

MENA Ministers' Meeting: Tunisian Delegation

Speaking Points of Minister Lamia Zribi

We are pleased to have participated in the IMF-WB Spring Meeting. Thank you for giving us the opportunity to express our opinion on the issues regarding concerning the impacts of the global economic recovery and the current global uncertainties.

- Before sharing my thoughts on these issues, let me welcome Mr. Jihad Azour into our MENA Minister's circle—good luck to you in your work for our region.
- I would also like to take this opportunity to reiterate my great appreciation, and also on behalf of the Tunisian Government, to the Fund managers and the IMF team in charge of the Tunisia program, for their contribution to the success of the Staff-level Agreement.
- Let me also quickly say, that I am very happy that we have reached a Staff-level Agreement on the First Review under the Tunisia's EFF last week; this is a milestone for the economic transition in Tunisia, which will help our country to move even further towards a more inclusive economic growth model, while maintaining macroeconomic stability.

I would like to highlight two key issues related on the impacts of the global recovery and uncertainties on the Tunisian economy:

First, the global recovery has beneficial repercussions on Tunisian economy, especially in the Europe. Europe is by far our main trading partner and a major source of incomes for our tourism industry. Today's signs of economic recovery are perceptible in Tunisia, spreading into sector of our economy, including private and public investment.

- The positive external outlook will allow us to double our growth rate in 2017, but let me also say that unfortunately, this is not enough: Tunisia experienced growth of only 1 percent of GDP in both 2015 and 2016, largely as result of the confidence shock after the tragic violence at the Bardo museum and at Sousse. These negative events also narrowed the space for ambitious policy reforms.
- I hope that the worst is now behind us, but the projected growth of 2-3 percent over the next years will remain far below what is needed to create jobs for our young population. We really need to reduce the current high unemployment, notably among the youth, the women, and in the non-coastal areas of the country.
- To achieve higher and more inclusive growth, foreign direct investment is crucial. Our biggest hope is that the global recovery will stimulate capital inflows. This can also happen as a combined result of our comprehensive structural reforms and Tunisia's participation in the Compact with Africa.

Secondly, the current high level of global economic and geo-political uncertainties, and our fragile socio-economic situation reduce the scope for a faster recovery of investment, economic growth, and employment. High external risks and domestic fragilities limit the ability of policy making and increase the uncertainties regarding the materialization of potential economic outlooks.

- Many colleagues around this table will probably share my view that *our countries need to respond to this challenge, by implementing reforms that make our economies more robust and flexible against macroeconomic shock*, which includes supporting *private-sector-led economic growth and job creation activities*.
- For us in Tunisia the agenda is clear. It includes focusing on a *well defined set of economic reforms that contribute to macroeconomic stability, fiscal sustainability, economic growth and social protection*.
- Progress on a growth-friendly *fiscal consolidation process* will open space for required public investment and social spending.
- Government reforms should include actions to strengthening our *financial system*. Actions and reforms contributing to the operation of a sound and competitive banking system would increase the affordability of credit for investment and for some excluded sectors our society.

- Pursuing reforms to strengthen the financial and business climate are necessary for investment and growth. The reforms should include actions that strengthen our regulatory legal framework and supervision.
- In this difficult current process it is crucial the assistance *from the international community*, in terms of financing, policy advice and technical expertise to ensure that our economic strategy becomes robust and contribute more effectively to the prosperity of our young democracy in Tunisia

Thank you.