Policy brief

Tunisia: macroeconomic and trade profile

Opportunities and challenges towards implementation of the AfCFTA

Yohannes Ayele and Sherillyn Raga

February 2023

Series ODI–GIZ AfCFTA policy brief series

Key messages

- Tunisia's GDP growth was estimated at 2.2% in 2022. Modest growth is projected at 1.6% in 2023, with downside risks around public debt sustainability, financial stability, a fragile political context, high commodity prices and a worsening global environment.
- Tunisia has been a net importer, with total trade (exports+imports) in goods and services reaching 104% of GDP on average from 2011 to 2021. Machinery and equipment are Tunisia's top exports but there is an opportunity to support further exporting of plastic products, garments, aeroplane and helicopter parts, medical and dental instruments, footwear and iron products, in view of increasing world demand for and Tunisian efficiency in these products.
- As of 2021, the share of intra-African goods trade in Tunisia's goods trade was at 7.5%. Tunisia's goods trade balance with Africa shifted to deficit in 2018–2020, as a result of increases in price of imported petroleum gas and oil, but shifted to surplus in 2021. Trading costs with most African countries are higher compared with for some European countries (e.g. France, Germany, Italy). This is partly explained by Tunisia's proximity to Europe: costs of transporting goods via sea shipment are cheaper compared with road shipment to most African countries.
- Since 2016, FDI inflows to industries have outpaced those in the energy sector. FDI inflows in the first nine months of 2022 show an increase of 20% compared with the same period in 2021, and more than half of this went to the manufacturing sector. However, FDI inflow in 2021 is still 40% less than the 2018 level.
- The AfCFTA would likely generate higher intra-African export growth for Tunisia than for other African countries. Tunisia collaborates with international partners to strengthen its capacity for AfCFTA phase I and II negotiations and implementation, and has joined the AfCFTA Secretariat's Guided Trade Initiative (GTI). Tunisia may benefit from expediting the finalisation of its draft AfCFTA strategy and extending targeted firm-level trade facilitation assistance or incentives for firms to start trading under the GTI/AfCFTA.

german cooperation
DEUTSCHE ZUSAMMENARBEIT

Implemented by giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Acknowledgements

The authors would like to thank Maximiliano Mendez-Parra and Ranya Trabelsi for comments on earlier drafts of the brief, as well as Julianne Cullen for her research assistance. The authors are grateful for the financial support of GIZ on behalf of the German government. The views presented in this publication are those of the author(s) and do not necessarily represent the views of GIZ or ODI. Comments welcome to y.ayele@odi.org.uk

About this publication

This brief aims to inform relevant stakeholders, including the private sector and non-AfCFTA experts, on Tunisia's current economic situation and its implementation of AfCFTA. It represents an update of the first edition of a paper on Tunisia's macroeconomic and trade profile published by ODI in February 2022. Data and information for this update were collected between November 2022 and February 2023.

This ODI–GIZ policy brief series is part of a larger project titled the GIZ Support Programme to the AfCFTA. This supports GIZ's partners on the continental (African Union Commission, AfCFTA Secretariat), regional (currently East African Community and Economic Community of West African States; planned Southern African Development Community) and national levels on the negotiations surrounding and implementation of the AfCFTA.

Disclaimer: The content of this publication has been produced rapidly to provide early ideas and analysis on a given theme. It has been cross-read and edited but the usual rigorous processes have not necessarily been applied.

About the author

Yohannes Ayele is a Senior Research Officer at ODI. Prior to his current work, he worked as a Research Fellow at the UK Trade Policy Observatory at the University of Sussex, focusing primarily on quantitative analysis of international trade, firms in international trade, FTAs and trade policy. He holds a PhD in Economics from Aarhus University and an MSc in Economics from Copenhagen University

Sherillyn Raga is a Research Fellow at ODI. Sherillyn has a decade of professional experience on policy-oriented research covering macroeconomics, financial integration, trade and investment in Asian and African contexts. Prior to joining ODI, she worked at the Philippine central bank, the International Monetary Fund and the Asian Development Bank. Sherillyn has an MSc in Economics for Development from the University of Oxford.

1 Recent socioeconomic developments

More than decade after the 2011 Tunisian revolution, the country continues to be challenged by a fragile political environment, and it is yet to reap the economic benefits of efforts towards democratic transition. The Tunisian economy grew by 2% on average per year from 2012 to 2019, lower than the 4% average annual growth in the decade before the 2011 revolution[1] (IMF, 2021b). The Tunisian economy has been dominated by the services sector, which represented about 63% of gross domestic product (GDP) on average from 2011 to 2019, followed by manufacturing (16.3%), agriculture (10.2%), mining and utilities (5.9%) and construction (4.6%).[2] After the revolution, the share of the mining and utilities sector in GDP declined to 5.7% (average 2012–2019) from 9.6% in the previous decade (average 2001–2010).[3] While the share of population living in extreme poverty at less than $2.15 (2017 purchasing power parity, PPP) a day has remained below 1% (Table 1), the share of the 'vulnerable' population living below $5.50 a day increased from 16.7% to 20.1%, or about 2.4 million people, in 2020 (World Bank, 2021). Unemployment has been persistently high in the past decade (2010–2021), at 15.8%, with disproportionate impact on women (23%) and youth (37%) (ILO, 2021), contributing to continued social tensions.

Table 1 Tunisia country facts and social indicators

Capital: Tunis			
Geographical size: 164,150 km^2, North Africa			
Languages: Arabic, French			
Religion: Islam			
Currency; exchange rate: Tunisian dinar (TD); US$1 = TD 3.25 (period average, 2022)			
	2000	**2010**	**2022/latest**
Population (million)	9.7	10.6	12.26
Dependency ratio (%)[1]	46.4	33.7	36.4
Life expectancy (years)	73.7	75.4	73.8
Mean years of schooling	5	6.6	7.4
Gross national income per capita (constant 2017 PPP $)	7,576	10,309	10,257
Poverty rate (% of population living on less than $2.15 a day, 2017 PPP)	4.4	1.5	0.1[2]
Unemployment rate (%)	14.9	13.1	15
Gender inequality index[3]	0.394	0.29	0.259
Human development index[4]	0.658	0.72	0.731

Notes: 1 dependency ratio of the young (0–14 years old) to the working-age (15–64 years old) population; 2 as of 2015; 3 higher score = higher gender inequality; 4 higher score = better human development.
Sources: Statistiques Tunisie (2022); UNDP (2022); World Bank (2022).

In 2020, the Covid-19 pandemic hurt Tunisia's already fragile economic and socio-political context. GDP contracted by 8.7% (IMF, 2022a), the biggest economic contraction since 1956, as the pandemic negatively affected the country's tourism, transport and export-oriented automotive cable and textile industry (IMF, 2021b). During the year, over 80,000 small and medium enterprises declared bankruptcy or left

[1] Authors' computations based on data from IMF (2022a).
[2] Authors' computations based on data from UNDESA (2022).

the country (France24, 2022). In response, the government deployed fiscal measures worth 3.5% of GDP as of September 2021, lower than the packages in low-income countries (4%), emerging markets (5%) and advanced economies (23%) (IMF, 2021c). The fall in public revenues combined with increased public expenditures amid Covid-19 widened Tunisia's public deficit, pushing public debt to 77.8% of GDP in 2020 based on the Tunisian government's latest public debt report (MDF, 2023), slightly lower than the IMF estimates (82.8% of GDP, see Table 2).

Economic growth rebound at 3.3% in 2021 on the back of recovery across sectors except agriculture, which suffered from adverse climate conditions. However, the Tunisian economy has faced new challenges from spillovers effects (e.g. high commodity prices) from the Russia–Ukraine conflict. The Central Bank of Tunisia (CBT, 2022) indicates that economic growth for 2022 was down to 2.2%. The trade deficit is expected to have exceeded $8.1 billion in 2022, compared with $5.2 billion in 2021, a level never reached before. As a result, Tunisia's foreign exchange reserves went down from 133 days of imports at the end of 2021 to 101 days as of 30 December 2022. As of end-November 2022, the current deficit had widened, reaching 7.8% of GDP, compared with 5.3% of GDP in 2021. The inflation rate had also accelerated to 9.8% in November 2022, compared with 6.4% in November 2021. As a result, on 30 December 2022, the CBT raised the key interest rate by 75 basis points to 8%, and the minimum saving interest rate to 7% (ibid.).

