

# Doing Business in Africa

**When: Tuesday, October 5, 2004 - Time 8:45 am - 1:00 pm**  
**Where: United States Department of Commerce**  
**250 Montgomery Street, 14th floor, San Francisco CA 94104**

## Seminar on Tunisia

**Center for International Trade Development**  
**International Business Development Seminar Series**

GLOBAL CENTER FOR TRADE



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## Presenter:



Said E. Cherkaoui Ph.D.  
P.O. Box 9831  
Oakland, California, 94613 USA  
Cell: 1 + 510-382-9040  
Office : 1 + 510-540-8901 Extension 20  
<http://www.glocentra.com>  
E-mail: [glocentra@usa.com](mailto:glocentra@usa.com)

Dr. Cherkaoui's career combines an international consulting practice, executive and managerial business duties with E-Learning practices, applied research and academic responsibilities in Europe and the United States of America.

He has a successful record in international trade, business, and market development for various economic sectors which span from food-agriculture to information technology and telecommunications. He is actually involved in trade and project development in Morocco, Tunisia, the rest of Africa, the Middle East and China.

During June 2004, Dr. Cherkaoui has represented 15 Californian companies at the Casablanca American Café Food Exhibit organized by the USDA in Morocco.

Dr. Cherkaoui has held Executive and Senior Management positions at Global Center for Trade (GLOCENTRA), East Bay Center for International Trade Development and California-Mexico Trade Assistance Center, Mercanteo/Amient, Sprint, Everex, the San Francisco Chamber of Commerce, Baker Associate and as Researcher in France.

Dr. Cherkaoui is a published Author of inserts in a dictionary on Africa, Middle East, the construction of the European Market, the North American Free Trade Agreement (NAFTA), Brazil, China (telecommunications) and Custom Relationship Management.

Dr Cherkaoui holds a Doctorate in Economics with Honors from the Universite de Sorbonne, Paris, France. Dr Cherkaoui also received his DEA degree in Prospective Science from l'Institut de Prospective et de Politique de la Science, Universite Pierre-Mendes France, (UPMF) Grenoble, France and a Diplome du Second Cycle in Economics & Finance from L'Institut d'Etudes Politiques, UPMF, Grenoble, France. His graduate studies concentrated on the industrial role of the Moroccan State while his Bachelor of Arts degree was in Accounting, Economics and Statistics, both from the same Institute.

Dr. Cherkaoui also holds several U.S. technical and professional certificates on Telecommunications, Information Technology, Entrepreneurship, Online Teaching, Sales, International Trade, Trade Finance, Export-Import operations and Trade with Mexico.

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# TUNISIA

- Tunisia is a predominantly Arab Muslim country and lies on the north coast of Africa, occupying an area approximately the size of England and Wales, slightly smaller than Missouri.
- Ethnic groups and Religions : Arab-Berber 98% Muslim, Jewish less than 1%, European 1% Christian.
- Population (2003): 9.9 million, a young population with over 55% under 25, growing at 1-2% each year.
- Wealth distribution is quite even, providing a relatively large middle-class (estimated at 65% of the population) with sizeable purchasing power.
- Languages: Arabic (official), French.
- Annual growth rate (2003): 1.14%.

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# TUNISIA -1- Advertising

- Direct mail is an ineffective way of marketing.
- If direct mail must be used, it should be in Arabic or French and followed up with a telephone call.
- Since personal contact is vital in conducting business in Tunisia, deals should be made through a local agent or a North African Arabic speaking person.
- Posters are widely used. They must be approved by the authorities.
- Advertising by illuminated signs, competitions and sponsored sporting events is widely used.
- Newspapers and periodicals  
The 1959 constitution guarantees freedom of expression, although the Press Code gives the government wide-ranging powers.
- *Tunis Afrique Press (TAP)* is the official news agency and publishes in Arabic, French and English.
- Tunisian newspapers generally accept paid advertising.

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# TUNISIA -2- Advertising

- Standards are more focused on social and political content than on commercial issues.
- Radio and television: There are two television channels and four radio stations, all operated by the state-run *Radiodifusion Télévision Tunisienne*.
- Television: Channel TV7 television broadcasts in Arabic. Some programs are imported from Egypt. Channel 21 broadcasts youth programs in Arabic. A broadcast one hour English program.
- Both channels carry advertising, which should be in the appropriate language. Rai Uno (Italy) can be obtained locally, as can several other channels.
- There are strict standards, and rates tend to be higher for advertising foreign-origin goods than for Tunisian-origin goods.
- Radio: The national radio station broadcasts in Arabic, while the international station broadcasts mainly in French, with some programs in Italian, English, German and Spanish.

