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Tunisia Ready to Discuss EU Concerns on Tax Concessions (1)

By Jihen Laghmari

(Bloomberg) -- Tunisia has sent a team to Brussels to discuss its presence on a European Union blacklist of tax havens that could jeopardize access to badly-needed financing and investment.

The EU on Tuesday blacklisted 17 countries that could potentially face sanctions for failing to bring their taxstandards in line with the those of the bloc, as it steps up its

fight against opaque practices that facilitate avoidance by multinationals and individuals. The move surprised Tunisian officials and analysts who said it could endanger EU funding programs and complicate business dealings in a country struggling to revive its economy since the2011 uprising that ousted long-time dictator Zine El-Abidine BenAli. The dispute centers on tax concessions that Tunisia offers to its exporters as part of efforts to protect industries and jobs.

Prime Minister Yousef El-Shahed met the EU ambassador to Tunis on Thursday. The classification "does not reflect the reality of the Tunisian economy at all," he told reporters. "The EU is an important strategic partner and we will be intensifying contacts with it to explain." Shahed said exporting companies provide 400,000 jobs and represent two-thirds of industrial output Tunisia is battling to restore growth and ease pressure on its currency as years of political instability have hit tourism and foreign investment. The government agreed a four-year \$2.9billion loan facility with the International Monetary Fund in2016 but has struggled to push through painful reforms in an ascent democracy with a strong union movement. An IMF mission arrived in Tunisia on Nov. 29 to review the country's progress on reforms. Tunisia expects to receive an instalment of about \$313 million from the IMF in late December or early January.

"From an investor point of view, we feel this classification is more political than economical," said Hakim Azaiez, head of investment at Gulf Central Agency Asset Management in London. "We still see phenomenal potential in this young democracy and are following it closely."

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