The International Monetary Fund (IMF) projects more modest growth of 1.6% growth in 2023 (IMF, 2022a) (Table 2). Latest CBT (2022), IMF (2022a) and World Bank (2023) reports highlight significant uncertainty and downside risks to Tunisia's growth outlook, owing to the worsening global environment, high international commodity prices resulting from the Russia–Ukraine conflict and the country's external and fiscal balances. Fitch Ratings initially downgraded Tunisia's rating from B- to CCC- (negative outlook) in March 2022, owing to the country's fragile external position, government liquidity risk and uncertain access to IMF financing, but upgraded it to CCC+ by December 2022 following the staff-level agreement with the IMF for $1.9 billion in financing through the IMF Extended Fund Facility in October 2022 (Fitch Ratings 2022a; 2022b; IMF, 2022b). However, more than three months after the IMF staff-level agreement and without final approval for IMF financing, Moody's downgraded Tunisia's credit rating by 27 January 2023, mainly because of pending IMF funding amid Tunisia's rising public debt refinancing risks and pressures on foreign reserves (Moody's, 2023).

Without implementing reforms to address Tunisia's structural weaknesses, including high financing needs, reliance on external funding and low private sector participation and competition; reform state-owned enterprises; and bring the informal sector to improve tax equity, Tunisia will likely remain vulnerable in the coming years (IMF, 2021b). In January 2023, the government announced its latest development plan (2023–2025, worth $12.3 billion in public investment), largely focusing on private sector investment (i.e. industries, phosphate production) and activities for renewable energy, social security and education (Arab News, 2023).

Table 2 Selected macroeconomic and financial sector performance and forecast in Tunisia

	2019	2020	2021	2022f	2023f	2024f	2025f
Real GDP (% growth)	1.4	-8.7	3.3	2.2	1.6	2.1	2.4
Total investment (% of GDP)	19.6	12.3	14.4	15.9	16.3	16.2	16.9
Average consumer prices (% growth)	6.7	5.6	5.7	8.1	8.5	7.9	6.7
Government revenue (% of GDP)	26.0	25.5	25.6	28.4	28.2	27.7	27.5
Government expenditure (% of GDP)	29.6	34.5	33.2	35.0	33.5	31.1	29.8
Gross fiscal balance (% of GDP)	-3.6	-9.1	-7.6	-6.6	-5.3	-3.5	-2.3
Primary fiscal balance (% of GDP)	-1.0	-5.9	-4.8	-3.5	-2.3	-0.2	1.1
Gross government debt (% of GDP)	69.0	82.8	81.8	88.8	89.2	87.1	83.5
Current account balance (% of GDP)	69.0	82.8	81.8	88.8	89.2	87.1	83.5

Notes: f indicates forecast.
Sources: IMF (2022a)

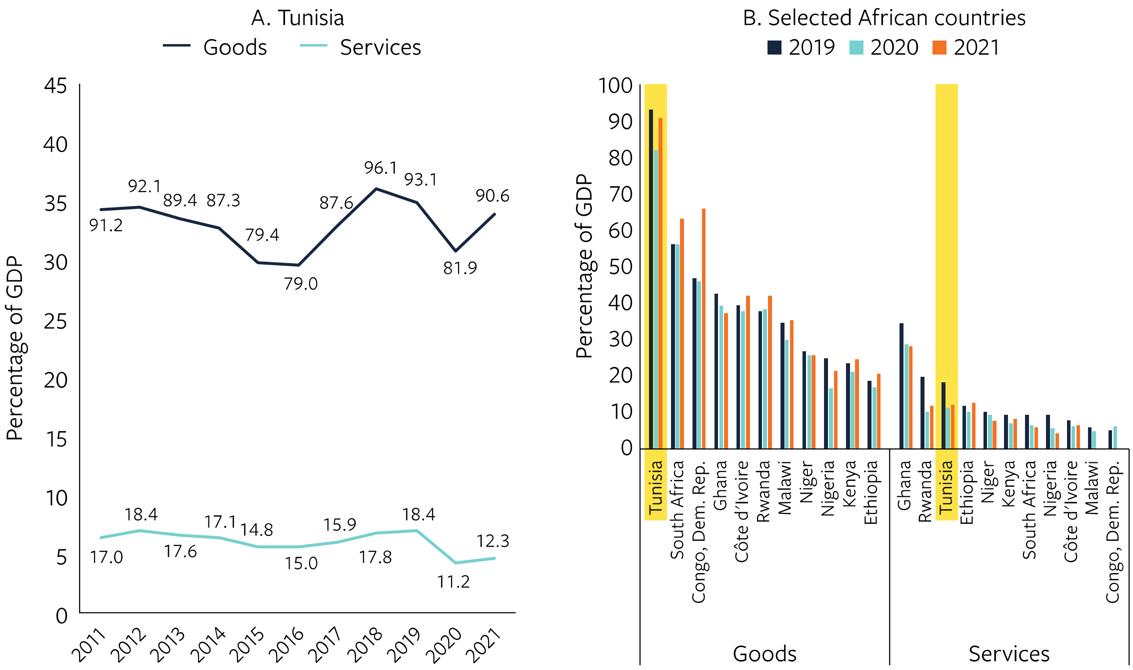
Against this backdrop, the next section (Section 2) presents Tunisia’s trade landscape and business environment. This is followed by a more focused discussion on Tunisia’s intra-African trade and progress on AfCFTA implementation (Section 3). Section 4 identifies Tunisia’s strengths, weaknesses, opportunities and threats in relation to maximising benefits from the AfCFTA, and trade and investment more generally. Section 5 concludes.

2 Trade landscape and business environment

2.1 Trade landscape

Trade has played an important role in Tunisia's economy. Tunisia has 127 bilateral and multilateral trade agreements (USDoS, 2021). On average from 2011 to 2021, total trade (exports + imports) of goods and services was equivalent to 104% of GDP (Figure 1). Tunisia has been a net importer of goods and services in the past decade, reaching $25.1 billion worth of imports and $19.4 billion worth of exports in 2021.[3] As both exports and imports declined by the same magnitude (15%) during the pandemic, the trade in goods and services deficit narrowed from $5.5 billion (14.2% of GDP) to $4.6 billion (11.7% of GDP) in 2020 and increased to $5.7 billion (13.1% of GDP) in 2021.

Figure 1 Tunisia and selected African countries' total trade in goods and services (as % of GDP)



Source: Authors' computations based on UNCTAD data.

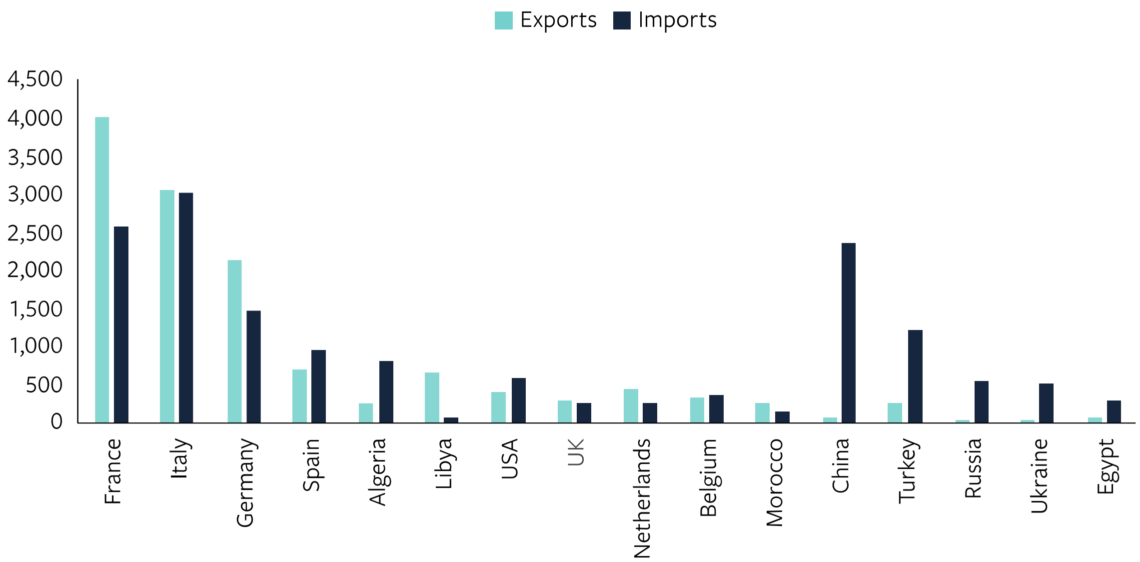
Tunisia had a diverse set of exports, mostly different products under major categories of electrical machinery and equipment (26.9%), clothing (11.1%), mineral fuel and oil products (6%) and animal or vegetable oil and fats (5.1%), from 2015 to 2021.[4] At a more disaggregated level (HS6-digit), Tunisia's main export items include insulated

[3] Authors' computations based on UNCTAD data.
[4] Authors' computations based on WITS data (2-digit product category).

electric conductors fitted with connectors (6.5%), olive oil and its fractions and virgin (4.1%), crude petroleum oils and oils obtained from bituminous minerals (4%), trousers (3%) and insulated electric conductors used in vehicles, aircraft or ships (2.5%).