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# TUNISIA - Sales Promotion

- Initial correspondence and product literature should be translated into French by a professional and followed up (in French) by a telephone call.
- The establishment of personal relationships is important in business and in commerce, and the usefulness of "cold" direct marketing is therefore limited.
- Customers are more likely to purchase higher technology goods, new products on the market and brand names if there is a local agent who can provide after-sales service. Tunisians, particularly those in major cities, are also increasingly likely to purchase brand names or goods that have a European or American image, although cost remains the most important factor for most consumers.

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# TUNISIA -1- Local Agents/Distributors

- Local agents/distributors are crucial to introducing products into Tunisia. Both commission agents and distributors may represent foreign businesses in Tunisia.
- The agent will act to locate business and provide access to potential markets. A distributor, on the other hand, purchases goods from a foreign supplier and then acts independently of that supplier to sell those goods. Any profits or losses that distributors encounter are solely their responsibility. The agency-principal relationship is governed by article 625 and 626 of the Commercial Code of Tunisia.
- The parties are bound by the terms of their own contract, as no special legislation exists to regulate the termination of an agency agreement. The parties may negotiate and draft their own binding contract, which includes terms for termination of the relationship.

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# TUNISIA -2- Local Agents/Distributors

- Law forbids exclusive distribution contracts in Tunisia. There are several joint ventures in Tunisia and licensing agreements are working well. Tunisian law does not refer to franchise.
- Depending upon the type of commercial activity under consideration, firms may need to complete a wide range of regulatory, licensing, and logistical procedures before bringing their products or services to the market. Simplified registration procedure is available at the one-stop-shop of the Industry Promotion Agency (API).
- Distribution channels of products and services vary according to the technical nature of the producer and the potential buyer.

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# TUNISIA – Product Qualifications

- **Monopolized products:** Products such as pharmaceuticals or basic food products are generally bought through international tenders by the relevant administration.
- **Raw materials and semi-finished products:** They can be sold directly to the client, generally big industries, and do not require a local agent.
- **Industrial equipment:** they are bought through consultation (private sector) or public tendering (public sector) and can be sold and installed directly.
- **A local agent can help follow invitations to tender, make contacts with key public officials and advise on local technical partners if necessary.**
- **Small equipment and consumption goods:** an importer/distributor is recommended for the clearance requirements, storage, and the distribution of the goods to retailers or wholesalers and after-sale services if required.
- **Products such as raw material for textile industry, chemicals, automotive parts, health care products** are distributed and directly imported by retailers.
- **Second-hand material:** There are not free for import and need an import license and have to be valued by an expert.

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# TUNISIA – Terms of Payment

- Advance cash payments are never used as these contravene exchange regulations. Imports cannot be paid for until documentation has been presented to the issuing bank to certify that the merchandise is in the custody of Tunisian customs. It is usual to use letter of credit (L/cs) or commercial drafts with 90 days of credit term. L/Cs are usually expensive to administer and banks may require a deposit covering the total value of the L/C in local currency at the time of opening.
- For these reasons, once a company is satisfied with the financial standing of its customer, it might like to consider alternative methods of payment, such as payment against document (PAD).
- The Dinar is convertible for foreign business transactions. No authorization is needed from the Banque Centrale for current account transactions or for the repatriation of capital or profits for foreign investors.
- For other transactions, the Government has progressively been relaxing currency controls in preparation for the eventual total convertibility of the Dinar. <http://www.glocentra.com>



# Generic Observations on Business Culture in Tunisia

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- Society is gradually moving away from male-dominated structure and more women are entering the work force.
- Handshaking is the customary form of greeting but some people may brush cheeks or kiss.
- Greetings usually include inquiries about one's health and family.
- Many of the manners and social customs emulate French manners.
- French is the language of business, but the use of English is increasing.
- Product information should be in French.
- Business people should be dressed professionally and conservatively, but a suit is not necessary in very hot weather. Dress like locals to get better acceptance.
- Meetings tend to be slow-paced, beginning with long amenities and gradually approaching the purpose.
- Negotiations often involve a lot of bargaining, and a visitor should expect to deal with many people.
- Most businesses close for a two and a half-hour during midday.

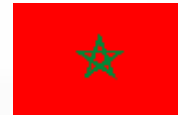
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# Acting in North Saharan Africa

## • Do's:

- Be patient but firm.
- Do be sensitive to religious holidays.
- Appointments should be made in advance.



## • Don'ts:

- Be careful not to give a sense of urgency.
- Do not discuss Christianity or try to engage Moroccans in a debate about it.
- Avoid offering alcohol to Muslims during Ramadan.
- Do not try to enter a religious building in you are not Muslim.

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**THANK YOU FOR YOUR ATTENTION**

**Email us your Questions**



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**Said Cherkaoui, Ph.D.  
Executive Director**

**Phone: 1 + 510-382-9040**

**Email: [glocentra@usa.com](mailto:glocentra@usa.com)**

**P.O. Box 9831  
Oakland, California 94613, USA**

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