hotel
			Dinner (private)	
May 16	0845		Depart Nefta	by car
Wed.	0900		Tozeur Oasis	<i>0915 visit smallholders development</i>
	1000		Depart Tozeur	<i>0940 " flower production</i>
	1130		Depart Gafsa	<i>0950 depart for BIR OUVASSI22</i>
	1230		Arrive Tunis	<i>1000 visit state farm</i>
	1300	1200	Depart Tunis	<i>1015 depart for Gafsa</i>
	1530	1430	Arrive Paris (Orly)	<i>1115 arr. "</i>
	1630	1530	Depart Paris (Orly)	<i>1130 depart for Tunisia</i>
	1925	2325	Arrive New York (JFK)	
	2025	0025	Depart New York (JFK)	<i>1730 arr. airport</i>
	2123	0123	Arrive Washington (National)	NA491 (BAC)

AL  
May 7, 1973



VISIT TO TUNISIA, May 14-16, 1973

Special Program for Mrs. McNamara

<u>DATE</u>	<u>TIME</u>	
May 14 Mon.	1530	Visit either to Union Nationale des Femmes Tunisiennes (UNFT) Headquarters or Handicraft Promotion Center
	1600	Foster home for children
	1645	Tunis Souks (market)
	1715	Visit to Office National Artisanat (Handicraft Promotion Board)
May 17 Tues.	1030	Bardo Museum
	1230	Same program as Mr. McNamara



May 14, 1973

PROGRAM FOR MR. McNAMARA'S VISIT

Monday May 14

- 15.15 Departure to Prime Ministry.
- 15.30 Meeting with Prime Minister, Hedi Nouria, at Prime Ministry, followed by
- 16.00 Working Session chaired by Prime Minister with Ministers -
- Masmoudi (Foreign Affairs)
  - Moalla (Planning)
  - Fitouri (Finance)
  - Ayari (National Economy)
  - Hannablia (Agriculture)
  - Ghenima (Governor, Central Bank)
- 17.20 Departure for Central Bank.
- 17.30 Meeting with Ghenima and -
- Hassan Belkhodja (Managing Director, S.T.B.)
  - Lasram (Managing Director, B.N.T.)
  - Torjemane (Managing Director, Union Internationale de Banques)
  - Moncef Belkhodja (Director, S.N.I.)
  - Bahroun (STEG)
  - Boukhris (ICM)
  - Berrebi (Textile Industrialist)
  - Jilani ( " " )
  - Darghout ( " " )
  - Mhenni (Contractor)
  - Zalila ( " )
  - Majoul (Vice-President, Federation of Industries, UTICA, and leather manufacturer)
  - Chelli (Director, Investment Promotion Agency)
- \*20.00 Departure for Prime Minister's Dinner. Foreign Ministry.
- \*20.30 Dinner with Prime Minister, most cabinet members and their wives, the head of the U.S. AID Mission, (Gerard), the UNDP resident representative (Blickenstaff), principal bankers and the wives.

Tuesday May 15

- 08.30 UNDP resident representative at Hotel.
- 08.50 Departure Planning Ministry.
- 09.00 Moalla.
- 10.15 Departure Bardo Museum.
- \*10.30 Museum.



Tuesday May 15 contd/

- \*11.30 Departure for Carthage, visit of Zitouna Mosque, time permitting.
- 12.30 President Bourguiba.
- \*13.00 Lunch with Bourguiba (to be confirmed).
- \*14.00 Departure for airport Tunis-Carthage.
- \*14.30 Departure for Gafsa (by Noratlas military transport plane). on same plane will be -

Ayari and wife

Ben Messoud and wife

Amira (Managing Director, Phosphate company) and wife

Chatti (Managing Director, STIL) and wife

- \*15.30 Arrival Gafsa, transfer to Governor's palace. There will be a welcoming committee, including the Governor of Gafsa and his wife (Mr. and Mrs. Chkir), his deputy, the local party secretary, the sub-prefect of the neighboring Metlaoui, the regional agricultural commissioner, and Amira with his wife (see 14.30 above)
- \*15.45 Refreshments (a room will be available for Mr. and Mrs. McNamara to change).
- 16.00 Departure to Sehib mine.
- 16.30 Sehib - visit of surface installations, introduction into phosphate sector's situation by Amira, refreshments.
- 17.00 Departure for M'Dilla.
- 17.10 Visit of mining village and beneficiation plant (by car).
- 17.30 Departure to Gafsa (Governor's Palace).
- \*18.00 Departure to Nefta.
- \*19.30 Arrival Hotel Sahara Palace, Nefta. There will be a local welcoming committee including the sub-prefects of Tozeur and Nefta, the Mayor of Nefta, and Chatti with his wife (see 14.30 above).
- \*20.00 Dinner under a Bedouin tent (weather permitting) - attire casual.

Wednesday May 16

- \*08.00 Departure, visit Nefta oasis (Sidi Bou Ali Mosque; source)
- \*08.30 Departure for Mekmen III.
- \*08.45 Visit of STIL date palm plantation (Bank financed).
- \*09.00 Departure for Tozeur.



Wednesday May 16 contd/

- \*09.15 Visit of smallholders development scheme.
- \*09.40 Visit of small flower production in the oasis of Tozeur.
- \*09.50 Departure for Bir Ouassila.
- \*10.00 Visit of STIL farm (dates and livestock).
- \*10.15 Departure for Gafsa.
- \*11.15 Arrival Gafsa airport.
- \*11.30 Departure for Tunis (by Noratlas).
- \*12.30 Arrival Tunis-Carthage. (Farewell delegation to include same persons as at arrival on Monday May 14).
- \*13.00 Departure to Paris by TU 722.

\* Accompanied by Mrs. McNamara

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SEPARATE PROGRAM FOR MRS. McNAMARA

Monday May 14

(Mrs. McNamara will be accompanied by Mrs. Moalla)

- 15.15 Departure from Hotel Hilton.  
15.30 Visit handicraft centre at DenDen.  
16.00 Visit home for foster children.  
16.45 Visit of Souks and Medina (old Arab town of Tunis)  
17.15 Visit of showrooms of National Handicraft Office,  
return to Hotel.

Tuesday May 15

- 10.10 Departure Bardo Museum  
(see Mr. McNamara's program).  
16.00 Visit of Roman pool and ruins at Gafsa.  
16.15 Visit of local handicraft office.  
18.00 See program for Mr. McNamara. At Gafsa Mrs. McNamara  
will be accompanied by Mrs. Chkir (wife of the Governor  
of Gafsa).

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B



REMARKS AT AIRPORT UPON ARRIVAL IN TUNISIA

This is my first visit to Tunisia and I am delighted to be here. Tunisia is a country with which the Bank has maintained such a long and fruitful relationship. I believe our partnership dialogue has proven to be of mutual benefit. The World Bank has been fully informed about your Government's new policy guidelines, which have been followed up by the formulation of an integrated and balanced program of action covering the various parts of the economy. The new policy and action program are welcomed by the Bank.

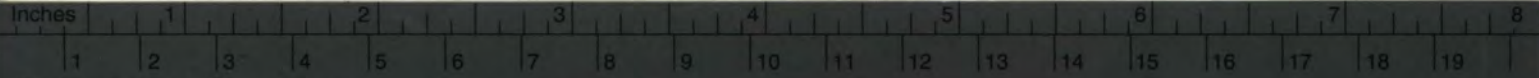
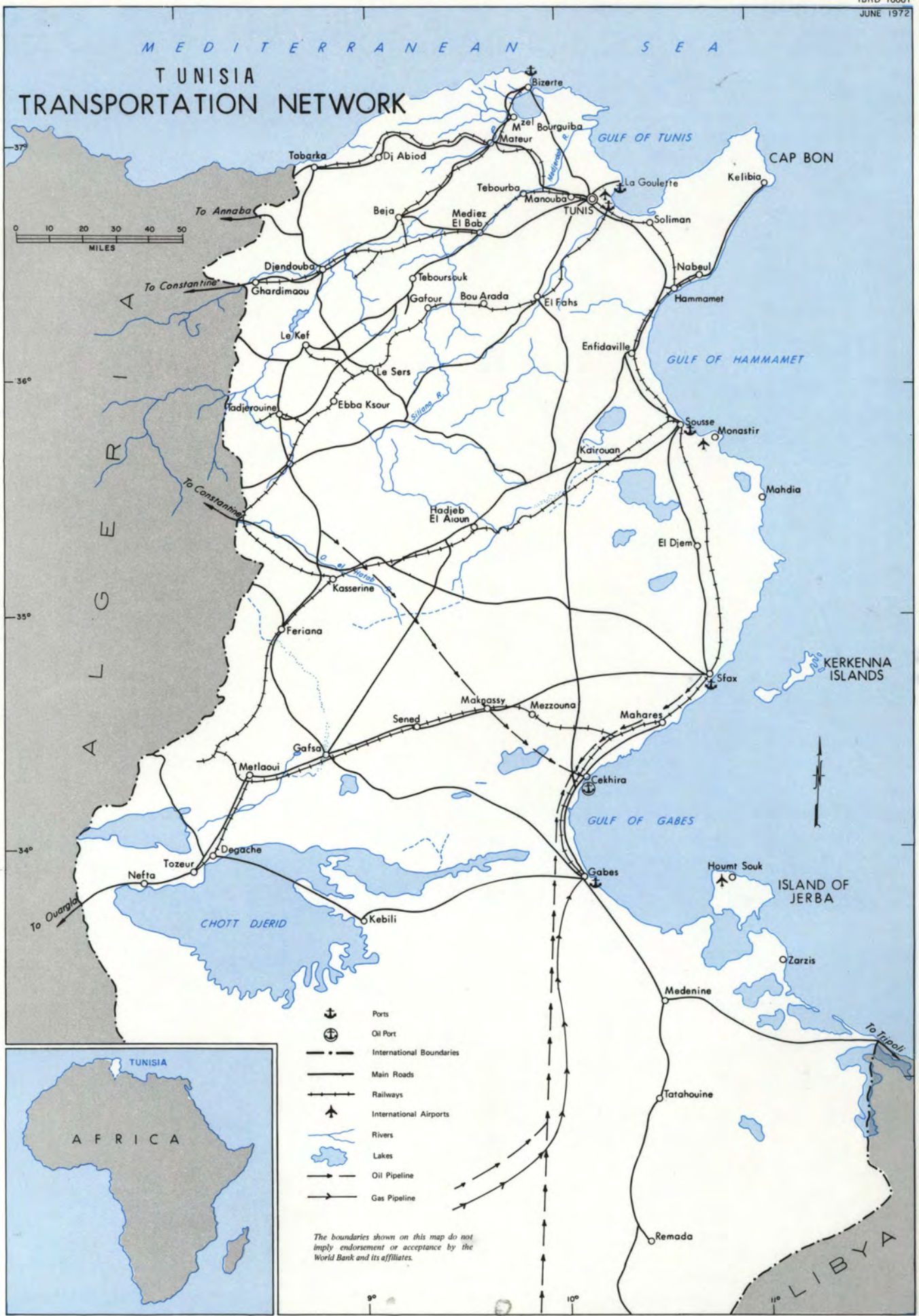
During my stay, I will have the opportunity to learn more directly about your problems of development and the progress which is being made. I also expect to discuss your country's needs with the President and his Ministers concerned with the direction of your economic and social development effort.

The World Bank has been involved in many parts of Tunisia's economy. Tunisia is among the largest African clients of the World Bank Group. As of May 1973, our lending to Tunisia has reached 230 millions dollars. We have supported undertakings in transport (railways, ports, gas pipeline and highways), education, agriculture (fisheries, wheat, dairy and date production), industry, family planning, public utilities (water supply and power) and tourism.