At aggregate level, meanwhile, Tunisia's top imports are electrical machinery and equipment (14.9%), mineral fuel and oil products (13.8%), nuclear reactors, boilers, machinery and mechanical appliances and parts (8.9%), vehicles other than railway or tram (6.1%) and plastics (4.4%). At a more disaggregated level (HS6-digit), Tunisia's top import items include petroleum oils and oils obtained from bituminous minerals (5.2% share of imports), petroleum gases and other gaseous hydrocarbons (3.7%), petroleum oils and oils obtained from bituminous minerals with light preparation (1.7%) and electrical apparatus not exceeding 1,000 volts (1.6%).[5] France, Italy and Germany are Tunisia's major trading partners – for both exports and imports (Figure 2).

Figure 2 Exports and imports of goods with Tunisia's major trading partners (US$ million, 2021)



Source: Authors based on WITS data.

We investigated the country's competitive export strengths or efficiency (in terms of revealed comparative advantage, RCA) and world demand (from all countries) for Tunisia's top 30 exported products, amounting to almost half of total exports in the past five years (2017–2021).[6] Tunisian products that can be supported through export promotion or intervention to increase competitiveness are shown in Table 3.

[5] Import and export share at HS6-digit level is calculated by taking the average value of 2015–2021.
[6] RCA is an index calculated by dividing the share of Tunisia's total exports of a given commodity in its total exports by the share of world exports of the same commodity in total world exports. Tunisia has an RCA when the value of the index is greater than one.

Table 3 Export products for promotion and targeted intervention

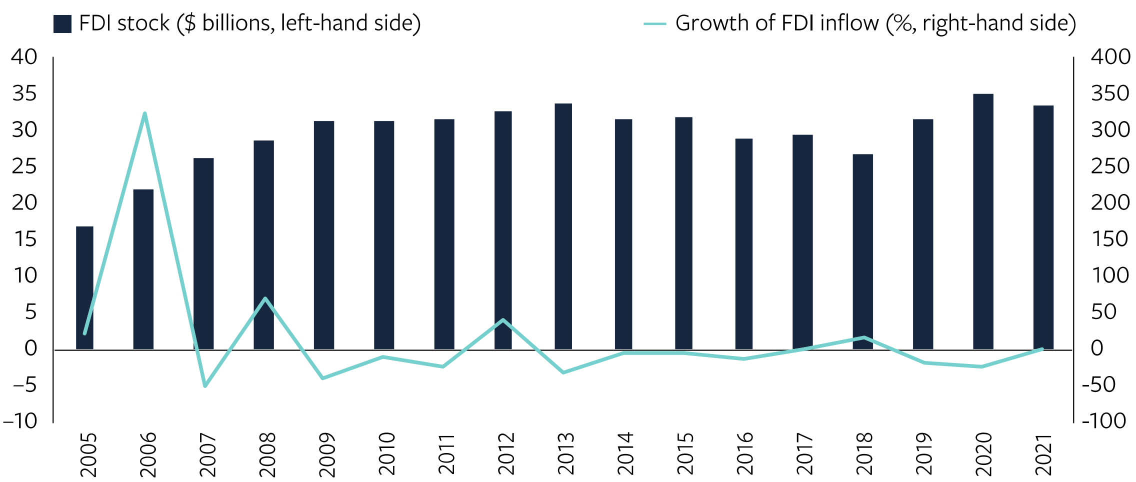
	Increasing RCA	Declining RCA
Increasing world demand	petroleum oils	insulated electric conductors; fitted with connectors
	olive oil	electrical apparatus; n.e.c.
	plastics	communication apparatus
	tracksuits and other garments	electric motors; AC motors, single-phase
	parts of aeroplanes or helicopters	textiles; made up articles
	medical, surgical or dental instruments and appliances	meters; electricity supply or production meters
	footwear parts, uppers and parts thereof, other than stiffeners	fertilisers, mineral or chemical
	iron or non-alloy steel; flat-rolled	boards, panels, consoles, desks, other bases
	footwear	garments; of felt or non-wovens
Decreasing world demand	insulated electric conductors; ignition wiring sets	petroleum oils and oils from bituminous minerals
	insulated electric conductors; not fitted with connectors	phosphoric acid and polyphosphoric acids
	trousers,	fruit, edible; dates, fresh or dried
	electrical apparatus	t-shirts, singlets and other vests
	reception apparatus for television	
	vehicle parts	

Source: Authors' compilation based on data from WITS.

2.2 Foreign direct investment

Foreign direct investment (FDI) inflows to Tunisia quadrupled in 2006 following the privatisation of the telecommunications industry but have since undergone several declines (UNCTAD, 2007) (Figure 3). FDI flows declined by 18.5% to $845 million in 2019, driven by the sharp contraction in investment towards the services sector (UNCTAD, 2020). During the pandemic, FDI inflows were estimated to decline further, by 22.8%, to $652 million (Table 4); they remained modest at $660 million in 2021. The FDI inflow in 2021 was still 40% less than the 2018 level ($1,036 million). As of 2021, FDI stock reached $33.4 billion (Figure 3).

Figure 3 FDI stock and inflow to Tunisia



Source: authors' computations based on UNCTAD data.

Most FDI inflows went to Tunisia's energy and industry sectors, with higher inflows going to the latter in recent years, in a gradual shift (Table 4). The limited available disaggregated data on FDI stock indicate that, as of 2018, FDI stock (excluding the energy and financial sectors) went to manufacturing and services (FIPA, 2019). As of

2020, the top five sources of non-energy FDI inflows (76% of total) were France, Italy, Luxembourg, Germany and the UK (FIPA, 2020). The top five sources of non-energy FDI stock (64% of total) were the United Arab Emirates, France, Qatar, Italy and Germany (ibid.).

Table 4 FDI inflows by recipient sector

	2017		2018		2019		2020		2021		2022*	
	$ mn	% share	$ mn	% share	$ mn	% share	$ mn	% share	$ mn	% share	$ mn	% share
Energy	335	38.0	344	33.2	310	36.7	221	33.8	193	29.3	122	23.0
Industry	403	45.7	427	41.2	426	50.4	365	56.0	341	51.6	283	53.7
Services	133	15.1	237	22.8	103	12.2	60	9.2	123	18.7	121	22.9
Agriculture	11	1.2	29	2.8	6	0.7	6	1.0	2	0.4	2	0.4
Total FDI inflows	881		1,036		845		652		660		528	

Note: *2022 data are up to September 2022.
Source: Authors' computations based on FDI inflow data from FIPA (2019; 2022) and exchange rate data from WDI (for 2021) (World Bank, 2022b) and CBT (for 2022).

FDI inflow to Tunisia in the first nine months of 2022 shows an increase of 20% compared with the same period in 2021,[7] where 23% goes for energy, 53.7% for manufacturing industries (with 24 projects at 7390 job creation capacity), 22.9% for services and 0.4% for agriculture (TAP, 2023). Notable FDI in 2022 included:

- an engineering and industrial design unit in Tunisia by Italy's MICLA company (Invest in Tunisia, 2022a)
- two new factories by Saraya Natural Products Tunisia, a subsidiary of the large Japanese company Saraya, for the bottling of olive oil and for the manufacture of cosmetic products (Invest in Tunisia, 2022b)
- launch of a new plant that specialises in injection, moulding and wire harness assembly for the automotive industry by ANT Precision Group, a Taiwanese group formed in 1999, with total production from the plant mainly targeted to export to Europe (Invest in Tunisia, 2022c).

