

# Tunisia

## Chamber of commerce:

Tunisian Chamber of Commerce and Industry  
6 rue des Entrepreneurs  
1000 Tunis  
Tunisia  
Tel: +216 71 350 300  
Fax: +216 71 354 744  
Email: ccitunis@planet.tn  
Web: www.ccitunis.org

## The privatization process

Samir Abdelly  
Abdelly & Associés  
Tunis

Privatization and public-private partnerships have materialized in Tunisia. The private sector has been introduced into fields which were once exclusively held by the public sector, such as mineral conditioning, land passenger transport, goods transport, and telecoms.

At the end of 2006, 203 companies had been involved in privatization for a total of TD5.56 billion (\$4.31 billion). The total revenue of foreign investment in privatization has totalled TD4.82 billion, among which the services sector has represented 83.5% of privatizations.

The specific legal framework for privatization is mainly based on the law relating to the participations, companies and publicly-owned establishments, Law no 89-9 of February 1 1989, as amended by the regulation relating to the public markets.

Any transfer, exchange action or title of companies in which the state holds a direct capital participation must obtain the favourable opinion of the Commission of Stabilization and Reorganization of the Public Participation Companies (Carepp). Decisions regarding stabilization, reorganization, and advantages are taken by the prime minister on Carepp's proposal.

The Law mainly intends to encourage foreign investment in Tunisia, in particular by granting specific fiscal and tax incentives. These advantages are granted by a decision of the prime minister upon the prior opinion of Carepp.

The procedure for privatization starts with the decision to study the capital restructuring of a company by the Minister of Development. Then the General Direction of Privatization undertakes a global financial and technical study to decide the final strategy to be undertaken.

The file is submitted to both the Technical Committee on Privatization and Carepp for their opinion, the final decision being taken exclusively by the prime minister.

With the exception of a sale to employees, all transactions carried out within the framework of a privatization must be done so through a call for tender, according to: (i) a market best-offer transfer, (ii) a public call sale transfer, (iii) a private transfer, or a combination of all these methods.

Moreover, the Law makes it possible to transfer of a block of shares via a tender offer on the basis of a specifications document. These sales are achieved on the stock exchange without negotiation.

Blocks of shares are transferred via competition, either by a tender offer on the basis of a specifications document, or by listing on the stock exchange.

The block share transfer combined with a public offering is a practice employed by companies which are financially healthy and have growth potential. In this case, the transfer of a block of control is combined with the realization of a public offering.

A concession is the transfer of management and activities traditionally undertaken by a public entity to a private entity, for a given period. It can also take the form of private investors' access to activities or sectors usually reserved for the public sector. These techniques (build-own-operate, build-operate-transfer, etc.) are increasingly important considering the size of the projects under development as well as the number and the extent of the interested sectors.

The biggest Tunisian privatization undertaken by the end of 2006 was that of the national telecoms operator Tunisie Telecom. The privatization, under which 35% of the company's share capital was transferred, generated considerable income for the government and has been considered fully successful.

At the time of writing, privatization and restructuring operations for Enfidha Airport, Société Skanes Palace International, Société

Tunisienne d'Industrie Laitière, Société des Fermes Laitières, and Société de Mise en Valeur et de Développement Agricole are in the process of being finalized.

## Financial and corporate

### Recommended firms

#### Tier 1

Abdelly & Associés  
Adly Bellagha & Associates  
Ferchiou & Associés Meziou Knani  
Salaheddine Caid Essebsi & Associates

#### Tier 2

Kallel & Associates  
Mili & Associates

#### Tier 3

Mahbouli & Associates  
Mallouche & Associés

The celebrated reforms in Tunisia in the nineties have resulted in a period of stability and economic strength for the country. The real-estate and tourism sectors are flourishing, while construction companies and investors are enjoying particularly strong growth.

Privatization and public-private partnerships are still taking place, most notably the privatizations of the state owned insurance company, Société Tunisienne d'Assurance et de Réassurances and of Tunisie Telecom. Bourse de Tunis, Tunisia's stock exchange, is planning to expand, and the government has offered tax reductions to attract companies.

