
Stimulus plans - Tunisia continues spending in 2010 budget

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Reuters reported that Tunisia's attempts to prop up domestic demand with higher state spending will continue in 2010 as the government sets aside more money for development projects.

The summary published by official news agency TAP said that Tunisia relies heavily on tourism and wants to build on a reputation as a cheap, business friendly base for offshore services and industrial exports. Government spending is set to grow by 5.4% to TND 18.3 billion in 2010. The value of unspecified development projects will grow 18% to TND 4.6 billion. State salaries will grow by around 8% to TND 6.83 billion as the government seeks to create 16,000 state jobs.

Officials said that the unemployment rate is 14% with 88,000 new job seekers entering the market each year.

TAP said that the extra payroll spending demonstrates the importance placed on social matters in the state budget through the acceleration of the employment rate and the consolidation of buying power.

According to the International Monetary Fund, consumer prices in Tunisia are forecast to grow 3.4% in 2010 after rising 3.5% in 2009. The government estimates gross domestic product at 3.5% in 2009 down from 5.1% in 2008 as the global economic downturn hits demand for exports.

TAP said that the government aimed to make Tunisian firms more competitive, boost labor intensive investments and create more export opportunities by making industry more flexible.

The government boosted state spending in a 2009 mid year budget, a move that was welcomed in June by the IMF as necessary to support domestic demand during the global economic downturn. The Fund said at the time that the fiscal stimulus should continue in 2010 until the global economic recovery strengthens.

(Sourced from Reuters)

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