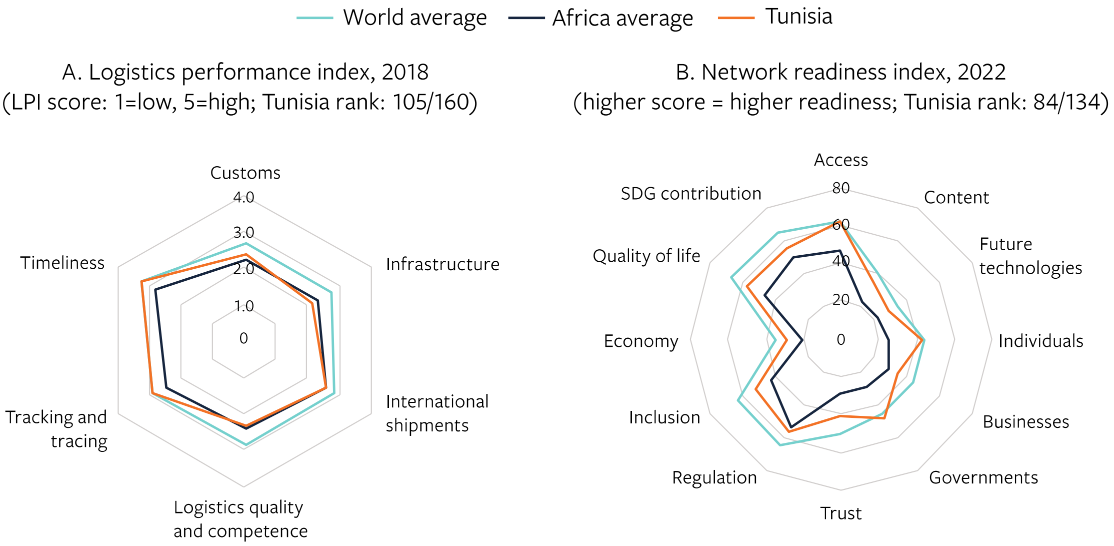
2.3 Business environment

Tunisia's business environment features several strengths but also persistent challenges. Tunisia provides a legal framework to improve the start-up ecosystem, facilitating processes for entrepreneurs to launch, run and liquidate businesses (Wood, 2019). Tunisia ranks higher than most African neighbours in terms of its innovation ecosystem (ranked 71st out of 134), driven by the country's strengths in terms of higher levels of public spending on education, tertiary enrolment rates and creative and sophisticated exports (WIPO, 2021).

In terms of digital readiness, Tunisia is on a par with world average performance in access and usage of technology by individuals and the government (Figure 4B), as reflected partly by the higher share of population using the internet (72%), relative to average values for the world (60%) sub-Saharan Africa (29%) and middle-income countries (57%) as of 2020 (World Bank, 2022b).

[7] However, in the same period, foreign portfolio investment was down by 69% compared with 2021.

Figure 4 Trade logistics and digital readiness



Sources: Figure 4A based on World Bank database. Figure 4B based on NRI data on networkreadiness.org by Portulans Institute (2022). Aggregate scores (world and Africa) are based on simple averages.

However, digital adoption remains limited among firms. A survey conducted by the Centre for Young Leaders in collaboration with the German Konrad Adenauer-Stiftung to assess the degree of digital payments among private businesses with more than six employees found that 62% of private businesses did not use digital payment models (TAP, 2022a). This is despite the fact that more than 93% of business leaders report that they use the internet, social networks, specialised applications or digital platforms in their activities. Furthermore, only 27.5% of enterprises consider using digital payment modes as a priority. According to the survey, market maturity, regulation and the cost of change are the main obstacles to using digital tools in the enterprise. Another survey by the same organisations found that more than 78% of business managers were not satisfied with the digital administrative services of the Tunisian public administration, with the main reasons being the obligation of going to the administration, the cumbersome nature of the platforms offering digital services, the lack of information and the difficulty of use (TAP, 2022b).

Tunisia also performs poorly, relative to African counterparts, on average in terms of trade logistics infrastructure, and international shipments and logistics quality and competence (Figure 4A).[8] This resonates with an European Bank for Reconstruction and Development (EBRD) report highlighting how Tunisian port infrastructure has not been able to modernise to keep up with increased freight traffic and new trends in maritime transport in the past two decades, creating a bottleneck for local businesses' participation in global value chains (Morsy et al., 2018).

Key obstacles in Tunisia's business and investment environment are highlighted by the EBRD (Morsy et al., 2018) and the Organisation for Economic Co-operation and Development (OECD) (2018; 2022):

- excessive regulations on product markets and complex administrative procedures, which can encourage corruption and unpredictable taxation, increasing problems with customs and shipping of goods
- cumbersome and highly paper-reliant customs processing and inconsistent customs processes

[8] In addition, Tunisia's overall rank in logistic performance index did not improve between 2010 (2.84) and 2018 (2.57).

- limited domestic competition, emerging from domination of state-owned enterprises, pervasive price controls, FDI restrictions and import barriers
- a financial system dominated by public banks, with increasing non-performing loans, that does not favour start-ups and growing companies (e.g. lending-rate ceilings)
- deteriorating infrastructure (e.g. for sea, air transport) that hampers domestic and international economic activities
- lack of coherent policy to integrate Tunisia into the global economy (e.g. logistics, liberalisation)
- low participation of women in the labour force
- skills mismatch owing to shortcomings in the quality of public education, rigidity of entry routes to vocational training and from vocational training to employment, sticky wages, informality and discrimination.

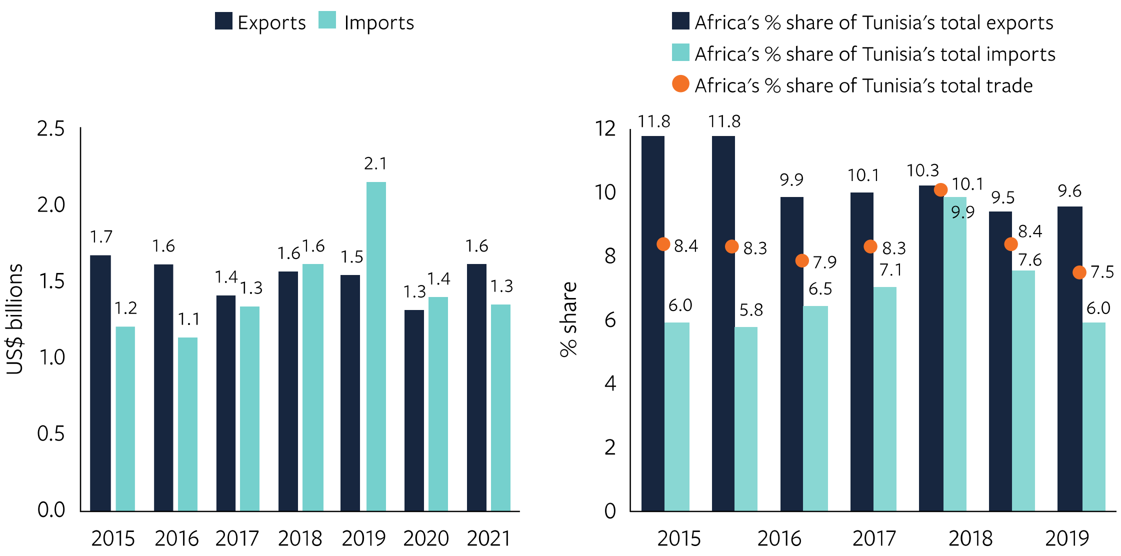
In January 2023, the Tunisian government announced its three-year development plan (2023–2025), which focuses heavily on boosting the role of private sector investment in Tunisia's development, with a particular focus on industries and phosphate production (Arab News, 2023). Overall, the plan includes more than 100 sectoral measures and 25 measures on business climate, and aims to encourage entrepreneurship and investment in promising sectors, boost private–public partnerships and improve social outcomes (TAP, 2022c).

3 Intra-African trade performance and AfCFTA

3.1 Background: Tunisia's goods trade with Africa

Tunisia had a goods trade surplus with African countries from 2015 to 2017 but then become a net importer of goods from the continent in the following three years. As of 2019, the value of goods imports and exports reached $2.1 billion and $1.5 billion, respectively. In 2021, however, imports of Tunisia from Africa were at $1.3 billion while exports were at $1.6 billion. The increase of imports from the continent in 2019 was driven by the growth in imported petroleum gas, mostly sourced from Algeria.[9] Intra-African goods trade (imports + exports) comprised 10.1% of Tunisia's total trade as of 2019 (Figure 5). However, imports declined in 2020 and 2022.

Figure 5 Tunisia's intra-African trade in goods, 2015–2021



Note: For consistency, 'intra-African' in this figure refers to Tunisia's trading with 29 African countries with complete goods exports and imports data from 2015 to 2021.
Source: Authors' computations based on data from WITS.

