



TRADE POLICY AND SUSTAINABLE DEVELOPMENT MEETING

Geneva, 6 – 8 October 2015

TRADE POLICY AND SUSTAINABLE DEVELOPMENT; SOME ELEMENTS OF THE TUNISIAN EXPERIENCE

Session-2

Ms. Fatma BRAHIM

Director in Charge of WTO Issues
Ministry of Trade of Tunisia

TRADE POLICY AND SUSTAINABLE DEVELOPMENT SOME ELEMENTS OF THE TUNISIAN EXPERIENCE

Outline

- 1. Tunisia At Glance**
- 2. Main features of trade policy.**
- 3. Main achievements**
- 4. Main challenges.**
- 5. New perspectives.**
- 6. Main expectations from the DDA**

TUNISIA AT GLANCE

- 1.** Small country (almost 11 million inhabitants).
- 2.** located in North Africa at crossroads of Europe, the middle East and Africa.
- 3.** Very homogenous population (98 PER CENT Arab And 99 muslims).
- 4.** An upper-middle-income country, live expectancy 75,6 years.
- 5.** Little natural resources but enjoys of high skilled human resources
- 6.** A large part of the economy is accaparated by services sector (about 60 per cent of the economy)

Key features of the Tunisian development model

- Middle 1980's : Structural Adjustment Program : principle strategic directions.
- Openness : integration into the world economy, WTO member, free trade agreements(AA with EU fully implemented since 2008, EFTA.GAFTA, Turkey....)

TRADE FEATURES

- Reformed its trade regime: unilateral tariff liberalisation, reform of import procedures and remove of many quantitative restrictions (average MFN tariffs low especially for raw materials and semi products).
- Open economy (openness index: 104 per cent).
- Trade as engine for growth: Exports oriented economy, 35 percent share in GDP.
- Key exports: Clothing, semi finished goods and textiles, agricultural products (especially olive oil and dates), mechanical goods, phosphates and chemicals, hydrocarbons, electrical equipments.
- Key imports: Textiles, machinery and equipment, hydrocarbons, chemicals and foodstuffs

Key features of the Previous Tunisian development model

Tunisia's policy is focused on :

- Boosting exports,
- Attracting investments especially FDI and,



Objectives : spur economic growth
domestic employment
Technology transfer

Some features of the Previous Tunisian trade policy

- **A policy of export promotion** offer financial incentives and subsidies designed to attract investors and improve competitiveness.
- **Various instruments** : administrative and customs facilities, tax exemptions, economic zones...

The main achievements

- Good economic performance achieved :Strong annual growth reaching an average of approximately 5%during the previous decade .
- The export-oriented incentives and exemptions extended to the offshore regime helped it to quickly become globally competitive.
- Important increase of FDI's, more than 4000 foreign companies.

The main challenges

- Important regional disparities.
- Unemployment remains high at 15.3%, and is reportedly higher among youth, particularly college graduates.
- The sophistication of Tunisian exports has improved little : The export industries remain low-cost production and exports with low value added (assembly-style).

The main challenges

- Heavy dependence on the European market (75 per cent of export).
- The export incentive regime created a gap and a dichotomy between the export sector generously encouraged and the on domestic sector.
- There has been no positive spillover effects in the rest of the economy.

The main challenges

- Address important regional disequilibrium : the interior regions suffer from economic breakdown, direct foreign investments are marginal (3 per cent).

The main perspectives

- New coalition government is preparing a new 5 year developing plan 2016-2020 (will be ready in january 2016) upon a national debate with all national stakeholders.
- Comprehensive global policies to tackle these challenges by integrating coherent policies and programs.
- to create backward linkages between the export industries and the wider domestic economy (subcontracting, incourcing...)

Tunisan economic policies : The way forward

- Enhance high technological content industries requiring Know-how, innovation and quality
 - Streamlining fiscal incentives and instead improve the business environment and the trade infrastructure, particularly ports or developing green energy).
- Our development strategy will remain open and based on free trade.
- Socially inclusive macroeconomic policies
- Creating new sources of growth through more diversification of trade partners and deepened trade cooperation with new markets (More Integration in the subregion and with sub-Saharan Africa ...)

Tunisian trade policies : The way forward

- Tunisia has a number of sectors with huge potential (tourism, agriculture, manufacturing industries and services) to support growth and employment. In this regard, the current structure of the economy provides a solid base for initiating economic transformation.
- The necessity of maintaining of an ambitious public investment level to support economic transformation (developing and improving the management of trade infrastructure, particularly ports).

Tunisian trade policies : The way forward

- Recent government strategy consists of maintaining development goals and continues to strengthen sectors with high value added potential.
- Carry on trade liberalization process to accelerate the level of diversification of the economy.
- Tackling informal trade and transiting it to the formal economy.

Perspectives for Tunisian economy

- Tunisia's economic and social outlook for the next years remains promising with positive GDP and domestic private investment growth.
- New national reforms and policies to help reaching new performances (modification of investment incentives code, New framework for prive public partership...)

Perspectives for Tunisian economy

- Tunisia's economic and social outlook for the next years remains promising with positive GDP and domestic private investment growth.
- New policies will help reaching new performances.

Tunisian expectations from the DDA

- An opportunity to correct multilateral trading system rules and eliminate current distortions in the world trade which will better serves the interests of developing economies.
- Improve market access opportunities.
- elimination/reduction of trade distortions (export and domestic production support subsidies) that cause unfair trade practices and competition on the international agricultural markets.

THANK YOU FOR YOUR ATTENTION