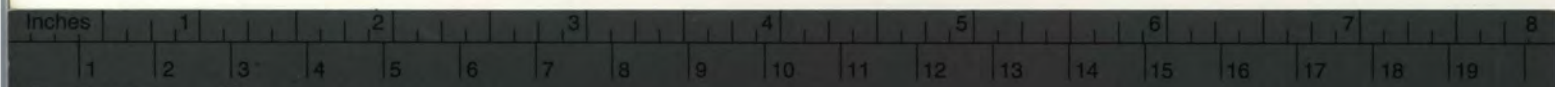
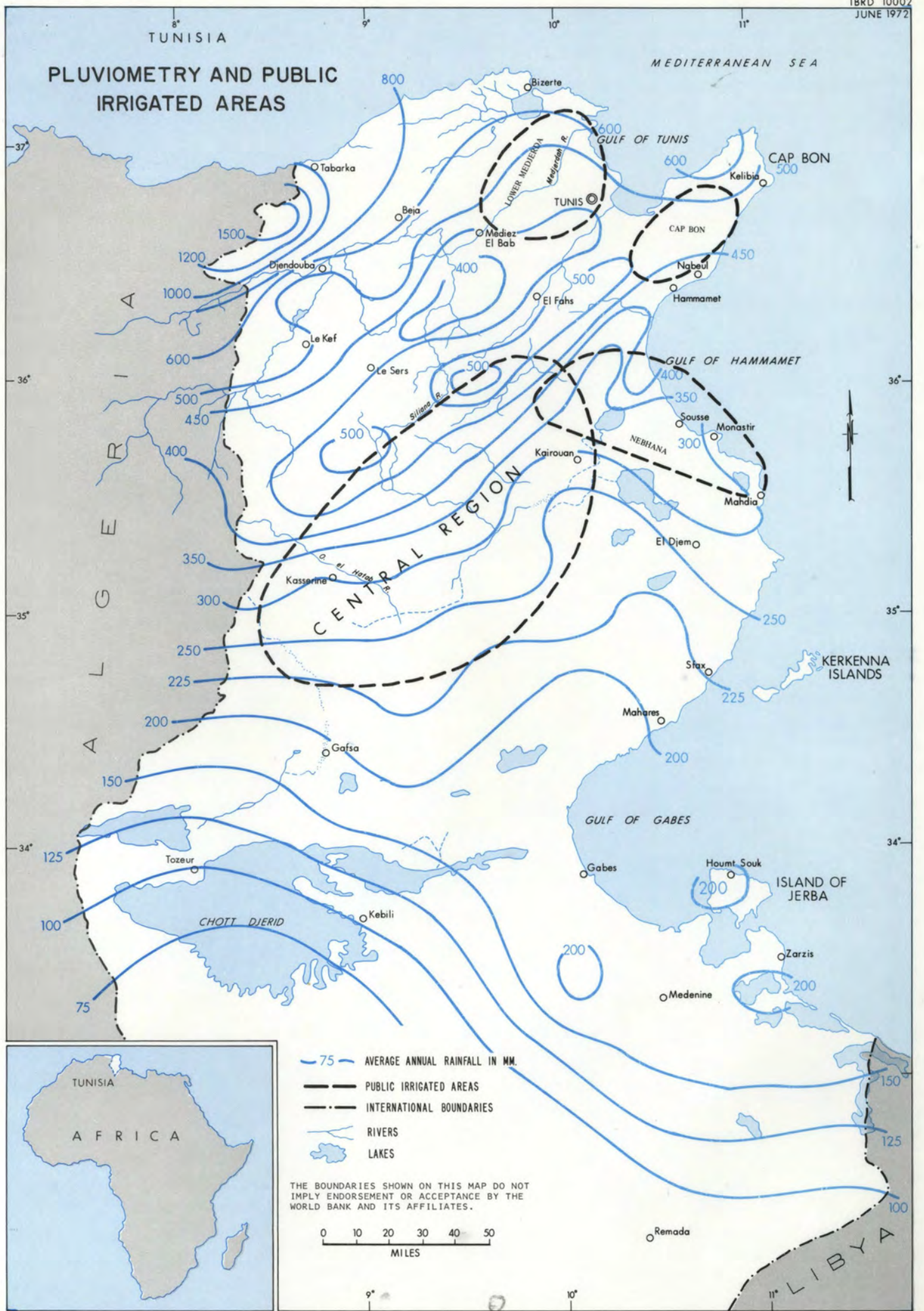
The Tunisian authorities and Bank staff have been able to work in friendly and trusting concert and we very much hope that a positive impact is being, and will be made to the balanced economic and social development of the country, which is our common goal. We are confident that this close cooperation between Tunisia and the Bank will continue in the future.

The favorable recent economic developments which are reflected in most economic indicators will no doubt help establish the basis for sound and continuing growth. But the real potential and hope for the development of the country rests on the availability of human resources and the determination of the Tunisian people <sup>and</sup> government and to mobilize them in the most efficient way. We are optimistic about the results and ready to further assist in your efforts.



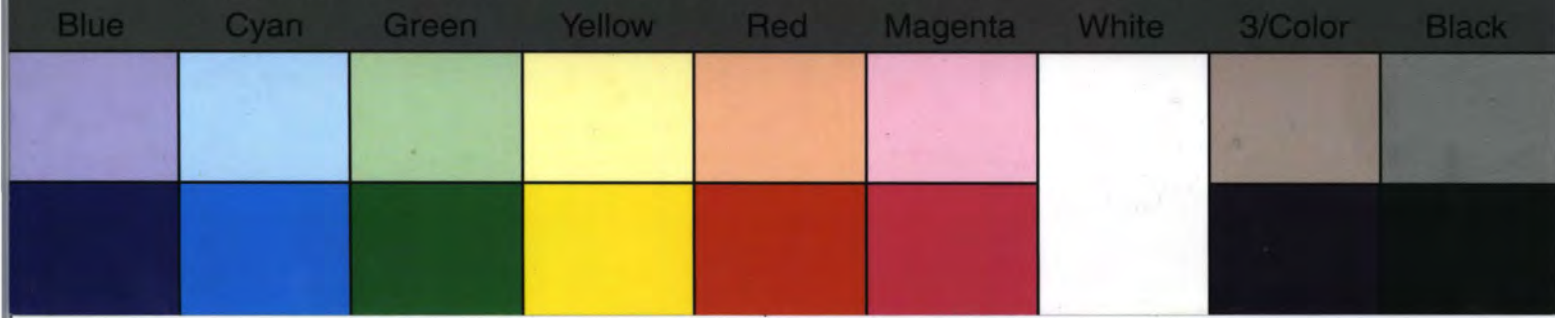






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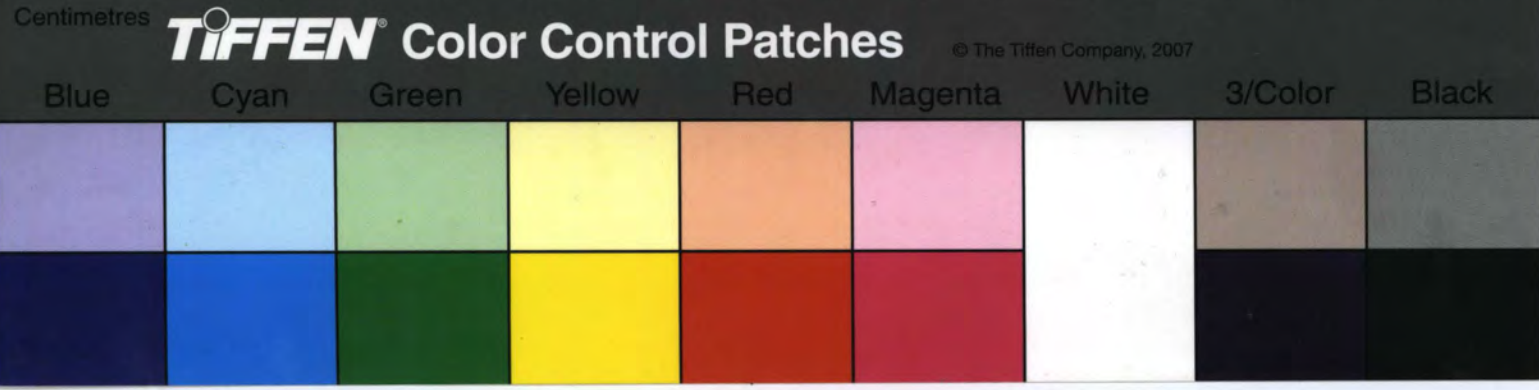
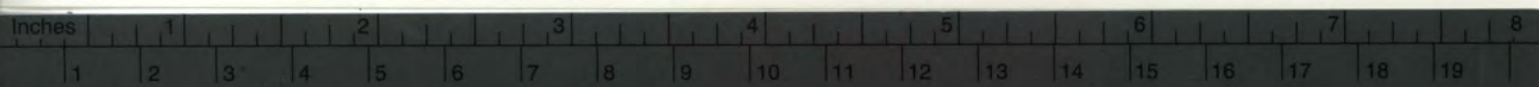
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# TUNISIA