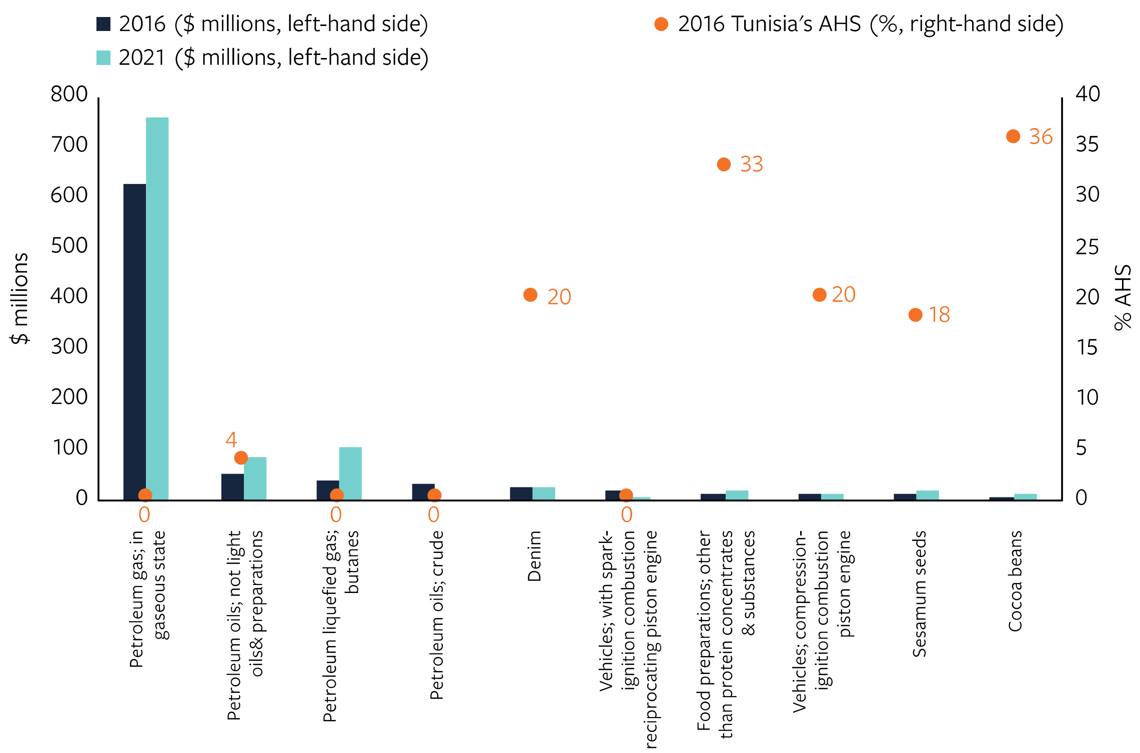
Tunisia has diverse export products to African countries. Exports in 2021 were 22% higher than in 2020, mainly driven by an increase in exports to Libya (43%) and Morocco (24.5%). Three-quarters of exports to the continent went to Algeria, Libya and Morocco. About 60% of Tunisia's imports from Africa comprised petroleum gas (57.7%) – almost entirely sourced from Algeria.[10] Other top imports were petroleum oil (9.9%), denim and food preparations. From 2015 to 2021, top exports were dates

[9] Authors' computations based on WITS data (4-digit product categories). Imported petroleum gas from Algeria increased from $822 million to $1.3 billion in 2019.
[10] Authors' computations based on WITS data (6-digit product categories).

(4.1%), sanitary towels (3.8%), Portland cement (2.7%), insulated electric conductors not fitted with connectors (2.1%) and iron or steel structures and parts (1.9%).

Latest tariff data as of 2016 indicate that Tunisia has been trading under most-favoured nation (MFN) rates and extends no preferential rates for African countries. This makes Tunisia's MFN also its applied MFN rates (AHS).[11] The trade-weighted AHS on its top imports from Africa ranged from zero for petroleum gas to 36% for cocoa beans (Figure 6). Preferential tariffs may be reflected in the future, on Tunisia's trading under the Common Market for Eastern and Southern Africa (COMESA) Free Trade Area (FTA)[12] and the AfCFTA. As part of the AfCFTA, tariffs on good originating from other African countries will also be progressively liberalised in stages, barring products from the 'sensitive' and 'exclusion' lists. Tariffs will be liberalised (to zero) for 90% of tariff lines over a period of 10 years for least developed countries (LDCs), five years for non-LDCs and 15 years for six selected countries[13] (Hartzenberg, 2023). Sensitive products shall not exceed 7% of total tariff lines, while the exclusion list shall not exceed 3% of total tariff lines with an intra-Africa total trade value limit of not more than 10% (ibid.).

Figure 6 Tunisia's effectively applied tariff rates (AHS) on top imported products from Africa



Source: Authors based on data from WITS.

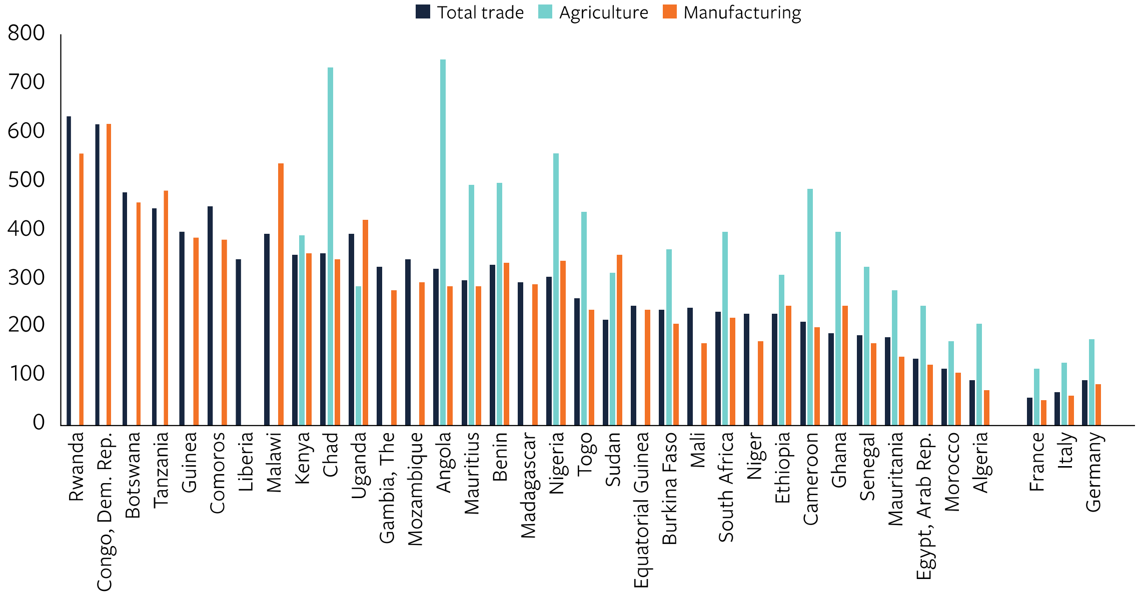
Non-tariff measures (NTMs) such as sanitary and phytosanitary standards, technical barriers, pre-shipment inspection and price and quality control – ranging in number from 60 to 768 by Niger and Mauritius, respectively[14] – also affect Tunisia's imports from Africa. Tunisia itself has 392 NTMs in place.[12] However, the number does not indicate the magnitude of restrictiveness on trade. Figure 7 instead shows ad valorem equivalent[15] trade costs that incorporate not only transport costs and tariffs but also

[11] AHS is defined as the lowest existing preferential tariff rates or applied MFN tariffs (WITS).
[12] Tunisia joined COMESA in 2018 and has been eligible to trade under its FTA with the other members since 2020 (Gakunga, 2021a).
[13] Ethiopia, Madagascar, Malawi, Sudan, Zambia and Zimbabwe.
[14] Authors' computations based on TRAINS database accessed September 2021.
[15] As a proportion of the estimated value of the goods.

associated costs for differences in languages, currencies and cumbersome import or export procedures.[16]

Based on this measure, trade between Tunisia and Rwanda, for example, involves additional costs amounting to about 790% of the value of the goods, compared with when these two countries trade goods within their borders. In other words, trading with Rwanda is about eight times more expensive than trading within Rwanda's borders (and vice versa).[17] Figure 7 also suggests that, except for a few North African countries, Tunisia's bilateral trading costs are higher in most African countries than with those outside the continent (e.g. France, Italy and Germany) especially on non-agricultural products. This may partly be explained by Tunisia's proximity to Europe, which offers relatively cheaper sea shipment,[18] compared with typically more expensive road shipment of goods necessary to reach landlocked African countries.

Figure 7 Bilateral ad valorem trade costs between Tunisia and respective partners (%, average 2013–2019)



Note: Some countries do not have information disaggregated by sector.
Source: World Bank database.