The legal market is still dominated by traditional, family-run firms such as Salaheddine Caid Essebsi & Associates and Adly Bellagha & Associates. Foreign firms have always showed an interest in Tunisia and in the region. Gide Loyrette Nouel is the most proactive international firm with an office in Tunis, run by Kamel Ben Salah.

**Abdely & Associés**

Abdely & Associés, established in Tunisia in 1923 as a north African law firm, is one of the country's premier financial and corporate practices. Samir Abdely has been managing the 24-lawyer firm since 1990, and has played an active role in many of the big transactions in Tunisia and in the surrounding region. With offices in Tunis, Algiers and Tripoli, the firm has been active in privatization and energy projects as well as the telecoms sector. Because of a good regional presence, the firm has been the first choice for many international clients and is especially renowned for real-estate investment projects.

**Leading lawyers**

Samir Abdely

**Adly Bellagha & Associates**

Adly Bellagha & Associates maintains its top-tier position after another successful and busy year. Known by its peers as "the leading M&A firm in the country", the firm is instructed on the most interesting and largest mandates in this field.

One client praised Adly Bellagha and his firm: "They are very professional, and I have no complaints. I would gladly recommend them to anyone."

In a standout deal, the firm advised the Ministry of Finance in the sale of the majority stake held by the Tunisian state in the Société Tunisienne d'Assurance et de Réassurance. In another significant deal, the firm worked for a Tunisian company in its joint venture with a well known international brewery.

Name partner Adly Bellagha assisted Eurocast in the sale and purchase of shares in a domestic company and his team also helped a British Investment Fund in the incorporation of a cement company.

Other recent highlights include its advice to Telecom Italia in the acquisition of a 35% stake held by the Tunisian state in the Tunisie Télécom, the national telecoms company.

**Leading lawyers**

Adly Bellagha

**Ferchiou & Associés Meziou Knani**

Ferchiou & Associés merged with Meziou & Knani in January 2003 to form Ferchiou & Associés Meziou Knani and according to a rival it "has combined the strength of both the firms". The firm was also praised by a rival because of its "impressive volume of work and revenue".

The firm is extremely adept on advice related to financial schemes and instruments such as derivatives and leveraged financings. It now has four partners and 20 lawyers in total, and is one of the largest firms in the country, and plans to expand still further after it opened an office in Algiers in 2006.

Partner Nouredine Ferchiou comes highly recommended and is one of the most respected lawyers in the field. The firm displayed its prowess when it advised T-Com in relation to the privatization of Tunisie Télécom. Finally, the firm helped the Islamic Development Bank arrange the financing for an electricity plant in Algeria.

**Leading lawyers**

Nouredine Ferchiou

**Salaheddine Caid Essebsi & Associates**

Salaheddine Caid Essebsi & Associates has some of the most experienced lawyers in the country and has been going strong since 1945. One competitor described Salaheddine Caid Essebsi as "the godfather of Tunisian law". Another rival added: "He knows how to settle the most complex and complicated issues due to almost 45 years of experience."

The firm is also known for its strong connection with the government and many of its lawyers have held the post of Minister of Justice in the past. On the deals front, the firm advised two Dubai Holding subsidiaries on the acquisition of Tunisie Télécom and is also acting for Accor, Merrill Lynch and IBM on their Tunisian related projects.

**Leading lawyers**

Salaheddine Caid Essebsi

**Kallel & Associates**

Headed by Sami Kallel, Kallel & Associates is known for its successful track record in privatization work. The two-partner firm is much smaller than its contemporaries but it has an impressive list of international and domestic clients and is broadening its focus by working more on project finance transactions.

**Leading lawyers**

Sami Kallel

**Mili & Associates**

Mili & Associates is a three-partner firm which has begun to focus on corporate and M&A issues in the last few years. It was otherwise renowned for its intellectual property and competition practice, but the partners Lofti Blel, Mohammed Zied Chaabane and

Faouzi Milli have recently become proactive on real-estate and investment projects. Some of its regular clients are Euro RSCG Design, Zeneca Pharmaceuticals, The World Bank, Mitsui and Ayacho & Salaman.

**Leading lawyers**

Faouzi Milli