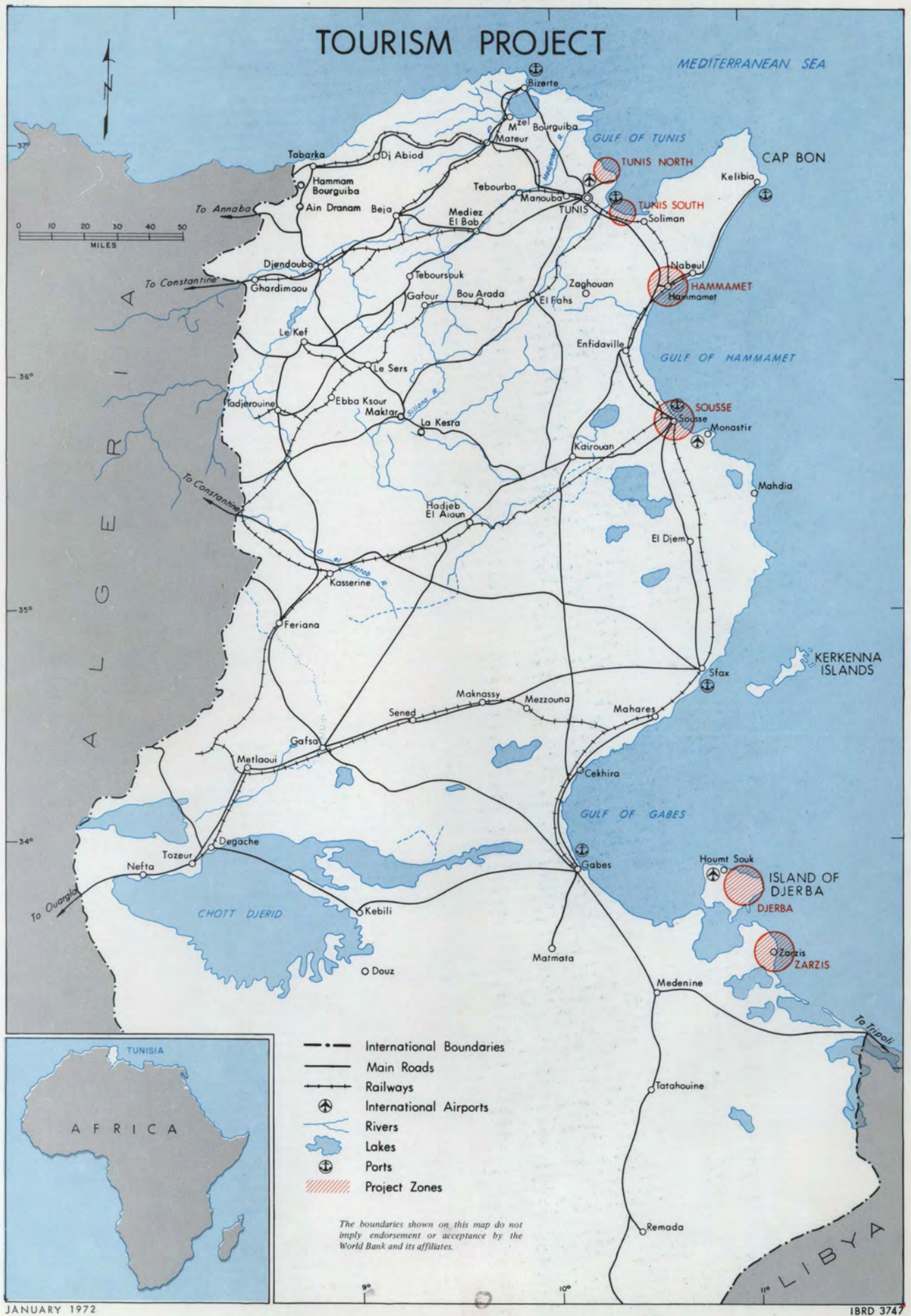
## MINING, MANUFACTURING, POWER





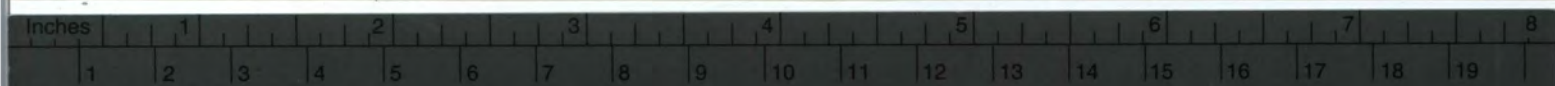
# TUNISIA

## TOURISM PROJECT



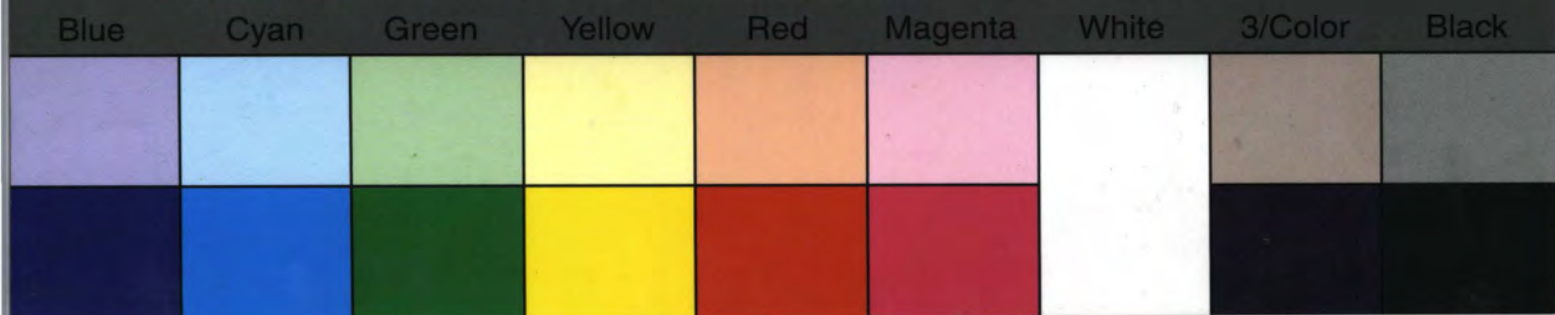
JANUARY 1972

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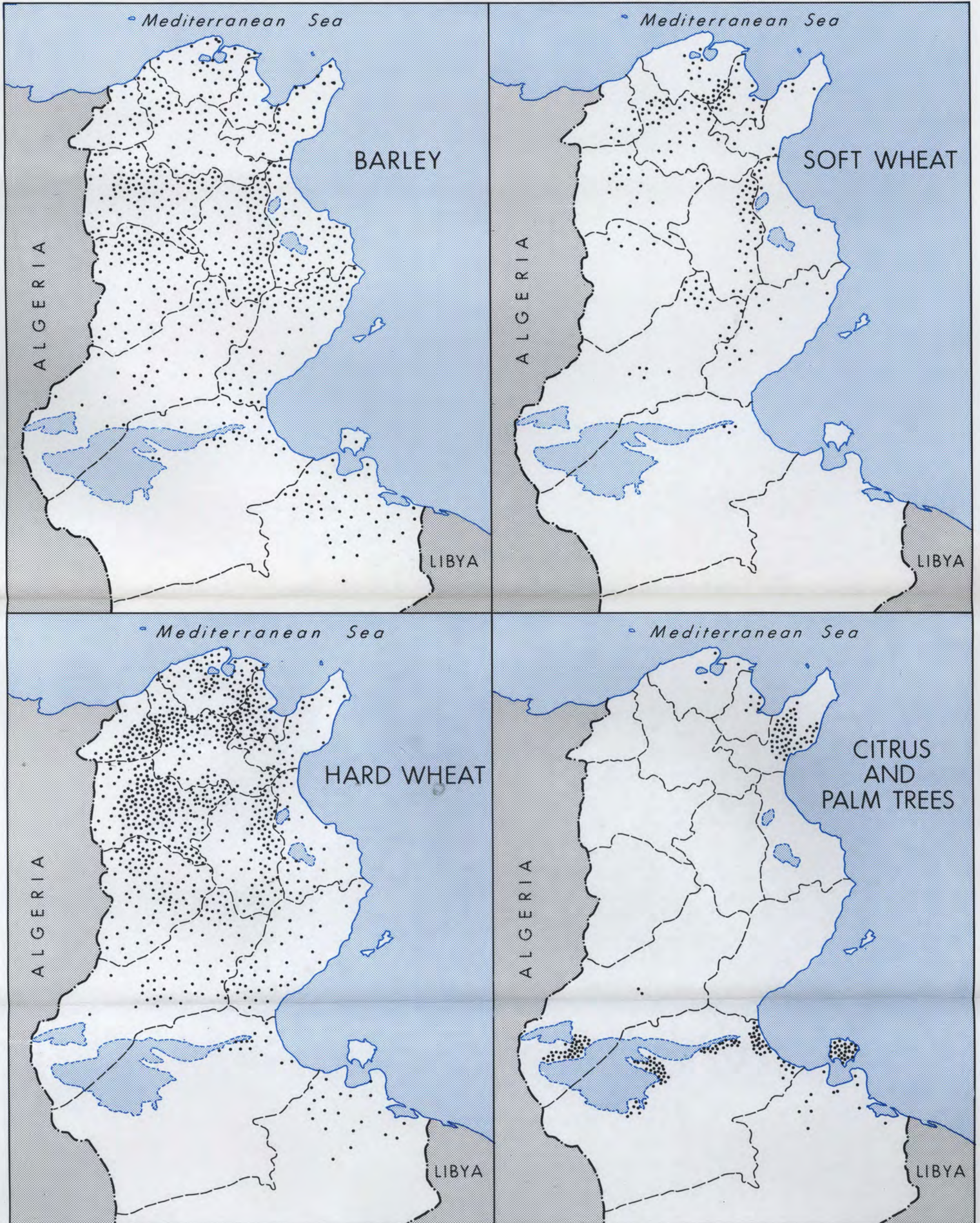
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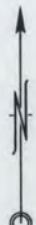


# TUNISIA - AGRICULTURE LOCATION OF MAIN CROPS, I



--- International boundaries  
 - - - Provincial boundaries

*The boundaries shown on this map do not imply endorsement or acceptance by the World Bank and its affiliates.*



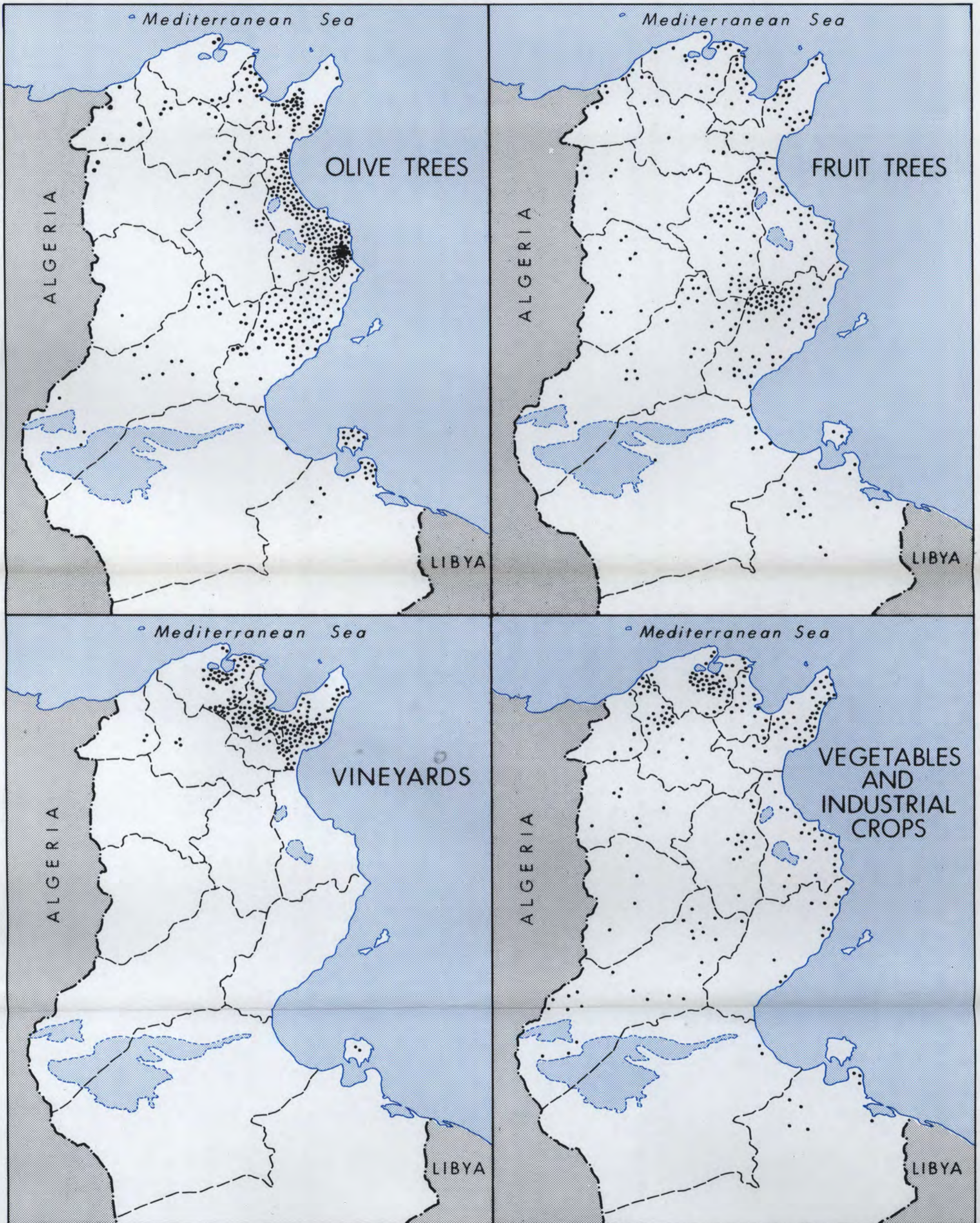
0 20 40 60 80  
 Kilometers

0 10 20 30 40 50  
 Miles



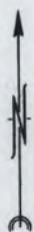


# TUNISIA - AGRICULTURE LOCATION OF MAIN CROPS, II



- - - - - International boundaries  
 - - - - - Provincial boundaries

*The boundaries shown on this map do not imply endorsement or acceptance by the World Bank and its affiliates.*



0 20 40 60 80  
Kilometers

0 10 20 30 40 50  
Miles





C





# REPUBLIC OF TUNISIA

## BACKGROUND NOTES

Population: 5.1 million (1971 est.)

