

Interview: Fatma Thabet Chiboub - CEO, Bizerta Economic Activities Park (PAEB), Tunisia



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Fatma Thabet Chiboub, CEO of the Bizerta Economic Activities Park (PAEB) in Tunisia, explains the advantages for a company of establishing itself in the PAEB, the importance of high added-value economic activities for Tunisia, and the central role of the PAEB in stopping the country's brain drain.

Could you tell us about the PAEB's main attributions and why the pharmaceutical industry is a sector of interest to you?

The Bizerta Economic Activities Park (PAEB) was created in 1993 within the framework of the national strategy to promote foreign direct investment and exports. The PAEB aims at the economic development and the growth of innovative high value added sectors. It is a free zone fully devoted to export companies. Our missions are the promotion, development and maintenance of the geographic zones we have authority upon. The share capital of the Development and Operating Company of Bizerta Economic Activities Park is distributed as follows: public companies own 34 percent of the capital, private banks and Bizerta's citizens respectively own the remaining 44 percent and 22 percent. This gives the PAEB a very local dimension as well.

Around 114 people work in the park's administration, to cater to the needs of the 60 companies that have established a presence in the three sites of the PAEB. Today, the PAEB represents an annual investment flow of around TND 560 million (USD 230 million), 97 percent of which are to be

registered as FDI flows.

We are also very attentive to export levels. Currently, the PAEB exports an average of TDN 400 million annually (USD 165 million), representing around two percent of the total national exports in the manufacturing industries. Given the size of our facilities we are extremely proud of the park's contribution to Tunisia's economic dynamism. In 2016, our exports reached a record level of TDN 624 million (USD 260 million).

Another objective is the creation of employment opportunities for graduates. In spite of the pharmaceutical industry's intense international competition, we are particularly interested in helping this sector develop in Tunisia. Indeed, the companies involved in this sector have to develop sustainable competitive advantages to survive competition abroad. Their ability to develop such competitive advantage is beneficial for the competency building of the graduate Tunisians working for them. Indeed, learning within a company that needs a competitive approach to business entails some excellent learning axes.

Moreover, the supervision rate of companies established in the PAEB is much higher than the average Tunisian supervision rate. Indeed, our supervision rate is above 25 percent, and up to 40 percent in the pharmaceutical sector. Therefore, Tunisian graduates can benefit from better advice and progress faster than if they were not working for a company with strong management and opportunities for career development.

What makes the PAEB the right place to establish a presence?

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The PAEB's three sites locations, in Bizerta, Menzel Bourguiba 1 and Menzel Bourguiba 2 cover a total of 81Ha. The strategic location of the Park sites provides companies establishing themselves in the park with a competitive advantage for export activities. Indeed, these companies can target Europe, the Middle East and Africa indifferently and will find it easy to do so.

Additionally, companies choosing to set up a production plant in the free zone can benefit from an unrivalled set of legal and financial advantages. For example, fully exporting companies established within the PAEB have value added tax exemptions, custom tax exemptions, and a 10 percent corporate tax rate as opposed to the normal 25 percent rate they would pay outside of the free zone. Also, the PAEB has arranged for agreements with the customs to facilitate import and export activities. Companies operating within the PAEB's framework are guaranteed a 24 hours customs clearance (presence of customs offices at the sites entries). Furthermore, companies

registered under the fully exporting regime are legally entitled to sell their products on the Tunisian market provided this does not represent more than 20 percent of their annual revenues. We have noticed many companies chose not to sell in Tunisia having found more profitable opportunities abroad.

The services we provide to our clients' cover a much broader spectrum than our competitors. In addition to offering a space to establish one's offices or production plant, we provide guidance in dealing with the local authorities. Also, the PAEB's administration provides recommendations as to which service providers to use for the construction and operation of the plant such as architects, construction companies and power providers. This allows companies that choose to partner with us to solely focus on their operations rather than having to deal with time consuming administrative procedures.

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Last, Bizerta's region has the reputation of being a talent pool, and rightfully so. The region is home to some of the most educated workers in the country. Therefore, finding suitable personnel to work for a Tunisian affiliate is never a problem. Other areas in Tunisia have tremendous potential and offer similar advantages to the ones available in the PAEB but the lack of qualified human resources hinders their ability to develop. As a matter of fact, despite the law allowing up to 10 foreigners to work for a company established within the PAEB, 99 percent of the people employed by those companies are Tunisian, including general managers. After three years of establishment with us, headquarters have usually found someone from Tunisia who they can trust to efficiently run the local affiliate.

Still with regards to the advantages linked to human capital, the PAEB's working regime offers more flexibility than the Tunisian labour code thanks to fixed-term work contracts. This does not disrupt the companies' operations. Those who implemented this favourable regime knew that a company having dedicated resources to train a worker would not terminate employment contracts unless they faced extreme conditions.

Why is it important for Tunisia to transition into high added-value activities?

High value-added activity segments employ managers. As a result of high investments in public education Tunisia has highly qualified graduates. Unfortunately, there are no opportunities for them in the country that matches their level of qualifications. Most of them have no other choice than to leave the country to find a suitable employment opportunity.

I reckon promoting the development of high added-value sectors could slow down the brain drain effect and convert the investments in public education into economic improvements in Tunisia. Attracting international investors in the pharmaceutical industry is one of the ways to develop high added value activities in Tunisia. In this regard, the PAEB has a central role to play in the country's economic development. In fact, we have two medical device companies, which have grown tremendously fast and now employ over 1000 Tunisian in various roles.

How is the PAEB going to develop itself?

We are now promoting the land available at the site of Menzel Bourguiba site 2. The 60 companies we host there have continuously expanded as a result of their rapid development and we lack availability in terms of industrial buildings and factories; Then, further promotion of available land could better meet the needs of investors.

In parallel, I am looking forward to improve and diversify the services we provide to our clients. Our client's satisfaction is of the foremost importance to me. For this reason, the PAEB has joined the World Free Zones Organisation. We intend to follow the trends and recommendations of its members.

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