

# OECD COMPETITION ASSESSMENT REVIEWS TUNISIA 2023



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## Highlights from the competition assessment of laws and regulations of the tourism sector in Tunisia

Laws and regulations are key instruments designed to achieve public policy objectives such as consumer protection, security and safety, public health, and environmental protection. When they restrict market forces more than necessary or impose unnecessary costs, a comprehensive review can help identify restraints and develop alternative, less restrictive policies to achieve those same objectives, while keeping the benefits of competition, such as lower prices for consumers, better quality of products and services, more innovation and increased productivity.

In co-operation with the Delegation of the European Union in Tunis and Tunisia's Ministry of Tourism, the OECD conducted a competition assessment review to identify rules and regulations that may hinder the competitive and efficient functioning of markets in **Tunisia's tourism sector**. The scope of the project covered accommodation and wellbeing, food and beverage, land transport, travel agencies, and cultural, sports and recreational services.

The full results of the analysis are presented in an OECD report available at [oe.cd/ca-tunisia](https://oe.cd/ca-tunisia).

### Key numbers

**163**

pieces of legislation reviewed

**447**

potential barriers to competition identified

**351**

Recommendations to remove competitive harm

Up to

**TND 1.4 billion**

benefits for Tunisia economy and consumers from implementation of selected recommendations

The OECD's assessment was developed in consultation with Tunisia authorities and private stakeholders. It involved screening legislation pertaining to the activities in the scope of the study using the OECD's Competition Assessment Toolkit. A review of **163 pieces of legislation** revealed **447 potential barriers to competition**. The OECD conducted an in-depth analysis of each potential barrier, taking into consideration the objectives of policy makers, the extent of possible competitive harm, international experience, and factors specific to Tunisia, in addition to economic and policy literature.

This report submits **351 recommendations** that can mitigate harm to competition. The OECD has also evaluated the impact that the implementation of specific recommendations would have on the economy and a conservative estimate indicate that the benefits to Tunisian consumers would be worth around **TND 1.4 billion**.

# KEY FINDINGS AND RECOMMENDATIONS

## Accommodation & wellbeing

Hotels and accommodation services account for the largest share of tourism revenues in Tunisia. Several regulations pose challenges to competition, business efficiency and growth, including complex licensing procedures, inflexible zoning policies and onerous operating requirements. Wellbeing services are strongly linked to the hotel industry and have the potential to support the diversification of Tunisia's tourism sector. Conflicting regulatory provisions and an absence of adequate frameworks for some wellbeing services are exacerbating legal uncertainty and stifling investment. The box below highlights the key recommendations made by the OECD. The findings of the analysis and the full list of recommendations are available in the final report.

**4.5%** GDP

**Tourism is one of the most important parts of the Tunisian economy, directly contributing 4.5% of GDP and 4.4% of formal employment.**



### Key recommendations

1. **Revise zoning policies and redefine tourist areas** in different categories that benefit from differing regulatory arrangements with differing fiscal and administrative advantages, covering all areas of tourist potential.
2. **Streamline the licensing process for accommodation projects** outside of tourist areas according to the best international practices for permitting and licensing.
3. **Consider simplifying and harmonising the regulatory framework for hydrotherapy** to reform contradictory legal provisions and simplify technical requirements by removing detailed provisions to refer only to ISO benchmarks.

## Food & beverage

Tunisia's tourist restaurants are subject to licensing and classification procedures based on their physical characteristics, facilities and quality of services. Traditional restaurants, traditional fast-food restaurants and street food are regulated at the municipal level. The regulations set out very strict, specific requirements that are difficult to fulfil and are not necessarily clearly related to policy objectives. The box below highlights the OECD's key recommendations.



### Key recommendations

1. **Consider removing the mandatory *fourchette* (fork) classification system** and requirements that fall outside the scope of hygiene, safety and consumer protection concerns, and consider the inclusion of specific size, layout and equipment details in an investor guide.
2. **Abolish requirements beyond those addressing hygiene, safety and consumer protection issues** from sanitary regulations and **consider other regulatory options for street food hawkers** and vendors that wish to operate such non-fixed facilities as food trucks.