Capital: Tunis

Situated on the northern coast of Africa between Algeria on the west and Libya on the east, Tunisia has a coastline on the Mediterranean Sea extending for almost 1,000 miles. Its area is 63,378 square miles, about the size of Georgia.

Tunisia is subdivided by climate into a northern area, which is wooded, fertile, and the source of most of the country's agricultural production; a central area, comprising the coastal plains, noted for livestock grazing and olive groves; and a southern region, which borders the Sahara Desert and lacks sufficient rainfall to support more than grazing herds and seminomadic peoples. The climate along the coast is Mediterranean. A rainy season lasts from December to March, with a hot, dry summer.

Tunisia's flag is composed of a red crescent and a star in a white circle centered on a red field.

### THE PEOPLE

Tunisia's population is estimated to be 5.1 million, an increase of about 20 percent since the last official census in February 1956. The growth rate exceeds 2.8 percent annually. Although the population density for the country as a whole is about 80 persons per square mile, most of the people are concentrated along the coast and in the larger cities--Tunis, 1 million; Susah (Sousse), 130,000; Safaqis (Sfax) 100,000.

The ethnic Tunisians are an admixture of Arab and Berber. Europeans constitute less than 1 percent of the total population. About 1,200 U.S. citizens reside in Tunisia.

More than 95 percent of the Tunisians are Moslem, and Islam is the official religion. The official language is Arabic, but French is widely used and continues to be taught in the schools. Literacy is estimated at 85 percent.

### HISTORY

Tunisia's written history dates from the 12th century B.C. when Phoenician traders established permanent settlements, the most famous of which was the city of Carthage. After being occupied by the Romans, Tunisia was conquered in the seventh century A.D. by the Arabs and became a major center of Western Islamic culture and political

power. The Turks invaded Tunisia in 1574. In 1881, France occupied the country ending Tunisia's nominal allegiance to Turkey; it formally became a French protectorate that same year. The outward forms of the monarchy continued in force, but all real power was in French hands.

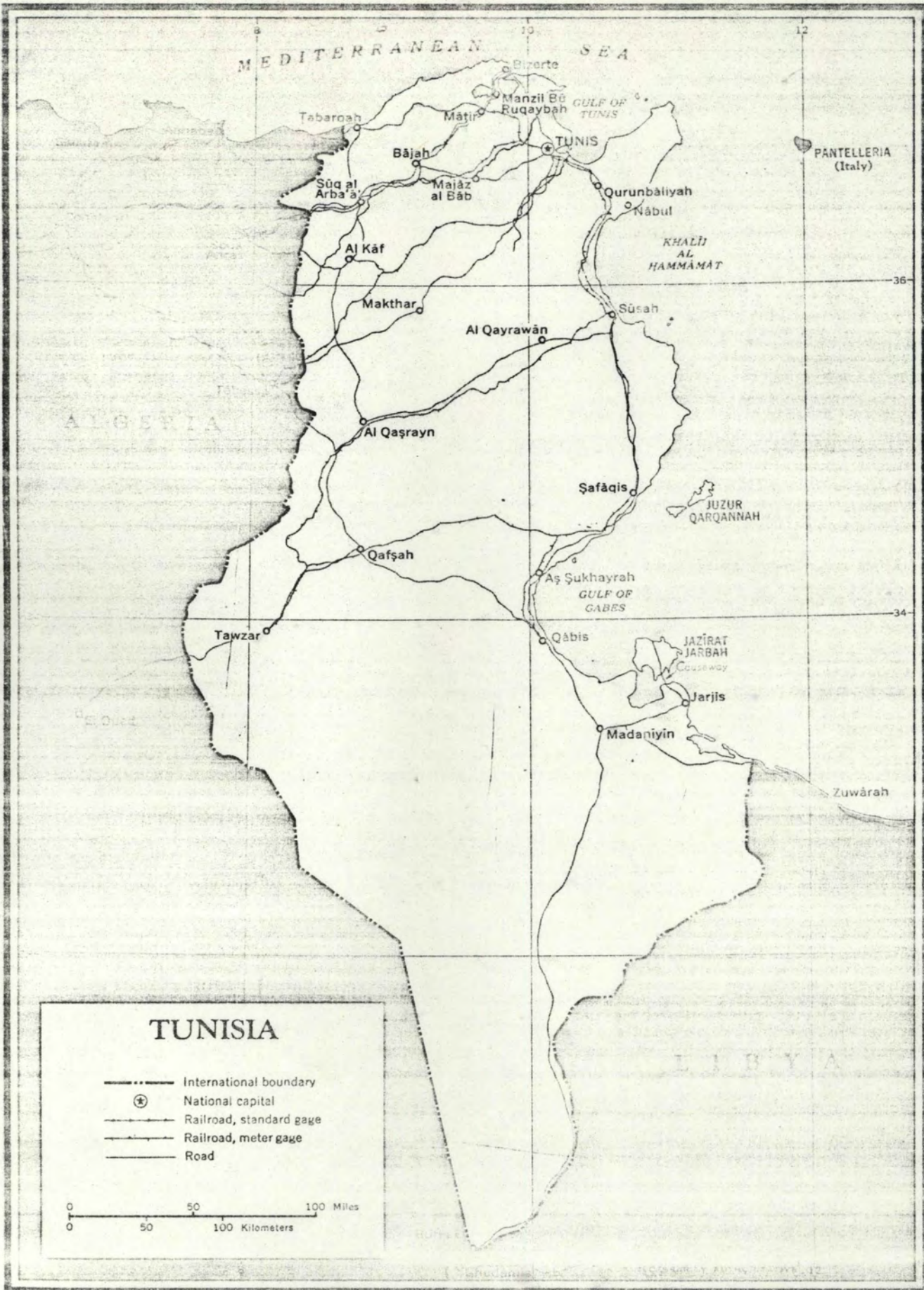
After World War I the Destour (Constitution) Party asked unsuccessfully for moderate reforms. The founding of the Neo-Destour (New Constitution) Party in 1934, of which Habib Bourguiba became leader, marks the real beginning of Tunisia's drive for nationalism.

In March 1952, following the breakdown of negotiations with France, Tunisian guerrilla fighters stationed themselves in the hills, and France fought to restore control and order. In July 1954 France promised the Tunisians full internal autonomy.

France recognized Tunisian independence on March 20, 1956, with the signing of a protocol which ended the French protectorate. The protocol specified that Tunisia and France would negotiate new "interdependence" relations, particularly in the fields of foreign affairs and defense. Continued French military presence at Bizerte and Tunisian support of Algerian liberation hindered bilateral relations. France and Tunisia reached agreement in June 1958 which provided for evacuation of French forces, except at Bizerte (the location of the French naval base), and for provisional arrangements concerning the status of Bizerte. Further negotiations failed to produce agreement. In July 1961 bloody clashes between French and Tunisian forces took place, and a period of great tension in relations followed. Direct contacts were maintained, however, and diplomatic relations were resumed in September 1962. However, with Tunisian nationalization of all foreign-owned lands in 1964, relations again deteriorated. Not until 1968 did Tunisia and France begin to reestablish close cooperation.

On July 25, 1957, the Tunisian Constituent Assembly voted to abolish the monarchy and establish a Republic. It named the Neo-Destour Party leader, Habib Bourguiba, President and drafted a Constitution which was promulgated on June 1, 1959. Tunisia held its first elections under the new Constitution on November 1. President Bourguiba was unopposed, and Assembly candidates, backed by the Neo-Destour Party and affiliated labor and professional groups, had only token opposition. In October 1964 the Neo-Destour Party was renamed the Destourian Socialist Party (PSD).







## GOVERNMENT

The President (Chief of State and Head of Government) is elected to a 5-year term and can be elected to only three consecutive terms. He is assisted by a Cabinet, which he appoints. The President has full responsibility for determining national policy, and his bills have priority before the Assembly. He may legislate by decree when the Assembly is not in session. The Prime Minister, designated by the President, is responsible for executive policy and assumes presidential functions in case of the President's death or disability. The 101-member unicameral National Assembly, elected concurrently with the President, meets biannually.

At the apex of the independent judiciary is the Court of Cassation whose judges are appointed by the President. For administrative purposes, Tunisia is divided into 13 Provinces, each headed by a presidentially appointed Governor.

## POLITICAL CONDITIONS

The Destourian Socialist Party (PSD), which conducted the struggle for independence, continues to be the governing party of Tunisia; there are no opposition parties. The PSD has no rigid ideology, and members are expected to discuss issues with considerable freedom and to reflect public opinion. It also influences the major national organizations such as those for labor and students. At this stage in Tunisian history, the PSD conceives its role as a catalyst and mobilizer for economic and social development. Women are permitted to vote. The tiny Communist Party was banned in 1963.

Under PSD leadership, Tunisia has enjoyed prolonged political stability. Apart from minor riots in 1967, student demonstrations in 1968, and periodic disturbances at the university since late 1970, Tunisia has been almost free of internal strife and dissidence. Presidential and parliamentary elections have taken place on schedule (November 1964 and 1969). President Bourguiba was reelected to second and third terms by resounding votes of confidence.

In February 1971, at the behest of President Bourguiba, who had been in poor health, Prime Minister Hedi Nouira introduced three proposals to assure a smooth transition of power in the event of the death or serious disability of the President: (1) amend succession by having the President of the National Assembly succeed to the presidency with new presidential elections to be held within 1 month—the Assembly President would not be an eligible candidate; (2) grant the Assembly the power to censure the Government and force its resignation; and (3) create an independent council to review the constitutionality of laws.

These proposals require two readings before the National Assembly, and the earliest they could be passed would be June 1971.

## ECONOMY

The Tunisian economy is divided into three sectors: state, cooperative, and private. Economic development is state-planned and given highest priority in government policy. Progress in economic development has been substantial, if uneven. In the early 1960's gross domestic product (GDP) rose 5.5 percent annually but, for a variety of reasons, slowed to a 3 percent annual rate from 1965 through 1968. The 1969-72 economic development plan calls for an ambitious 6.5 percent annual increase. In 1970 GDP rose by about 4.5 percent taking into account a major upward adjustment in wages and salaries in the government sector. Without the adjustment, growth in GDP was estimated at slightly more than 3 percent. GDP in 1970 was valued at U.S. \$1.1 billion, an annual per capita income of about \$210.

Despite the pace of development, Tunisia continues to face difficult economic conditions—sizeable unemployment and a heavy foreign debt burden. The Government is instituting reforms designed to increase agricultural production, facilitate the role of the small entrepreneur, and improve Tunisia's foreign reserve position.

Agriculture, although handicapped by inadequate water supplies in many parts of the country, is the backbone of the economy. The principal crops are wheat, olives, citrus fruits, grapes, truck crops, and esparto grass, some of which are exported. Livestock is also important to the economy. The primary industries include food and fertilizer processing and textiles.