3.2 Status of Tunisia's AfCFTA implementation

The Tunisian government signed the AfCFTA on 21 March 2018 and deposited its instrument of ratification to the African Union (AU) Commission (UNECA, 2020; RTAA, 2021). As of February 2023, 54 out of the 55 African countries (except Eritrea) had signed the AfCFTA and 46 countries had deposited their instruments of ratification to the African Union (AU) (Tralac, 2023). Countries ratifying the agreement can trade with each other based on their tariff concessions and rules of origin.

As of January 2022, 87.7% of tariff lines had been agreed, with tariff lines pending in textiles, automotives, sugar and tobacco (AU, 2022a). Negotiations are ongoing, in which

[16] It should be noted that the measure is an average for all traded goods, some of which may not be traded (or traded very little) in practice owing to prohibitively high trade costs. This measure, developed by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and the World Bank in 2017, includes all costs involved in trading goods internationally with another partner (i.e. bilaterally) relative to those involved in trading goods domestically.
[17] See Arvis et al. (2012) for a full discussion of methodology.
[18] The cost of air freight is four to five times the cost of shipping goods by road, and 12-16 times that of sea transport (see World Bank, 2009).

46 countries had submitted their provisional schedules of tariff concessions as of February 2023 (AU, 2023).

A World Bank (2020) simulation suggests that the share of continental trade will increase under the AfCFTA scenario by 2035 compared with the baseline (Table 5). The simulation suggests that Tunisia, Cameroon, Egypt, Ghana and Morocco will benefit from the fastest growth of intra-AfCFTA exports, with exports doubling or tripling with respect to the baseline.

Table 5 Exports and imports under baseline and AfCFTA scenarios, selected African countries

	Share of intra-AfCFTA exports in total exports (%)			Share of intra-AfCFTA imports in total imports (%)		
	Baseline		AfCFTA	Baseline		AfCFTA
	2020	2035	2035	2020	2035	2035
Total (Africa)	12	15	21	12	18	25
Cameroon	11	14	19	14	20	35
Egypt	8	10	22	3	6	14
Ghana	9	10	16	17	28	40
Morocco	7	9	26	6	9	12
Tunisia	11	13	19	7	11	16

Source: World Bank (2020).

There have been a number of preparatory and awareness activities conducted at the national, regional and continental level. In November 2022, the AfCFTA Council of Ministers in charge of Trade adopted the AfCFTA protocols on investment, competition and intellectual property rights (IPR) (GMI, 2022). Tunisia, among other seven countries (Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda and Tanzania) will participate in the initiative (AU, 2022b). The GTI aims to (i) allow commercially meaningful trading under the AfCFTA; (ii) test the operational, institutional, legal and trade policy environment under the AfCFTA; and (iii) send an important positive message to the African economic operators (ibid.). The products earmarked for trade under the GTI include ceramic tiles, batteries, tea, coffee, processed meat products, corn starch, sugar, pasta, glucose syrup, dried fruits and sisal fibre, among others, aligned with the AfCFTA focus on value chain development (AU, 2022c). While the GTI needs to cover more products and countries, this is nonetheless a positive step in generating longstanding business relations, especially among countries in the continent with weaker trade links (Mendez-Parra, 2022).

At the regional level, COMESA established a partnership framework with the AfCFTA Secretariat in April 2021 to support AfCFTA implementation (Gakunga, 2021b). Tunisia has been a member of COMESA since 2018, and effectively joined the COMESA FTA in 2020. The COMESA, the East African Community and the Southern African Development Community have ongoing negotiations to realise a Tripartite FTA (COMESA, 2020). COMESA has been supporting the conclusion of outstanding matters to support the operationalisation of the AfCFTA, such as concluding the framework agreement on the division of labour and roles between the AfCFTA Secretariat and the AU Commission on the one hand and the Regional Economic Communities (RECs) and Member States on the other (COMESA, 2022a). COMESA has conducted several preparatory activities aligned with the AfCFTA, covering training for standards compliance, developing infrastructure plans and supporting small businesses and women entrepreneurs (see COMESA, 2022b; 2022c). COMESA has also called for cooperation on piloting a pan-African payment and clearing system, and institutional partnerships covering development banks, insurance agencies, competition commissions and business councils (Gakunga, 2021b).

At the national level, Tunisia has taken steps to prepare its economy for the AfCFTA. This includes the national-level forum held in July 2019 to increase AfCFTA awareness among representatives from government agencies and Parliament, the private sector and civil society (UNECA, 2019). The forum identified the following Tunisian sectors as likely to benefit from the AfCFTA: pharmaceuticals, agri-food and building materials, and services (especially engineering and medical services). Additionally, the Ministry of Trade and Export Development of Tunisia presented its draft strategy for implementing the AfCFTA to stakeholders in April 2022, in which it outlined the comparative advantages of Tunisia in order to maximise the benefits of the AfCFTA (UNECA, 2022). The forum found that the AfCFTA provided Tunisia with significant markets for agricultural, agri-food and industrial exports to Africa. Algeria, Morocco and Libya, as well as Egypt, Ethiopia and Senegal, are promising destinations. Other benefits of the implementation of the AfCFTA include increasing Tunisian companies' competitiveness and modernising the economy. Finally, in September 2022, together with 39 African countries, Tunisia insisted on including labour provisions in the AfCFTA to make sure it complied with international labour standards (Trade Union, 2022).

The Tunisian Ministry of Trade and Export Development, the Export Promotion Centre and GIZ have been collaborating on several projects to boost Tunisia's bilateral and regional trade (see RTAA, 2022a; 2022b), including the following recent activities:

- launch of a centralised information website (www.africatradeagreements.tn/en) on trade agreements with Africa for all Tunisian stakeholders in October 2020
- an International Conference on Trade Agreements, with presentations and discussions on AfCFTA negotiation developments, the AfCFTA's operational instruments and capacity needs for the negotiation and implementation of the AfCFTA (November 2021)
- a workshop among government officials on the potential in institutionalising a national committee on the AfCFTA in Tunisia (February and October 2022)
- public–private sector dialogue and training on the implementation of COMESA and the AfCFTA (March and October 2022), including a dedicated conference to discuss issues and opportunities for Tunisian businesswomen under COMESA (September 2022)
- a workshop on the preparation and negotiation of Tunisia's offer for goods and services (August and September 2022)
- workshops among government officials on preparation for the AfCFTA Phase II negotiation covering investment, competition policy, intellectual property rights (IPR) and e-commerce (February and June 2022), and needed organisational, information system and governance support (October 2022)
- a study with the International Trade Centre investigating AfCFTA opportunities, by identifying promising value chains in Tunisia and corresponding bottlenecks that hinder the potential of these value chains. Promising value chains identified include cotton clothing, footwear and other leather goods, trucks, medical/surgical equipment and consumables, and doors, windows and their wooden frames.[19]

Despite the various ongoing initiatives, there is no evidence that Tunisia has traded under the GTI, since it took effect in January 2021 nor since the commencement of the GTI initiative in October 2022.

In November 2022, these AfCFTA protocols on investment, competition and IPR were adopted by the AfCFTA Council of Ministers in charge of Trade (GMI, 2022). These protocols were also part of the main agenda items during the AU Assembly in February 2023.[20] Unlike other African countries that lack legislation in these areas (Dawar and Lipimile, 2020), Tunisia put in place a new Competition Law in 2015 and an Investment Law in 2016. However, these laws are assessed by the EBRD to be not at par with international best practices (Morsy et al., 2018). The World Trade Organization (WTO,

[19] The five value chains identified are based on ODI's information gathering from GIZ staff.
[20] As of 21 February 2023, the AU had not released a statement on the outcome of the Assembly held on 17–18 February 2023.

2016) also states that the competition law still excludes numerous goods and services (e.g. bread and food products. water, electricity, gas, postal services, port and airport services under state monopolies) from the free pricing regime because they are considered to be ‘essential’ goods subsidised by the state.

Overall, Tunisia is taking positive steps to boost its capacity for AfCFTA negotiation and implementation, as well as in ensuring the coherence of its continental (AfCFTA) and regional trade commitments (e.g. COMESA), supported by active international partnerships. However, to enable smooth implementation of the AfCFTA, Tunisia may need to expedite the finalisation and implementation of a national AfCFTA strategy, and extend targeted assistance or needed facilitation or incentives for firms to start trading under the GTI.

4 Opportunities and challenges for Tunisia's trade and investment

Based on the analysis in the previous sections of Tunisia's macroeconomic performance, trade and investment landscape, and AfCFTA implementation, Table 6 summarises Tunisia's strengths, weaknesses, opportunities and risks for key stakeholders (e.g. policy-makers, traders/investors, international donors) to consider for Tunisia to make the most out of trade, investment and the AfCFTA.