## Passenger transport

Transport is a vital part of Tunisia's tourism industry, and the second-largest contributor to sector revenues. Tourist transport remains subject to several restrictions, limiting its provision exclusively to Category-A travel agencies. Car rentals, taxis and other for-hire vehicle services are subject to several restrictions, including complex licensing procedures and onerous operational requirements. Ride-hailing platforms are unregulated and their business models do not fit into the traditional regulatory framework. The box below highlights the key recommendations made by the OECD.



### Key recommendations

1. **Consider withdrawing the exclusivity granted to travel agencies to offer tourist transport** and adopting a separate framework. Abolish or reduce minimum fleet sizes for **vehicle rental companies** and abolish or significantly increase maximum vehicle age requirements while applying other measures to ensure vehicle roadworthiness.
2. **Eliminate duplicative licensing requirements** for taxis and other for-hire vehicles, revise criteria defining quotas and review them more regularly.

## Travel agencies & related services

Travel agencies are essential to Tunisia's domestic and international tourism industry. Sector regulations include barriers to entry such as specific equipment and operating requirements, professional qualifications and minimum levels of share capital, distorting competition and fuelling informality. Tourist guides are subject to an outdated regulatory framework with rigid, cumbersome licensing procedures. The box below provides the OECD's key recommendations.



### Key recommendations

1. **Open services that can currently be provided only by travel agencies up to competition**, remove the distinction between Category-A and Category-B travel agencies, and ensure that specific operating requirements are proportional to business needs.
2. **Simplify the requirements for tourist guides professional licences**, as well as their validity periods and procedures for their renewal.

## Cultural services

Cultural services have the greatest untapped potential for diversification of any tourism market segment in Tunisia. Heritage concessions are at the heart of this potential. The development of these concessions is, however, hampered by a potential conflict of interest. In addition, private galleries, private museums and arts & crafts workshops are mainstays of a vibrant cultural environment, so the report makes a number of proposals to unlock their potential. The OECD's main recommendations are highlighted in the below box.



## Key recommendations

1. **Overhaul the heritage and cultural agency's business model and clarify its role** in the allocation of heritage concessions. Consolidate the current framework for heritage concessions and ensure that it is more open to private initiative, more flexible, and more conducive to competition.
2. **Lift specific requirements for capitalisation, space allocation and qualifications** for private galleries and private museums, and abolish mandatory notifications of cultural events and programmes.

## Sports & recreational activities

Sports and recreational activities are subject to cumbersome licensing procedures at the local level, conferring significant discretionary power on authorities and deterring market entry. This explains in part why investment in these activities is weak and has not exceeded 10% of total tourism investment over the past decade. The report analyses a selection of services and proposes several regulatory changes. The box below highlights the OECD's key recommendations.



## Key recommendations

1. **Accelerate the publication of implementing regulations for the Maritime Ports Code that relate to marinas** to clarify institutional arrangements and resolve issues involving the roles and powers of various authorities.
2. **Set out clear conditions for authorisations to use recreational vessels** and revise customs rules and procedures relating to the use of yachts under the temporary import regime.
3. **Streamline authorisation and licensing processes for dive clubs and water sports centres**, revise the sector's institutional arrangements, and clarify the status of diving associations as industry participants.

## Competition Assessment Reviews and the OECD Competition Assessment Toolkit

OECD Competition Assessment Reviews present an analysis of regulatory restrictions on competition in the countries reviewed and make specific policy recommendations for reform. They help governments eliminate barriers to competition while identifying less restrictive measures that still achieve government policy objectives.

Using the OECD Competition Assessment Toolkit to structure the analysis, the regulations in sectors identified as targets for reform – such as construction, gas, media, liberal professions, pharmaceuticals, retailing, tourism and transport – are systematically reviewed one by one for any restriction to competition.

The resulting recommendations allow governments to introduce more competition into the economy and foster long-lasting growth.

Brazil (2022), Iceland (2020), Tunisia (2019), Mexico (2018), Portugal (2018), Greece (2017, 2013), and Romania (2016) have already undergone similar reviews as well as ten ASEAN member states (2021).