Although no extensive mineral deposits have been found, commercially exploited deposits of phosphates, iron ore, lead, and zinc are sources of foreign exchange. Petroleum, discovered in 1964, produces 4.1 million tons of crude oil annually. Tunisia meets its domestic consumption needs and in 1970 earned more than \$45 million from petroleum exports. Tourism has become the largest foreign exchange earner with receipts of about \$50 million from the more than 400,000 visitors to Tunisia in 1970.

In 1970 Tunisian exports amounted to about \$170 million and imports approximately \$279 million. Twenty-six percent of its exports and 34 percent of its imports were with France, the primary trading partner. Tunisia's major imports are semifinished goods, machinery and equipment, consumer goods, and foodstuffs. In addition to petroleum, Tunisia exports phosphates and olive oil. Trade with the franc zone has declined gradually, but because of Tunisia's limited association with the European Economic Community (EEC), effective September 1, 1969, trade has further diversified. The United States furnishes about 20 percent of Tunisian imports but takes only slightly more than 1 percent of its exports.

Tunisia refused to follow France in devaluations of 1958 and 1969. In September 1964, following French removal of trade preferences, the



Tunisian dinar was devalued (1 dinar=U.S. \$1.905). The currency is tightly controlled and may not be taken in or out of the country without official permission.

## FOREIGN RELATIONS

Tunisia, as a nonaligned nation, maintains relations with both West and East as best serve its own interests. However, the Government has placed particular emphasis on its relations with the West. In addition to being a member of the United Nations and many of its specialized agencies, Tunisia is also a member of the Arab League and the Organization of African Unity (OAU).

Since the fall of 1970 the Tunisian Government, through a special emissary, has played an active role in seeking a resolution of the problems of the Middle East. It has stressed the need for a resolution of the Palestinian problem as part of an overall Arab-Israel settlement and, at the same time, has called for moderation on the part of other Arab Governments. The emissary has served as Chairman of the Arab Truce Team in Jordan.

Tunisia favors greater regional cooperation among the states of North Africa and the western Mediterranean. Since 1970 relations with its two neighbors have improved. A border dispute with Algeria was settled, and Libyan Prime Minister Qadhafi visited Tunis, the first state visit between the countries since they gained independence.

## U. S. -TUNISIA RELATIONS

The United States has attached considerable importance to its relations with Tunisia, as illustrated by the extensive U.S. assistance to its economy and symbolized by frequent state visits which President Bourguiba has made to the United States. Although the two governments are not linked by any formal treaties, bilateral relations are close and cordial. The first resident U.S. diplomatic representative arrived in Tunisia in 1795.

U.S. policy is to encourage Tunisia to make social and economic progress within a framework of political stability. U.S. economic and technical assistance to Tunisia was first provided under a bilateral agreement signed March 26, 1957. Assistance through June 1970 amounted to approximately \$629 million.

The major components of U.S. assistance are the Agency for International Development (AID), the Peace Corps, and a small military assistance mission. Using Public Law 480 (Food for Peace) commodities, development loans, and technical assistance, AID is working with the Tunisian Government to: (1) modernize and expand agri-

culture, (2) accelerate the development of institutions, education, and training essential to economic growth, (3) broaden the industrial base and modernize and expand the communications infrastructure, (4) promote tourism, (5) control population growth and improve levels of nutrition, and (6) provide necessary foodstuffs and industrial raw materials as well as assist in social relief and finance a rural public works program which provides employment for 200,000 Tunisians annually.

The Peace Corps has been active in Tunisia since 1961. The present contingent of 90 volunteers has focused on teaching English; however, there are plans to offer more assistance in management training, city planning, and tourism.

The military mission, begun in 1966, is providing the Tunisian Armed Forces with limited matériel assistance and training programs directed at improving Tunisia's self-defense capability. There are no U.S. military facilities in Tunisia.

## PRINCIPAL GOVERNMENT OFFICIALS

President—Habib Bourguiba  
Prime Minister—Hedi Nouria  
Minister for Foreign Affairs—Mohamed Masmouoi  
Minister of Defense—Hassib Ben Ammar  
Minister of National Economy—Tijani Chelly  
Minister of National Education—Chedli Ayari  
Ambassador to the U.S.—Slaheddine El Goulli  
Ambassador to the U.N.—Rachid Driss

Tunisia maintains an Embassy in the United States at 2408 Massachusetts Avenue, N.W., Washington, D.C. 20008.

## PRINCIPAL U. S. OFFICIALS

Ambassador—John A. Calhoun  
Deputy Chief of Mission—James F. Relph, Jr.  
Director, U.S. AID Mission—Sumner Gerard  
Public Affairs Officer (USIS)—Ted M.G. Tanen  
Director, Peace Corps—Edward Bitar

The U.S. Embassy in Tunisia is located at 144 Avenue de Liberté, Tunis.

## READING LIST

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Berque, Jacques. French North Africa. London: Faber and Faber, 1967.  
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D



TUNISIAN GOVERNMENT

March 17, 1973

Prime Minister	Mr. Hedi Nouira
Minister of State	Mr. Hedi Khefacha
Minister of Justice	Mr. Mohamed Bellalouna
Minister for Foreign Affairs	Mr. Mohamed Masmoudi
Minister of the Interior	Mr. Tahar Belkhodja (New Minister)
Minister of Defense	Mr. Abdallah Fahrat
Minister of Planning	Mr. Mansour Moalla
Minister of Finance	Mr. Mohamed Fitouri
Minister of National Economy	Mr. Chedli Ayari
Minister of Public Health	Mr. Mohamed Mzali (New in this position)
Minister of Public Works and Housing	Mr. Mohamed Sayah
Minister of Cultural Affairs and Information	Mr. Chedli Klibi
Minister of Social Affairs	Mr. Farhat Dachraoui
Minister of Agriculture	Mr. Dhacui Hannablia



Minister of National Education	Mr. Driss Guiga (New in this position)
Minister of P.T.T	Mr. Habib Ben Cheikh
Minister for Youth and Sports	Mr. Ahmed Chtourou
Secretary of State to the Minister of Planning	Mr. Mustapha Zaanouni
Secretary of State to the Minister of National Economy	Mr. Mekki Zidi
Secretaries of State to the Minister of National Education	Mr. Fredj Jabbes and Mr. Ahmed Zghal
Secretaries of State to the Minister of Agriculture	Mr. Mohamed Ghedira and Mr. Abderrahman ben Messaoud
Secretary of State to the Minister of Public Works and Housing	Mr. Abdelhamid Sassi
Secrétaire Général au Secrétariat du Gouvernement	Mr. Baccar Touzani
Legal Council for the Presidency	Mr. Snoussi



BIOGRAPHICAL DATA

Habib Bourguiba - President of Tunisia

The youngest of eight children, Bourguiba was born in 1903 at Monastir. His father was an officer in the Tunisian Army. After receiving secondary education in Tunis, Bourguiba studied Law in Paris, receiving his degree in 1927. His interest in nationalist activities developed in his student days and he became a prolific contributor to nationalist journals. From 1934 to 1936 he was exiled to a small town in southern Tunisia and on release he resumed nationalist activity. In 1940 he was imprisoned in Marseilles, where he remained until he was released by the Germans in 1942. In August 1950 he began discussions of reform proposals with the French. Negotiations continued intermittently, including a period from 1952-55 when Bourguiba was again imprisoned. He returned to Tunisia in triumph in 1955 and has been the country's most important single political figure since then.

In March 1967 Bourguiba suffered a heart attack. Since that time he has been in poor health. However, recently he has appeared frequently in public and has undertaken a number of tours to key cities.

Bourguiba favors reform rather than revolutionary change, and continued close cooperation between Tunisia and France. He tends to support the economic union of the Maghreb.

Bourguiba divorced his first wife and in 1962 re-married. Mrs. Bourguiba is widely accused of having too much influence. The President's subordinates tend to turn to her for assistance.

Neither the President nor Mrs. Bourguiba speak English.

April 20, 1973

Source: United States Department of State



Hedhi Nourira - Prime Minister of Tunisia

Prime Minister Nourira was born in Monastir in 1911. After attending a lycee in Sousse, he earned his Law degree in Paris where he was active in nationalist student policies. He was imprisoned by the French from 1938 to 1942 and then again in 1952 and 1953.

Nourira is one of the country's outstanding fiscal and economic experts. He was Governor of the Central Bank from 1958 to 1970. Previous to that he was Minister of Commerce, 1954-55, and Minister of Finance, 1955-58. He became Prime Minister in October 1970, following Bourguiba's return to Tunisia and the removal of Mr. Lagdham, and also became Minister of Interior in September 1971.

While believing in the importance of economic planning, Nourira accepts the autonomy of business enterprise. He opposed the cooperative program of Ben Salah. He owes his position to loyalty to Bourguiba, and lacks popularity either within the Neo-Destourian Party or in the country at large. He is, however, since the 1971 DSP Congress, Secretary-General of the Party.

Nourira is married and has one son and a daughter. He speaks some English.

April 20, 1973

Source: United State Department of State



## CABINET MEMBERS

Mohammad Masmoudi

Minister of Foreign Affairs

Born in 1925, Foreign Minister Masmoudi received his secondary education in Tunis and a degree in Arts and Political Science from the University of Paris, where he was President of the Neo-Destour Party in France. In 1954 he was appointed Minister of State and then Minister of Commerce and Industry in the Governments of Tahar Ben Ammar. He retired from office when Bourguiba came to office in 1956, and served since as Tunisian ambassador to France, from where he masterminded Ben Salah's ousting in 1969. He became Foreign Minister in late 1970.

Masmoudi is given to emotional outbursts. He sees benefits for Tunisia in non-alignment policy and is an active supporter of the Arab cause against Israel. He has also spoken against Great Power influence in the Mediterranean.

He is Deputy Secretary General of the Party.

Masmoudi speaks some English.

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Mansour Moalla

Minister of Planning

Born in 1930 in Sfax, Mansour Moalla obtained a License in Law (1951) and a Doctorate in Law from the University of Paris, a License in Letters in 1953 and a degree from the Institute d'Etudes Politiques in 1964. Thereafter he studied at the prestigious Ecole Nationale d'Administration in Paris, 1955-56, and then spent a year with the French Inspection Générale des Finances. Returning to Tunisia in 1957, Moalla was involved in the preparatory work for the creation of the Banque Centrale de Tunisie, becoming its first Director General in 1958. Subsequently he was the President and Director General of the Société Nationale d'Investissement in 1961. He reorganized and directed the Tunisian Ecole Nationale d'Administration from November 1963 until 1967 when he was named Under Secretary for Commerce and Industry in the Ministry of Plan and National Economy under Ben Salah.

In November 1968 he was shifted to the Secretariat of State for the Presidency as Director of Central Administration. In September 1969 he was named Secretary of State for Posts & Telecommunications and elevated to Minister of that department in November 1969. In July 1970 he was named Minister of Plan under the Prime Minister Bahi Ladgham. He retained this position in the Government formed by Prime Minister Nouira in November 1970.



Moalla has been regarded in the past as high-handed and sometimes quarrelsome. When he left the Central Bank in 1961 it was rumored to have been the result of quarrels with Nouira, then his President. Although a technocrat by education and carrier, Moalla has clear political ambitions and tries to build up his political standing in his home town. At the 1971 Party Congress he moved into high political office as one of the two Deputy Secretary Generals of the Party, however, without having so far established a reliable political power base.