Table 6 Tunisia's strengths, weaknesses, opportunities and risks

Strengths	• higher share of educated and digitally skilled population than many African countries • diversified and sophisticated exports (e.g. electrical machinery and equipment, apparel and clothing) • above African average performance in terms of nurturing ecosystems for innovation, start-ups and digital economy • active government collaboration with international partners to address institutional capacity-building needed for AfCFTA phase I and II negotiations and implementation, and sensitising Tunisian private sectors for AfCFTA prospects
Weaknesses	• poorer performance in terms of trade logistics infrastructure, quality and competence compared with African countries on average • excessive regulations on product markets, complex administrative procedures for the private sector, cumbersome and inconsistent customs processing • limited domestic competition emerging from domination of state-owned enterprises, public banks (within the financial sector), pervasive price controls and FDI restrictions, among others • skills mismatch between training and the labour market • low participation of women in the labour force • lack of coherent policy to integrate Tunisia into the global economy • absence of meaningful trade under the AfCFTA (as of time of writing)
Opportunities	• proximity to Africa, Middle East and Europe • memberships in multilateral FTAs within and outside Africa • expected to benefit from higher intra-African exports under the AfCFTA scenario, to be realised sooner following expedited efforts to finalise and implement Tunisia's AfCFTA strategy • AfCFTA protocol on digital trade could constitute a major opportunity for Tunisia, given the country's increasing digital preparedness • intervention to boost further exports on the following Tunisian products with increasing world demand and Tunisian efficiency: plastic products, tracksuits and other garments; parts of aeroplanes and helicopters; medical and dental instruments and appliances; footwear and iron products • in the context of the AfCFTA, promising value-chains include cotton clothing, trucks, footwear and leather goods, trucks, medical/surgical equipment and consumables, and doors, windows and wooden frames
Threats (risks)	• subdued demand in the event of protracted or new waves of Covid-19 and/or limited access or constrained deployment of Covid-19 vaccines • fragile political context and social tensions

	• moderate risk of public debt distress and increasing non-performing loans • oil price shocks, which would increase import bill and widen trade deficit • financial system vulnerabilities from dominant state-owned banks and rising non-performing loans • delays in AfCFTA implementation or higher preference to trade outside Africa, owing to relatively higher costs of intra-African trade and/or to domestic legislative constraints

5 Conclusion

More than a decade since the 2011 Tunisian revolution, the country remains challenged by a fragile political environment and has not yet reaped the economic benefits of its democratic transition. Economic problems have been exacerbated by the Covid-19 pandemic, the Russia–Ukraine conflict and the fragile social and political climate at home. The economy contracted by 9.3% in 2020, the biggest decline since 1956, owing to the pandemic's impact on tourism, transportation and export-oriented industries. The spillover effects of the Russia–Ukraine war have been putting further pressures on the Tunisian economy, including record high inflation rate (9.8% as of November 2022) and a widening current deficit, which have subsequently contributed to the country's credit rating downgrades. Against this backdrop, Tunisia's growth in the medium term faces downside risks that may emerge from issues related to public debt sustainability, financial stability and the fragility of political contexts.

Tunisia is likely to remain vulnerable unless it enacts reforms that address its structural weaknesses, including high financing needs, dependence on external funding and low private sector participation and competition; reform state-owned enterprises; and bring the informal sector into the tax equity equation. $1.9 billion in IMF funding for Tunisia has been agreed with the IMF staff (still pending final approval), which may provide policy space for the Tunisian government to implement its 2023–2025 national plan to boost the private sector and improve social services.

With 127 bilateral and multilateral trade agreements in existence, trade has played an important role in Tunisia's economy (e.g. exports + imports of goods were equivalent to more than 100% of GDP on average in 2011–2021). FDI has also been increasingly diversified towards industries in recent years.

The AfCFTA can further contribute to Tunisia's economic growth. Studies show that Tunisia is likely to generate higher intra-African export growth compared with other African countries under the scenario of AfCFTA implementation. Tunisia may also be in a good position to develop value chains in cotton clothing, footwear and leather goods, trucks, medical consumables and wooden products in the context of AfCFTA prospects. While Tunisia has taken positive steps in drafting its AfCFTA strategy and conducting related preparatory activities to build institutional capacity and sensitise its domestic stakeholders on AfCFTA issues in past years, there is no evidence that Tunisian firms have meaningfully traded under the AfCFTA. To realise benefits from the AfCFTA, the Tunisian government needs to take simultaneous efforts to finalise and implement its AfCFTA strategy while providing firm-level assistance to encourage participation in the AfCFTA GTI initially, and subsequently trading with wider country signatories to the AfCFTA.

References

Arab News (2023) 'Tunisia unveils economic plan betting heavily on private investment'. 3 January (https://www.arabnews.com/node/2226271/business-economy).

AU – African Union (2022a) 'Opening statement by His Excellency Wamkele Mene, Secretary-General, AfCFTA Secretariat at the Second Ministerial Retreat on the AfCFTA Rules of Origin'. 28 January (https://au-afcfta.org/wp-content/uploads/2022/02/EN-Ministerial-Retreat-Statement-HE-Wamkele-Mene-v3-3.pdf).

AU (2022b) 'The AfCFTA Guided Trade Initiative'. AfCFTA Updates (https://au-afcfta.org/2022/09/the-afcfta-guided-trade-initiative/).

AU (2022c) 'What is the AfCFTA Guided Trade Initiative all about?' (https://au-afcfta.org/2022/10/what-is-the-afcfta-guided-trade-initiative-all-about/).

AU (2023) 'AU Summit 2023: Powering trade through AfCFTA' Africa Renewal, 17 February (https://www.un.org/africarenewal/magazine/february-2023/au-summit-2023-powering-trade-through-afcfta)

CBT – Central Bank of Tunisia (2021) 'Annual report 2020' (www.bct.gov.tn/bct/siteprod/documents/RA_ang.pdf).

CBT (2022) 'Press release of the BCT executive board meeting held on 30 December 2022' (https://www.bct.gov.tn/bct/siteprod/actualites.jsp?id=995&la=AN).

COMESA – Common Market for Eastern and Southern Africa (2020) *Annual report 2020* (www.comesa.int/wp-content/uploads/2021/10/COMESA-Annual-Report-2020-English.pdf).

COMESA – Common Market for Eastern and Southern Africa (2022a) *Annual report 2021* (www.comesa.int/wp-content/uploads/2022/10/COMESA-Annual-Report-_-2021.pdf).

COMESA (2022b) 'COMESA, in partnership with ITC, spearheads SMEs' participation in the AfCFTA through market analysis capacity building' (www.comesa.int/comesa-in-partnership-with-itc-spearheads-smes-participaction-in-the-afcfta-t-hrough-market-analysis-capacity-building/).

COMESA (2022c) 'Businesswomen brace for a stake in AfCFTA opportunities' (www.comesa.int/businesswomen-brace-for-a-stake-in-afcfta-opportunities/).

Dawar, K. and Lipimile, G. (2020) 'Africa: harmonising competition policy under the AfCFTA' *Concurrences Review* 2. a93472 242-250. ISSN 1773-9578.

FIPA – Foreign Investment Promotion Agency (Tunisia) (2019) 'Foreign investment performance during the twelve months of 2018' (http://www.investintunisia.tn/En/foreign-investment-performance-during-the-twelve-months-of-2018_50_201_D319).

FIPA (2020) 'Investissements directs internationaux en Tunisie'. Rapport annuel 2020.

Fitch (2022a) 'Fitch downgrades Tunisia to "CCC"'. 18 March (www.fitchratings.com/research/sovereigns/fitch-downgrades-tunisia-to-ccc-18-03-2022).

Fitch (2022b) 'Fitch upgrades Tunisia to 'CCC+'; removes from UCO'. 1 December (www.fitchratings.com/research/sovereigns/fitch-upgrades-tunisia-to-ccc-removes-from-uco-01-12-2022).

France24 (2022) 'Tunisians fear more economic pain as IMF talks loom'. 18 February (https://www.france24.com/en/live-news/20220218-tunisians-fear-more-economic-pain-as-imf-talks-loom).

Gakunga, M. (2021a) 'Tunisia ready to participate in the COMESA free trade regime' News. Common Market for Eastern and Southern Africa' (www.comesa.int/tunisia-ready-to-participate-in-the-comesa-free-trade-regime/).

Gakunga, M. (2021b) 'AfCFTA, COMESA to establish cooperation framework'. Press Release (www.comesa.int/52391/).

