

Interview: Khalil Laabidi – General Manager, Foreign Investment Promotion Agency (FIPA), Tunisia



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Khalil Laabidi, general manager of the Tunisian Foreign Investment Promotion Agency (FIPA) since 2014, discusses his organization’s responsibility for attracting foreign investment in line with the government’s objective of economic transformation, increasing technology transfer and making Tunisia a capital-intensive economy.

What is the role of FIPA and how has it evolved since its creation?

FIPA is an investment promotion agency. Until 1995, it remained a component of the Agency for the Promotion of Industrial Investment (APII) at the Ministry for Investment, but today it is an independent body. Nonetheless, collaboration with the APII continues on a daily basis because it is responsible for investment administrative procedures. FIPA’s main objective is to promote the inward FDI towards Tunisia across all sectors of the economy. The government supports this action and has installed a legislative framework to incentivize inward investments. Additionally, FIPA provides potential investors with information on the possibilities of investing in Tunisia. This information is available either through our website or in our antennas abroad. If investors want to visit the country to grasp a better sense of the business environment, my team arranges for meetings with local stakeholders and for presentations on Tunisia.

Our role evolves as the investment promotion legislation is being adapted. The most recent change was adopted in April 2017. The new regulatory framework pushes for the development of investments in high value-added segments of the economy, and achieving integrated and balanced

regional development. More specifically, the law has repressed several market access conditions, simplified administrative procedures for investors, and implemented a transparent process of approval and rejection. We now look for qualitative investments that match our vision for the country.

Tunisia is a country of great resources and its industries perform well. The longstanding commitment to education needs to be leveraged upon. Unfortunately, we seem to have settled for less than what we are capable of producing. Rather than focusing on low capital-intensive activities, we want to leverage both on the talent pool and our business-friendly regulatory environment to transform Tunisia into a high added value economy. The change in regulation will attract foreign investors and trigger the appropriate technology transfers for our economy to transform into a knowledge based one. Additionally, the FIPA is committed to help local companies increase their capabilities. We train and qualify workers, as well as we push for companies to increase the quality of their management base. Eventually, our action creates the necessary environment for higher value-added activities.

How does this translate into the healthcare sector?

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Habib Bourguiba's legacy lives within Tunisia's current affairs. The decision to prioritise health and education investments over security ones has shaped the country. Therefore, the healthcare sector remains one of our government's priorities. Furthermore, it matches our ambition to target high added value activities perfectly. More specifically, Tunisia is home to a wide base of companies, universities and talents in the field. A pharmaceutical company wishing to invest here is guaranteed to find qualified personnel and adequate resources for the production of any health-related products. In fact, Tunisian workers, having studied in some of the most renowned universities of the region, are familiar with the task of learning new processes fast.

Also, in terms of international outlook, the pharmaceutical and healthcare sectors are attractive. Tunisia profits from its locational advantages in the development of international activities in pharmaceuticals: at the doorstep of Africa and facing Europe. The ease of doing business in Tunisia is unmatched in North Africa and the production costs are lower than in Europe with advantageous shipping times: two hours by plane, two days by ship to Europe. While the business opportunities might not be easy to tap into in Africa, many Africans have resorted to Tunisian medical care to treat diseases for which therapies are unavailable in their country. This brings us to the next point Tunisia strives to develop further activities in: medical tourism. The potential in this area is important, indeed, Europeans find highly trained professionals in Tunisia, at a lower rate than in their home countries, and patients from other African countries find therapies here that are unavailable at home. For this reason, Tunisia is looking forward to facilitating procedures to benefit from medical assistance as a foreigner.

Thus, the government has chosen to support a number of initiatives to improve our competitiveness in this sector. The government subsidizes salaries to increase competitiveness and attract talents, highly capitalistic investment projects whether local or foreign.

How does Tunisia's new political regime affect the economy?

Our parliamentary regime is somehow less stable than other regimes. The power is now equally distributed amongst the president and the parliament. Either part can call for a revision of the governmental team in place, frequent changes are to be expected in a young democracy. Nonetheless, the Tunisian public and international community must rest assured the administration can survive these regular changes. The continuity of the administrative services and regulatory trends is not at risk of the frequent rotation of our executive apparel, nor is the activity of the private sector.

What is FIPA's strategy to attract foreign investment?

Our strong network of offices abroad, mainly in Europe but also in Turkey and Qatar is at the front line of recruiting potential investors. In addition to providing information on the country, organising visits and meetings with potential partners in Tunisia, the FIPA supports investors once they have decided to commit to the country. Indeed, we provide assistance with regards to all services required to set up a business in Tunisia whether administrative or operational. For example, we can help a company find the right accountants, location, or logistics provider. Relieving the pressure off of potential investors is of the foremost importance if we want to successfully attract international investments.

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How has the flow of inward FDI evolved in recent years?

Prior to 2011, the FIPA was successfully fulfilling its engagements to investors and the government. Our action had allowed multiple successful partnerships that transformed into beneficial technology transfers towards Tunisian companies. As the revolution burst out in 2011, FDI flows plunged. Our communication and aggressive promotion of Tunisia abroad coupled with the country's global recovery helped gradually stabilise the state of FDI inflows by 2013. From 2013 onwards, FDI slowly increased, mainly supported by the investments of companies with prior presence in the country. During this period, FIPA's main challenge was the recruitment of new investors. By 2016, FDI levels were even higher than those of 2010. They currently stand at an annual inflow of two and a half billion TDN (approx. one billion USD), reaching services and other areas of the economy, but mainly concentrating on the industry. Undoubtedly, the investor's trust is a signal the economy is ready to take off again. I am looking forward to increasing the annual investment flow into Tunisia by one billion TDN (approx. 410 million USD).

How does your additional role within the Tunisian Investment Board combine with your role at the FIPA?

The Tunisian Investment Board was set up by the government in 2016 with the intention to increase the share of GDP invested in the country to 24 percent by 2020. This initiative is only one of the first steps taken by our government to support investment in Tunisia. Both roles present a series of synergies and allow me to confront the national and international aspects of developing investments within Tunisia and find the appropriate answers to address the variety of actors in the market. I have a feeling our action could be more decisive if all of Tunisia's agencies and governing bodies were centralised. Indeed, the decision-making and the administrative processes would be significantly shortened.

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