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Chedli Ayari

Minister of National Economy

Born in 1933 in Tunis, Ayari studied Law and Economics in Paris. He received his Ph.D in Economics in 1960. He has worked in French and German banks. In 1958 he served as head of the Economic Studies section at the Société Tunisienne de Banque. In 1959 he became Professor of Law at the University in Tunis. From 1960 to 1964 he was economic counselor with the Tunisian Delegation to the U.N. in New York, and from 1964 to 1965 served as alternate Executive Director of the Bank, IDA and IFC. From 1965 to 1969 he was Dean of the Faculty of Law, Economics and Political Science at the University of Tunis. In 1969, following the fall of Ben Salah, he became Secretary of State for Planning as a non political figure, following the lead of others.

Ayari is not particularly pro-West, but has a high regard for contemporary business management practices developed in the United States.

Ayari is self-confident, highly intelligent and given chance to debate. He speaks fluent English and his wife, who is French, speaks English which is adequate for social occasions.

---

Mohamed Fitouri

Minister of Finance

Born April 4, 1925 at Kairouan, Mohamed Fitouri did his primary studies in Kairouan and his secondary studies at the Lycée Carnot in Tunis. He studied Law at the Institute of High Studies in Tunis and received a degree in Law from the University of Paris in 1952. He returned to Tunis to practice law, and was named lawyer to the Tunisian Supreme Court of Appeals in 1962. In May 1969, Fitouri was elected a city councillor for Tunis, and in November was elected deputy and became "rapporteur" of the Commission on General Legislation in the National Assembly. In November 1970, he became Minister of Justice, and in October 1971, he was appointed Minister of Finance.

During the struggle for independence, Fitouri defended Tunisians tried before the French civil and military tribunals in Tunis. A PSD member, Fitouri has belonged to the Hamman-Lif and El Hadaik cells. He is married and the father of two children.



Dhaoui Hannablia

Minister of Agriculture

Born in 1922 in Tajerouine (Governorate of Kef), Dhaoui Hannablia is a medical doctor by profession, and deputy of the National Assembly since 1959. He was appointed Minister of Agriculture in 1971.

Between 1959 and 1964 he was vice-president of the political commission of the National Assembly and in 1964 he became vice-president of the legislative commission of the same institution until 1969. In 1969 he was elected vice-chairman of the National Assembly.

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Mohamed Sayah

Minister of Public Works

Born in 1933, he received both his secondary and higher education in Tunis, joined the Party in 1949 where he made a fast political career. He was Chief Editor of "L'Action" (one of the two most read daily papers in French) from 1962 to 1964. Deputy of the National Assembly since 1964, he became Minister of Information in 1969 and of Public Works and Housing in 1971. He was also permanent representative to the United Nations in Geneva in 1970.

Mr. Sayah is a prominent political figure, member of the Political Bureau, who has written several books on the history of the National Tunisian Movement and who carries considerable weight within the Party.

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Moha.med Bellalouna

Minister of Justice

Born in January 1916, at Msaken (Sousse Governorate), Bellalouna became a member of the Tunis Bar in 1949 after studying law at the Faculty of Paris. An active participant in the Liberation Movement, he was interned at Teboursouk, then at Gabes in 1951. He was elected a member of the bureau of the Constituant Assembly in 1956, and named attorney to the High Court from 1957 to 1959. He returned to the Tunis Bar in 1959. Bellalouna is the brother of Ahmed Bellalouna, currently Governor of Sousse and the doyen of the Governor Corps. Mohamed Bellalouna reportedly has been offered ministerial posts in the past but has refused them. His appointment appears to have been a last-minute choice to fill the vacancy caused by the shift of Mohamed Fitouri from Justice to Finance.



Farhat Dachraoui

Minister of Social Affairs

Born in Nebeur, Le Kef Governorate, in 1928, Farhat Dachraoui was a professor of Arabic history and trade unionist prior to his recent appointment. After obtaining a License in Letters and an Aggregation in Arabic and History, Dachraoui became a Professor at the Faculty of Arts and Letters in Tunis. He became active in the trade union movement (UGTT) in the 1950's. With the removal of Habib Achour as Secretary General of the UGTT in July 1965, Dachraoui left the UGTT and when Habib Achour was recalled to head the UGTT in January 1970, Dachraoui also returned. At the special Congress in May 1970 he was elected to the Executive Bureau and given the post of Assistant Secretary General for International Affairs. Dachraoui's appointment as Minister resulted from the increased political importance of Habib Achour and the UGTT in support of the Nouria Government. Dachraoui is a pleasant, cooperative and socially congenial person. He is married to an educated "Tunisaise" who teaches Arabic in a girls' Lycée in Tunis.

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Ahmed Chtourou

Minister of Youth and Sports

Born in Sfax, in 1931, he studied in Sfax then in Paris where he obtained a License in Law. He entered the Government in 1958 as Attache of Cabinet to the Secretariat of State to the Presidency. In 1962 he was assigned as Cultural Counselor in the Tunisian embassy in Paris. He remained there until 1965 when he was appointed Chief of the Africa Division in the Ministry of Foreign Affairs. In 1966, he was assigned as Minister Plenipotentiary to the Tunisian Mission to the United Nations. At the UN he was elected Chairman of the UN Preparatory Committee for the Second Development Decade and was reelected to this post in February 1970. Chtourou was closely involved in Party affairs as a student, and in 1961 he was elected President of the PSD cell for the Bardo section of Tunis. In 1969 he became Deputy for Sousse. On his return to Tunisia from the UN in September 1970, he became active in the National Assembly and joined the staff of the PSD, working first in the economic section before being named Director of External Affairs in December 1970. In February 1971 he was appointed to the Assembly's ad hoc Commission on Constitutional Reform. In 1971, Chtourou was reelected President of the Bardo cell, and later was elected to the PSD Central Committee. Chtourou has been increasingly identified with the "liberal" wing of the PSD and probably owes his election to support from the liberal leaders such as Ahmed Mestiri. His inclusion in the new Government was one of the few surprising appointments and probably reflects the desire of Prime Minister Hedi Nouria to give his Government as broad and youthful a base as possible.



Hedi Khefacha

Minister of State

Born in Monaster in 1916, Hedi Khefacha studied law in Paris and became a barrister in Tunis where he endeavored to defend Tunisian nationalists. In 1950 he was elected President of the Lawyers Association and in 1956, following independence, he became in charge of the Customs Office. Since then he has been Secretary of State in several departments (Finance, Public Health, Interior) and then became Minister of Interior until he was recently appointed Minister of State.

He has been deputy of the National Assembly since 1959, appointed member of the political bureau of the Party in 1969 and elected member of the Central Committee in 1971.

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Abderrahman Ben Messaoud

Secretary of State for  
Agriculture

Born May 15, 1934 at Gafsa, Abderrahman Ben Messaoud received his engineering degree from the National Agronomic Institute of Paris, having specialised in soil studies. He held the post of regional manager of agricultural development from 1963 to 1965, when he was named coordinating manager of the regional commissions for agricultural development. Two years later he was put in charge of the office of control of the northern cooperatives (which was created under the Bank/IDA Cooperative Farm Project), with the grade of engineer-in-chief. In 1970, he became general manager of the state lands office, taking on the additional function of director of central administration in October of that year. He has been a member of the Economic Committee of the Party since 1967 and is an Officer of the Order of the Republic. He was named to his present position in October 1971.

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Abdelhamid Sassi

Secretary of State for  
Public Works and Housing

Born in August 1934 at Gabes, Abdelhamid Sassi attended the School of Bridges and Highways in Paris, from which he received the degree of civil engineer. He served as chief engineer of the arrondissement of Kef from 1961 to 1962, and of Sousse from 1963 to 1965. After 1965 he held the jobs successively of engineer-in-chief in charge of heavy construction in the Ministry of Public Works and President-Director General of the General Enterprise for Heavy Construction. Sassi has good theoretical knowledge of engineering, but little practical experience. He is reputed to be dedicated, stubborn, opinionated and a hard bargainer. He can be pleasant and personable but has no visible sense of humour.



Moustapha Zaannouni

Secretary of State for Planning

Born in 1928 in Sousse, where he received his primary and secondary education. He studied at the University in Paris, where he obtained a degree in law and a doctorate in Economics. He also holds a diploma from the Ecole Nationale d'Administration de Paris, the most prestigious school in France.

Since 1956 until 1958, he worked in the Ministry of the Plan and from 1959 until 1964 in the Ministry of Agriculture as head of the Economic Affairs Division; In that year he joined the FAO in Rome where he stayed until 1969. In 1970, he was appointed Director of the National Center for Industrial Studies and subsequently Secretary of State for Planning.

Parallely to his professional career he has been teaching at the Law School and at the School of Agriculture of Tunis from 1957 to 1964.

He is married and father of three childre.

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Ahmed Zghal

Secretary of State for  
National Education

Born April 10, 1929 at Sfax, Ahmed Zghal received his degree in science from the University of Paris. He was active in the independence movement, engaging in terrorist activities in Sfax and spending 20 months (1952-54) in prison as a result. After spending some time as a teacher in Sfax, Zghal was named Director of Information in 1956. Beginning in 1962, he was successively President-Director General of Tunis-Africa Press (TAP), of the Phosphoric Acid and Fertilizer Industrial Society and of the Chemical Fertilizer Industrial Society. After another tour as Director of Information beginning in 1969, he was named Chef du Cabinet to the Minister of Cultural Affairs and Information in June 1970. In August 1971 he was briefly charged with coordinating the information organs of the same Ministry before being named Chef du Cabinet to the Minister of Interior in September of the same year -- another assignment he held for only about a month before assuming his present position. He was elected Secretary General of the Sfax Coordinating Committee in 1967. The new Secretary of State for National Education is reserved and unassuming, but possessed of great personal charm and wit. He was highly regarded by foreign correspondents during his tenure as Director of TAP. He is married.

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Habib Bourguiba, jr

President of Société Nationale d'Investissement  
S. N. I.

The son of the President, Bourguiba, jr., was born in 1927 in Paris. After receiving his secondary education in Tunis, he studied Law in Paris, receiving his degree in 1953. He then joined the foreign service, opening the Tunisian Information Office in New York. At independence, he established the embassy in Washington and subsequently served as ambassador to Italy, France, Canada, Mexico and the United States.

In 1964, Bourguiba was elected a member of the Central Committee and of the Political Bureau of the Socialist Destourian Party. He then became Secretary of State for Foreign Affairs, assuming the post of Minister of Foreign Affairs in 1969. He is Mayor of Monastir, and was elected a deputy in 1964. He is however not considered a contender for political power.

Bourguiba is an animated and forceful conversationalist who speaks excellent English. He is married and his wife speaks English.

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Tijani Chelli

President of the Agency for  
Industrial Promotion

Born in 1931, Chelli studied in Tunis for his secondary education and in France where he obtained a civil engineering degree. He made his career within the Ministry of Public Works where he held various posts. In 1965, he became President-Director General of the Tunisian Railways. He became subsequently President-Director General of ICM (Industrie Chimique Maghrebine), in 1969, Minister of Public Works and in 1970, Minister of National Economy.

Mr. Chelli is an active dynamic and intelligent person with whom we had many contacts in the past and with whom we are bound to continue an intense relationship in his new capacity.



Hassan Belkhodja

President of Societé Tunisienne  
de Banque STB

Born in 1920 in Ras Jebel in the region of Bizerte, studied secondary education in Tunis and continued his university studies in Paris where he obtained a doctorate in law in 1950. During his student days, he was president of the Association of North African Students in France and member of the Delegation of the Neo-Destour Party in Paris. In 1954, Mr. Belkhodja was included in the Tunisian Delegation for the negotiations with France. In 1955, he was nominated High Commissioner of Tunis in France and he became the first Tunisian ambassador in Paris upon the country's independence. After serving also as ambassador to Madrid, he was commissioned by President Bourghuiba to set up the National Agricultural Bank in 1959 and the Tunisian dairy industries (STIL) in 1961.

