a loss of foreign exchange was estimated at $6.5 million because of inability to ship phosphates and iron ore by railroad transport. Domestic losses were estimated at $2.9 million. In addition, 1,500 employees of the mines would be out of work for a long period.

In order to avoid these disastrous losses, AID proposed replacement by a Bailey bridge. At a cost of $145,000 provided by AID and $60,000 (in dinars) provided by the Government of Tunisia, a Bailey bridge was flown from Europe by the U.S. Air Force and erected through the cooperation of 50 U.S. Corps of Engineer personnel and a company of Tunisian Army engineer personnel.

Within 10 days after the completion of the airlift, the bridge had been erected and the first trainload of ore crossed the bridge.

A tannery and a furniture factory.—The Tannerries Modernes de la Nanouba is a private enterprise which produces leather from calf and cow skins. The company received two loans from AID. The first in 1958 in the amount of D115,000 was from the special revolving loan fund. The second was a dollar development loan fund-financed subloan in the amount of $84,000.

The plant employs 119 workers and supplies 50 percent of Tunisia's needs for leather goods. The foreign exchange value of the leather now produced each year is about $1,200,000. Under a new expansion program, increased production will almost double.

The Gozlan Furniture Co. manufactures steel office furniture and fixtures. The firm, the first office furniture manufacturing business in Tunisia, has been aided by dinar loans.

In April 1965, the company entered into a joint venture with an American firm, a recipient of a D30,000 Cooley loan. The joint fund will expand the productive capacity of the plant.

The study mission was encouraged to see that private enterprise and private investments are taking root in the country.

FRENCH-TUNISIA RELATIONS

During the early years of Tunisian independence, Franco-Tunisian economic relations were generally good. France was generous with its assistance to Tunisia. In the past few years, political differences between the nations have brought about a termination of French economic assistance and Tunisia's special privileges in the French market. However, a large-scale cultural assistance program continues. The rupture of Franco-Tunisian relations has left surpluses in products formerly exported to France. France, for example, used to buy large quantities of Tunisian wines. Since the virtual elimination of trade between the two nations, Tunisia is faced with the problem of finding new markets for this product, or converting to other agricultural products.

ECONOMY

While the Tunisian economy has been experiencing many difficulties, there have been several favorable shifts in policy, especially toward improved control and management of public enterprise, more encouragement for private investment in tourism and industry, and greater incentives for the agricultural sector.

Some substantial progress in the areas of agriculture, education and medium-sized industrial development has been accomplished.