GMI – Gabon Mail Info (2022) 'ZLECAF : les trois protocoles de divergence de la 10e réunion du Conseil des ministres du Commerce enfin adoptés à Libreville'. 28 October (https://gabonmailinfos.com/zlecaf-les-trois-protocoles-de-divergence-de-la-10e-reunion-du-conseil-des-ministres-du-commerce-enfin-adoptes-a-libreville/).

Hartzenberg, T. (2023) 'The African Continental Free Trade Area Agreement - what is expected of LDCs in terms of trade liberalisation?'' UN, February (https://www.un.org/ldcportal/content/african-continental-free-trade-area-agreement-what-expected-ldcs-terms-trade-liberalisation).

ILO – International Labour Organization (2021) 'Free and open access labour statistics'. Dataset (https://ilostat.ilo.org/data/).

IMF – International Monetary Fund (2021a) 'World economic outlook October 2021'. Washington DC: IMF.

IMF (2021b) 'Tunisia 2021 Article IV Consultation – press release; staff report; and statement by the Executive Director for Tunisia'. IMF Country Report 21/44. Washington DC: IMF.

IMF (2021c) 'Fiscal monitor database of country fiscal measures in response to the COVID-19 pandemic'. Washington DC: IMF.

IMF (2022a) 'Countering the cost-of-living crisis'. World Economic Outlook 2022, October database. Washington DC: IMF.

IMF (2022b) 'IMF staff reaches staff-level agreement on an Extended Fund Facility with Tunisia'. Washington DC: IMF.

Invest in Tunisia (2022a) 'The Italian company MICLA recently created an engineering and industrial design unit in Tunisia'. 10 August (http://www.investintunisia.tn/En/the-italian-company-micla-recently-created-an-engineering-and-industrial-design-unit-in-tunisia_50_201_D474).

Invest in Tunisia (2022b) 'Launch of the construction work of two new factories'. 18 August (http://www.investintunisia.tn/En/launch-of-the-construction-work-of-two-new-factories-of_50_201_D470).

Invest in Tunisia (2022c) 'ANT Precision Group establishes a new plant in Tunisia'. 19 May (http://www.investintunisia.tn/En/ant-precision-group-establishes-a-new-plant-in-tunisia_50_201_D466).

MDF – Ministère des finances (2023) *The public debt report*. Tunis: MDF (http://www.finances.gov.tn/sites/default/files/2023-01/6.pdf).

Mendez-Parra, M. (2022) 'The AfCFTA marks a milestone in its implementation' ODI blog, 7 October (https://odi.org/en/insights/the-afcfta-marks-a-milestone-in-its-implementation/).

Moody's (2023) 'Rating action: Moody's downgrades Tunisia's ratings to Caa2 with a negative outlook, concluding its review' 27 January (https://www.moodys.com/research/Moodys-downgrades-Tunisias-ratings-to-Caa2-with-a-negative-outlook--PR_472195?cy=fra&lang=fr)

Morsy, H., Kamar, B. and Selim, R. (2018) 'Tunisia diagnostic paper: assessing progress and challenges in unlocking the private sector's potential and developing a sustainable market economy'. EBRD.

OECD – Organisation for Economic Co-operation and Development (2018) 'OECD economic surveys 2018: Tunisia'. Paris: OECD (www.oecd.org/economy/surveys/Tunisia-2018-OECD-economic-survey-overview.pdf).

OECD (2022) 'OECD Economic Surveys: Tunisia 2022'. Paris: OECD (https://www.oecd.org/countries/tunisia/oecd-economic-surveys-tunisia-2022-7f9459cf-en.htm).

Portulans Institute (2022) 'Network Readiness Index 2022' (https://networkreadinessindex.org/).

RTAA – Regional Trade Agreement with Africa (2022a) 'Support to Trade Agreements with Africa'. Newsletter, April (www.africatradeagreements.tn/sites/default/files/2022-05/newsletter%20avril%202022%20ENGLISH%20%282%29.pdf).

RTAA (2022b) 'AACA project newsletter November 2022' (https://africatradeagreements.tn/fr/newsletter-projet-aaca-novembre-2022)

Statistiques Tunisie (2022) 'Statistical monthly bulletin, October 2022' (www.ins.tn/en/publication/statistics-monthly-bulletin-october-2022).

TAP – Agence Tunis Afrique Presse (2022a) 'Over 62% of private enterprises in Tunisia do not use digital payment modes (CJD survey)'. 13 October (https://www.tap.info.tn/en/Portal-Economy/15637915-over-62-of-private),

TAP (2022b) 'Six enterprises out of 10, dissatisfied with degree of digitisation of public administration (Survey)'. 27 September (https://www.tap.info.tn/en/Portal-Economy/15586569-six-enterprises-out).

TAP (2022c) 'National Development Plan 2023- 2025 provides for creation of 126 projects in innovation'. (https://www.tap.info.tn/en/Portal-Economy/15891652-national).

TAP – Agence Tunis Afrique Presse (2023) '34 investment projects reported in 2022 (TIA)'. 11 January (https://www.tap.info.tn/en/Portal-Economy/15904436-34-investment).

Trade Union (2022) 'Tunis declaration calls for the inclusion of labour provisions in the AfCFTA agreement' (https://tradeunionsinafcfta.org/tunis-declaration-calls-for-inclusion-of-labour-provisions-in-the-afcfta-agreement/).

Tralac – Trade Law Centre (2023) 'AfCFTA Ratification Barometer' 20 February (https://www.tralac.org/documents/resources/infographics/2605-status-of-afcfta-ratification/file.html)

UNCTAD – United Nations Conference on Trade and Development (2007) *World investment report 2007. Transnational corporations, extractive industries and development*. Geneva: UNCTAD (https://unctad.org/system/files/official-document/wir2007_en.pdf).

UNCTAD (2020) *World investment report 2020. International production beyond the pandemic*. Geneva: UNCTAD (https://unctad.org/system/files/official-document/wir2020_en.pdf).

UNDESA – UN Department of Economic and Social Affairs (2022) 'National accounts – analysis of main aggregates (AMA)'. (https://unstats.un.org/unsd/snaama).

UNDP – United Nations Development Programme (2022) 'Human development reports database' (https://hdr.undp.org/data-center/specific-country-data#/countries/TUN).

UNECA – UN Economic Commission for Africa (2019) 'Tunisian companies prepare for the AfCFTA' (https://archive.uneca.org/stories/tunisian-companies-prepare-afcfta).

UNECA (2020) 'Tunisia and Lesotho join growing number of countries to ratify AfCFTA one month to start of trading', 30 November (www.uneca.org/storys/tunisia-and-lesotho-join-growing-number-countries-ratify-afcfta-one-month-start-trading).

UNECA (2022) 'Tunisia presents national strategy for the implementation of the AfCFTA'. 13 April (https://www.uneca.org/stories/tunisia-presents-national-strategy-for-the-implementation-of-the-afcfta#:~:text=The%20strategy%20analyzes%20the%20comparative,economic%20integration%20in%20intra%2DAfrican).

UNESCAP – United Nations Economic and Social Commission for Asia and the Pacific – and World Bank (2017) 'ESCAP-WB Trade Cost Database: explanatory note for users' (www.unescap.org/sites/default/d8files/Trade%20Cost%20Database%20-%20User%20note.pdf).

USDoS – United States Department of State (2021) '2021 Investment climate statements: Tunisia' (https://www.state.gov/reports/2021-investment-climate-statements/tunisia/).

WIPO – World Intellectual Property Organization (2021) 'Global Innovation Index 2021: tracking innovation through the COVID-19 crisis' (www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021.pdf).

Wood, J. (2019) 'In Tunisia, budding entrepreneurs can take a year off their job'. Davos: World Economic Forum.

World Bank (2009) *Air freight: a market study with implications for landlocked countries.* Transport Papers. Washington DC: World Bank (https://www.worldbank.org/en/topic/transport/publication/air-freight-study).

World Bank (2020) *The African Continental Free Trade Area: economic and distributional effects*. Washington DC: World Bank (https://openknowledge.worldbank.org/bitstream/handle/10986/34139/9781464815591.pdf).

World Bank (2021) 'The World Bank in Tunisia – overview (updated June 2021)'. Web page (accessed October 2021) (www.worldbank.org/en/country/tunisia/overview#1).

World Bank (2022a) 'Global economic prospects, June 2022'. Washington DC: World Bank.

World Bank (2022b) 'World Development Indicators'. Electronic dataset (accessed between October and December 2022) (https://data.worldbank.org/).

World Bank (2023) 'Global economic prospects, January 2023'. Washington DC: World Bank.

World Trade Organization (2016) 'Trade policy review: Tunisia'. Geneva: WTO (https://www.wto.org/english/tratop_e/tpr_e/s341_e.pdf).