Since 1968, Mr. Belkhodja held a number of public appointments: President Director-General of the Societé Nationale Immobiliere de Tunisie, President Director-General of the Trade Office of Tunisia, Secretary of State for Trade and Industry and Minister of Economic Affairs in 1969. In 1971, he became President Director-General of the STB, the post which he is holding at present. He has been elected member of the Central Committee and member of the Political Bureau of the Party.

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Tahar Amira

President of Gafsa Phosphate  
Mining Company

He is about 52 years old. Studied in France at one of the "Grandes Ecoles" (Ecole de Mines de Paris), where he obtained his degree on mining engineering. Perhaps because of his political orientation at the time of independence (rigorously moslem and on the conservative side) he has been holding mostly technical posts. He has also served however at the Tunisian Embassy in Indonesia. He made his professional carrier in Tunisia in the General Directorate for Mining of the Ministry of Industry and in the Ministry of Transport. In 1969, he was appointed President of the Gafsa Company.

Mr. Amira is an intelligent, discursive and rather impulsive person, with whom the Bank will have extensive contacts through the preparation and implementation of the phosphate development project.

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Mr. Ali Boukhris

President of Industries Chimiques  
Maghrebines (ICM)

About 40 years old, he is a mining engineer with 9 years of experience in senior management positions mostly in the Phosphate sector. He occupied various posts in the Gafsa Phosphate Mining Company (including that of general manager) before joining ICM in 1969 as President-Director General. Mr. Boukhris is an able administrator who maintains close and excellent relations with the Government and is a very knowledgeable person on the Tunisian phosphate sector. He is also PDG of two semi-public fertilizer companies using local phosphate rock, one called Société Tunisienne des Eugrais Chimiques (STEG), and the other called Société Industrielle d'Acide Phosphorique et d'Eugrais (SIAPE), which is an important and technically well managed company producing TSP for exports with a yearly output of over 270,000 tons of TSP.

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Mohamed, Mustapha Chatti

President of Société Tunisienne de  
l'Industrie Laitière (STIL)

He is about 38 years old. Since 1970, when Hassan Bekhodja became Minister of Economy, Mustapha Chatti succeeded him as President of STIL. Incidentally, STIL does not only market milk but is also involved in large scale agricultural production, particularly in Central Tunisia. Until recently, Chatti also held the import monopoly for liquors.

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Sadok Bahroun

President of Societe Tunisienne  
d'Electricité et Gaz (STEG)

He is in his mid 40's. He was Ben Salah's lawyer Planning Chief until September 1969 and in this capacity frequently negotiated with the Bank. Somehow, he avoided being prosecuted after Ben Salah's demise, and emerged as STEG's President in 1970.

Bahroun is frank and outspoken. He has improved tremendously the performance of the electricity corporation which is probably the best managed public enterprise in Tunisia. Officially he has no political ambitions, but this remains open to question.

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Adelaziz Lazram

President of Banque Nationale de  
Tunisie (B.N.T.)

He is about 44 years old. Lazram made his career in the Foreign Service. He was deputy to Masmoudi when the latter was ambassador to Paris in 1969 then headed the Department for International Cooperation in the Ministry of Foreign Affairs until he succeeded Guenina as President of B.N.T. in 1972. B.N.T. is not only an agricultural bank, but also the second largest commercial bank in the country. Although he has no background either in banking or in agriculture, he is managing B.N.T. quite dynamicaly.

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CURRICULUM VITAE

NAME: David BLICKENSTAFF

NATIONALITY: U.S.A.

DATE OF BIRTH: 20 May 1915

MARITAL STATUS: Divorced

LANGUAGES: English  
French  
Spanish

EDUCATION: 1933-37 Manchester College, Indiana, USA - B.A. (History and English)  
1939-42 University of Chicago, Illinois, USA - Candidate for Ph.D. (International Law, Diplomacy)

EXPERIENCE: 1960 to present United Nations Development Programme  
1972 to present - Resident Representative, UNDP, Tunisia  
1969-72 Regional Representative, UNDP Indonesia

1964-69 Regional Representative, UNDP Malaysia

1960-64 Resident Representative, UNDP India  
1960-61 Also Director of the United Nations Information Centre, New Delhi, India.

1946-60 United Nations

1959-60 Director, United Nations Information Centre, Paris, France

1958-59 Detailed to the United Nations Observation Group in Lebanon as Principal Secretary

1954-58 Director, United Nations Information Centre Paris, France

1951-54 Principal Officer, Executive Office of the Secretary General, United Nations, New York

1949-51 Executive Officer and Chief of General Assembly Affairs and Administrative Section, Office of the Secretary-General, United Nations, New York  
1951 Detailed to United Nations Representative for India and Pakistan (UNRIP)

1950 Detailed to the United Nations Commission for Eritrea as Deputy Principal Secretary

1948-59 Executive Officer, Office of the Secretary-General, United Nations, New York

1946-48 Protocol Assistant, Office of the Secretary-General, United Nations, New York

1945 Special Assistant, United Nations Preparatory Commission London, England

1942-45 Director, Joint Office for Refugees under United States Embassy in Madrid with various refugee agencies

1942 Director, Brethren Service Committee, (Elgin, Illinois, USA) in San Juan, Puerto Rico, for negotiations with Administration (June to October)

1937-41 American Friends Service Committee, Philadelphia, Pa. USA

1937-39 Representative in Spain and International Commission for the Assistance of Child Refugees, Geneva.



Mohamed Chenima

Governor of the Central Bank

Mr. Chenima was born in Akouda (SOUSSE) in 1929. He received his primary and secondary education in Tunisia and studied law and arts in Bordeaux where he obtained degrees in law, political economy and arab literature.

He returned to Tunisia in 1957 to join the National Railways as head of the administration department. From 1959 to 1972, he worked in the National Agricultural Bank where he became President-Director General in 1969. Since 1972, he has been governor of the Central Bank and governor of the IMF. Mr. Chenima enjoys the support of Prime Minister Nouria.



E



TOPICS FOR DISCUSSION

1. The Bank's relationship with Tunisia has always been close and frank under Ben Salah as well as under the present Government. The Tunisians are ready to listen and to take the Bank's advice. This note sketches out a few topics for the discussions Mr. McNamara is going to have on Monday, May 14 with a group of Ministers and later on with bankers and businessmen, and on Tuesday, May 15 with Mr. Moalla and with President Bourguiba.

Meeting with Ministers on May 14 at 16.00 hours.

2. Expected attendance: Prime Minister Nour, Foreign Minister Masmoudi, Planning Minister Moalla, Economic Minister Ayari, Agriculture Minister Hannablia and Education Minister Guiga. Discussions could focus on general aspects of Tunisia's development, leaving more specific issues for Tunisia's cooperation with the Bank to the next day's meeting with Moalla.

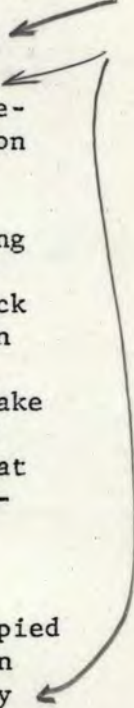
3. Income Distribution: According to preliminary findings of the basic economic mission (see F.4 Economic Brief, chapter V), Tunisia's income distribution pattern has deteriorated over the past decade, and recent economic improvement (1971-72) has mainly benefitted the higher income groups.\* This came somewhat as a surprise since Bourguiba's ideology since the early days of the struggle for independence was based on a humanitarian socialism, and this is still official doctrine.

4. Mr. Moalla was sensitive to Mr. McNamara's last Annual Meeting address and plea to give the lower layers of the income pyramid a more equitable share in economic growth. He indicated at that time that lack of statistical information precluded any quantification of the Tunisian situation and asked for Bank's assistance. To this we responded by sending a statistical expert (Mr. Novak in DPS) last March. We will make available to the Tunisians in due course a suggestion for a program of work for the National Statistical Office, and have already proposed that the Government obtain long term assistance for this purpose from bilateral sources while we will be ready to assist in selecting staff and supervising operations.

5. Since the Government has for the last two years been preoccupied with the reorientation of economic policy, very little thought has been given to the problem of income distribution. The need for taking early measures to stave off further deterioration of the situation could be underlined in this meeting. Educational reform and rural development (see Para 6-11 below) are areas where the absence of a determined policy for human resources investment is most felt. In our project work, we intend

\*According to unconfirmed estimates reflected in the Basic Data Sheet the upper quintile receives 65% of national income and the lower quintile 5%. The statistical basis for this estimate is however open to some question.

*Handwritten notes:*  
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292 under  
Apr growth was  
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relieve 3027  
since we are not  
3027  
high water  
good





to pay increasing attention to this problem, and the following projects could be cited: livestock and rural development project in Sedjenane, rural development in Central Tunisia, irrigation rehabilitation, phosphate mining rehabilitation and development (briefs for these projects are available under "Prospective Operations" G.4)

6. Educational Reform: Tunisia deserves praise for the effort, in quantitative terms, that has been made in education since independence. However, the large expenditures have on the whole not been efficiently used. Furthermore, the focus has shifted to secondary and higher education that benefits the middle class in urban areas, rather than to the manpower requirements of the economy. The existence of unemployed university graduates and dissidence at Tunis University are two indicators of the problems that now confront Tunisia's educational system. (For further details see Chapter IX of "Economic Brief" F.4).

7. The Bank Group has assisted the expansion of educational facilities in Tunisia with two credits, in 1962 and 1966, which are financing mostly general secondary education and teacher training schools. While insufficient emphasis was placed at the time on gearing the system towards manpower requirements, savings from the second education credit (see Existing Projects G.3) are being used to finance a group of experts in educational planning to work in the Ministry of Education. Mr. Moalla and Mr Ayari have recently proposed a program of institutional changes (joint primary and secondary cycles, more emphasis on vocational training) which go some way towards an educational reform. (The program was not backed by the former Minister of Education Mizali, who was replaced in early March by Mr. Guiga, mainly because he did not succeed in handling student unrest at Tunis University). The immediate step for the Government now would be to put a vigorous effort into the study of manpower requirements, and its translation into educational needs, and ultimately further educational reform. Through a third education project scheduled for FY-1975, the Bank intends to support and reinforce the Government's plans for a more economic use of resources allocated to education. (See Prospective Operations G.4).

8. Regional and Rural Development: Investment policies during the sixties favored large scale investment in industry and agriculture (mainly irrigation). It concentrated in the coastal areas. Little was done for development of the hinterland, which not even tourism penetrated. Increasing migration towards urban centers caused by population pressure and lack of employment in the rural areas should force the Government to attend to this problem.

9. The situation has been accentuated by the lack of regional administrative organization. Economic decision making is centralized in Tunis and regional interests are rarely taken into account. Moreover, it seems impossible to encourage the urban elite to work in the country, as Government salaries do not provide for premiums or hardship allowances. The creation of effective regional administration would also require that the central Government abdicates some of its prerogatives and shares revenue resources with regional entities. (See Economic Brief, F.4, Chapters V and VII for more detailed discussion of Regional and Rural Development).

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10. Some effort is for the first time being made to advance rural development (Mr. Moalla's proposal, which he intends to take up with Mr. McNamara, is reflected in Paras. 21 and 22 below). However, this seems incommensurate with the real dimension of the problem. It is also questionable whether the Government is really serious about rural development, if it continues devoting large funds earmarked for agriculture development to irrigation, which, contrary to wide-spread belief and official accounts, primarily benefits large farms with better soil conditions. Moreover, the Government intends to sell to private owners part of the former French colon land which has the country's best soil conditions and which Ben Salah intended to make the core of cooperative development. Small farmers would hardly have the means to buy this land, and, unless it is distributed to them on social rather than economic considerations, a chance for improving the problem of rural poverty and under-development would be missed. The issue is very delicate since vested interests are at stake, and the technocrats in the Government believe in large holdings.

11. While problems of land tenure and consolidation have so far been shelved, a solution will have to be found at least for the purposes of the two Bank projects (rural development and livestock project Sedjenane; integrated rural development project Central Tunisia). A more determined effort to bring social infrastructure into rural areas is required; the Government's response to the suggestion in the framework of Sedjenane project was not encouraging (see Prospective Operations G.4). Administration will have to be decentralized. In order to encourage civil servants and administrators to move into backward areas salary provisions would need to be modified and to provide for incentives.

12. Aid Coordination: Tunisia's record in coordination and utilization of capital and technical assistance is rather poor (see brief on Foreign Assistance and Debt F.5). To improve the situation, the following actions might be envisaged:

(a) Government: The Government should increase the staff of the Planning Ministry devoted to ensuring adequate coordination and utilization of external assistance, including the application of aid to the highest priority projects rather than to pet proposals of individual ministries or donors. Consideration should be given to clarifying the relationship between the Planning Ministry and the Foreign Ministry (the Planning Ministry looks after multi-lateral aid, the Foreign Ministry after bilateral aid) in the evaluation and discussion of external assistance with donors, whereby the Planning Ministry, in our view, should have the overall responsibility for allocation of aid funds.

(b) Bank: To the extent that staff can be made available for the purpose, we intend to increase our reporting to the Consultative Group on external assistance, including technical assistance to Tunisia. More detailed reporting should make apparent to both

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the Tunisians and the donor countries, the overlapping of assistance and the need for increased coordination among donors and within the Government.

Meeting with Bankers and Industrialists on May 14, at 17.45 hours.

13. The proposal to group representatives of private industry together with representatives of banks for this meeting had a rather cool reception on the Tunisian side. The answer was that there were no representatives of private industry who could make a meaningful contribution. We understand that only representatives of two public banks (Hassan Belkhdja of STB and Lasram of BNT) have been invited to participate, and that the industrial sector will be represented by Boukhris (ICM-phosphoric acid production) and Bahroun (STEG-electricity corporation) both state-controlled companies. Bourguiba Jr. (SNI) will be in Canada. We suggested that Chelli, ex-Minister of National Economy and recently appointed head of the new investment promotion agency, be present. This has not been confirmed. Given the composition of the meeting, and the likely preponderance of the banking sector, discussion could focus on the mobilization of funds for industrial investment, and then move on to the Government's investment incentives program.

14. Liberalization of Banking Sector: The Government is looking to the banking sector for mobilizing some D200 million of additional non-government savings over the Four-Year Plan period. While there is clearly scope for increasing savings outside the government sector, it is not sure whether in the absence of an active banking sector and with the Government's low interest rate policy this target can be met. The Government so far could afford a low interest policy because of the high inflow of low interest aid funds. The banking sector has been protected from foreign competition and has been scoring acceptable operating results without expanding operations and contributing dynamically to investment activity in the economy. This attitude is understandable in the light of tight Government and central bank controls on banking operations, largely a remnant from the days of severe foreign exchange shortage. This policy should be reviewed (see Economic Brief F.4 Chapter VI).

15. Investment Promotion: Following last year's legislation on promotion, of investment in export production which provides substantial incentives to investors, the Government has recently established the new investment promotion agency headed by Tijani Chelli. The main purpose is to short circuit previous cumbersome approval procedures. While this is commendable, there is a need to gear the incentives granted more closely to specific objectives, such as employment generation and regional development, and to improve the investment conditions through creating industrial estates and expanding local financing (at present foreign investors are not permitted to obtain local currency funds) and training facilities. The incentive scheme should be extended to domestic investors. Mr. McNamara may wish to elicit the views and experience of participants on possible approaches to their problems.

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16. IFC is interested in assisting the Government in the formulation of its industrial sector policy, and we understand that Mr. Gaud is going to brief Mr. McNamara on the outcome of his recent discussions in Tunisia. The Bank intends to field a special industrial mission in FY-1974 (Para. 24).

Meeting with Minister Moalla on May 15, at 09.30 hours.

17. Mr. McNamara may wish to discuss the role which the Bank could play in bringing about the Government's economic and social development goals, particularly in the sectors of agriculture, industry, urban development and education.

18. Bank's Lending Strategy: Minister Moalla is likely to ask about the Bank's lending plans for Tunisia. In this context, it may be in order to mention that per-capita GNP of Tunisia has considerably increased as a result of recent performance improvement, and now stands at \$350. However, this should not be the only determinant for the country's IDA eligibility given its vulnerable agricultural production, a still rather high debt service ratio and uncertainties on the continued flow of tourism earnings and workers' remittances. Moreover, a large part of the population has not benefitted by the recent improvements. Mr. McNamara may want to indicate that Tunisia's IDA eligibility will be reviewed in the light of these developments.

19. Agriculture: As a short term goal we are presently coping with the rehabilitation needs of irrigation infrastructure which has been established during the 1960's and is not yet utilized for manifold reasons (see Economic Brief and Prospective Operations G.4). A successful rehabilitation will increase agricultural production and employment. Furthermore, Mr. McNamara may emphasize the need for promoting livestock production and rainfed agriculture, which will require creation of extension services and marketing facilities and a rapid solution of the land tenure problem.

20. Rural Development: Minister Moalla intends to explore with Mr. McNamara a possible Bank/IDA participation in a countrywide rural development scheme, which he recently proposed publicly. In order to create employment and economic activity in rural areas, and to restrain rural/urban migration, the new Four-Year Plan will include an amount of D40 million (\$ 90 million equivalent) for a rural development program. Funds are to be expended for small agricultural equipment (largely hand tools) which farmers can obtain on soft credit or grant terms. The program is to be executed by the local agents of the central ministries (mainly the Ministry of Agriculture). Moalla expects funds to disburse fast. The program will not replace the Bank's Integrated Rural Development Project for Central Tunisia (see Prospective Operations G.4) which is different in concept. (Moalla assured us it would go ahead as envisaged).

21. Moalla's program shows a few pitfalls which would make it difficult to indicate at this stage if a Bank participation can be considered. The organizational framework seems too weak to assure effective use of funds. Local personnel of the central ministries, which are thinly spread at best, could hardly administer this program in addition to their present



functions, and would have to be strengthened. Moreover, no provisions have been made, financial or otherwise, to train farmers to use additional equipment and livestock. Public extension services, which are only slowly being built up in Tunisia do not yet reach more remote subsistence farm areas. Mqalla's commendable intention to attack the problem of rural development nonetheless merits support. For FY-1975, the October 1972 CPP suggests a study on regional development needs (see Para. 63 and attachment five of 1972 CPP, Section F.1). At that time, experience with the first year of the Tunisian program would be available, and preparation of our own Rural Development Project should be sufficiently advanced to allow us to draw some conclusions.

22. For the time being, we are not contemplating any other technical assistance in form of sector surveys or other.

23. Industry: While Bank assistance to industrial development has previously been confined to DFC financing, we now intend to contribute to the rehabilitation of one of the biggest public enterprises, the Gafsa phosphate company. (see Prospective Operations G.4, for further details on this project). This company is a burden for the Government, not only because of its high current deficit, but also because of its unstable labor situation. A further deterioration of the industry could spark off substantial migration to the urban centers, mainly Tunis. Mr. McNamara may want to underline the need for improving not only employment conditions but also living conditions in the mining area in order to stabilize the manpower situation. It would also be necessary to design a development program for the region which provides for diversification of economic activity to the extent possible. The Government so far has not focussed on this aspect. In FYs 1976 and 1977 we also intend to support the textile and metal working industries which have good export prospects and are highly labor-intensive (see Economic Brief F.4 and Subject Brief F.6 for further discussion on industry)

24. As another aspect of employment creation, the Government intends to pursue a more dynamic industrial policy. There is need for a more detailed investigation of Tunisia's potential in the industrial field and of the financial framework which would be more conducive to stimulate growth oriented investment, including investment from local sources. This should include a review of the Government's pricing practices which it is not ready to abandon easily. Both Ayari and Moalla recently asked for Bank technical assistance for the industrial sector, however with slightly different emphasis. Ayari is interested in building up vertically integrated steel and phosphate subsectors and expanding production of consumer goods while Moalla is pointing to the need to promote small industries on a regional level. Both seem to be aware that Tunisia's financial sector at present is ill-equipped to assist industrial growth. To improve it, Moalla suggests that the presently moribund regional investment finance companies (Sociétés Régionales d'Investissement), be reactivated. A limited regionalisation of industrial financing may offer some promise for promoting small industrial interests outside Tunis and Sfax which at present receive insufficient attention from national Tunisian financial institutions. Such an approach would make sense particularly in the frame work of an integrated regional plan. The Government has proposed that a Bank industrial policy



mission visit Tunisia in the fall. The Industrial Projects and IFC's Capital Market Departments are expected to participate.

25. Urban Development: Negotiations for an urban planning and transport project for Tunis will begin shortly. The project will address itself to the need for a well coordinated planning effort in order to avoid urban sprawl and increasing traffic congestion in the city center. In this context Mr. McNamara may wish to point to the importance which the Bank attaches to the effective establishment of Tunis District Administration, the recently created metropolitan planning and coordinating agency, that up to now exists only on paper and for which staff has to be found soon. A related issue would be the need for introducing restraints on private automobile use in the city center. Such measures will be proposed under a study to be carried out under the urban transport project. (See Prospective Operations, G.4, for further details on this project).

Moalla may bring up the Government's plans to relocate the terminal of the suburban railway line, which is to be rehabilitated under the project. The Appraisal Mission has strongly objected this relocation, which is only necessary at the moment in order to make way for a proposed equestrian statue of the President and a North-South highway connection. We feel that these changes should first be studied by the Tunis district, in particular in the light of the expected effects of an automobile restraint policy which may render the highway construction unnecessary.

26. The discussion may also touch on the need for rehabilitating the Tunis Lake, to which the Bank is going to respond with a project to be financed in FY-1974. Moalla may bring this up. (for details refer to G.4, Prospective Operations).

27. Education. In this context Mr. McNamara may want to reiterate the need for a concentrated effort at manpower planning and educational reform. It would seem essential that the IDA financed group of experts in the Ministry of National Education be integrated into such an effort together with other bilateral and international expert groups. (See earlier paragraph in this section on Education Reform, and chapter VI of Economic Brief - F.4).

Meeting with President Bourguiba, May 15 at 12.30 hours.

28. Given the time limits and the nature of this meeting, it may be necessary to limit the discussion to one or two items. Mr. McNamara may want to review briefly the effect of the new economic policies applied since 1970 on income distribution and emphasize the need for a more determined Government effort to redistribute income in favor of the poorer section of the population. (See earlier paragraph in this section on Income distribution and chapter IV of Economic Brief - F.4).

The discussion may then carry on to the need for realigning the education system so as to distribute its benefits more equitably. It should be assumed that the President's thinking on education still favors general education as an individual right and that he has to be convinced of the necessity to gear education to the needs of the economy and to avoid large scale structural unemployment. (See earlier paragraph in this section on Education Reform and chapter VI of Economic Brief - F.4).

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