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EUROPEAN INDUSTRIAL POLICIES IN
TUNISIA: A BOTTOM-UP ASSESSMENT

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ABSTRACT

This report on the industrial sector in Tunisia falls within the European project MEDRESET. It analyses with a bottom-up perspective the European policies towards the Southern Mediterranean. The study's main outcome is the following: there is no industrial policy per se in Tunisia, namely following the 2011 revolution despite the efforts and reflection to pull Tunisia away from a low or middle-end out-source specialization that is very dependent on the European stakeholders. This comes despite the efforts exerted by public bodies such as the Agency for the Promotion of Industry and Innovation (API) to improve the situation. The same goes for the textile industry. The question of industry in Tunisia in terms of the Euro-Mediterranean relations is mainly tackled through free trade agreements, the Deep and Comprehensive Free Trade Agreement project (DCFTA), as well as the industrial upgrade policy that seems to have borne fruits. Regarding the challenges, and namely the population's well-being and needs, the industrial sector is led to play a major role, mostly in welcoming the youth to the labour market, especially young graduates, and more generally to become a dynamic export sector. However, on the short term this entails that the industrial sector step out of the apathy prevailing it since the revolution, attract European investments on a broader scale, and finally on the long-term change its method of insertion into the global economy, namely by winning in technology to work up the value chains. Therefore, the DCFTA must take more into account, in negotiations, the specificities of Tunisia, but also change the growth regime, which in turn implies an actual reform of the Tunisian economy and a new social pact between the political-economic elites and the youth. This study shows that the industrial sector is marked by a significant imbalance between the enterprises and is overrun by informal production. Furthermore, the EU policies do not target the industry directly even if the free trade agreements primarily concern the industrial sector. We can conclude that there is a will to maintain cooperation with the European Union, which seems like a vital foothold. Meanwhile, reservations are being increasingly voiced against the DCFTA project, which is raising more concerns than the Barcelona Convention.

1. METHODOLOGY

The Work Package 6 "Industry and Energy" of the MEDRESET European project aims at analysing the EU-Mediterranean industrial policy while deconstructing both theory and practice and attempting to open the way for a new approach. This study aims at understanding whether the EU policies towards the industrial sectors in Tunisia answer to the populations'

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well-being and local economic needs (i.e. creation of jobs, industrial diversification, impact on local enterprises, etc.)

The methodology adopted to write this report is in line with the one proposed in the Methodology and Concept Paper on industry and energy (Moisseron et al. 2017), as defined in section 4 of said paper.

The present study used different references: first, the papers available on the industrial sector in Tunisia, namely academic articles, grey literature, leaflets, and blogs. We must note that most of the academic literature and grey literature or other information sources focus on the EU–Tunisia partnership and the free trade agreements more than industry. A content analysis of these documents was done and used namely to outline the critical views although they were few. Another important source is the interviews held with the identified stakeholders. A typology of the stakeholders was carried out. We gave attention to forming a heterogeneous sample, including stakeholders who were excluded from the EU intervention in the framework of the EU–Mediterranean dialogue.

We led a first series of 23 face to face interviews (12 men, 11 women) in July and October 2017, followed by a second series of 4 interviews via skype or by phone in February 2018 to gather more details mainly on gender and employment issues. We managed to have a representative sample of the stakeholders divided into 5 categories: i) public stakeholders (public institutions and bodies) (6 interviews), ii) private sector (enterprises and professional organizations) (6 interviews), iii) NGOs or political parties (5 interviews), iv) universities and reflection groups (5 interviews), v) international organization (1 interview) (See Annex 1). We tried to get answers to the project's main questions (Annex 2) but hardly received any answers to the issues concerning gender and few data on this aspect.

2. GENERAL ANALYSIS OF THE INDUSTRIAL SECTOR IN TUNISIA

2.1 RELATIVE IMPORTANCE OF INDUSTRY IN THE ECONOMY OF TUNISIA

The history of the industrial sector in Tunisia is very recent since we can assume that it is almost non-existent at the time of the country's independence in the 1950s. The very low customs on industrial products coming from France explain among other reasons the weakness of the industrial emergence. It was not until its independence that Tunisia began setting industrial policies by first protecting an emerging sector by means of tariff protection policies and a substitution in imports then by positioning the sector in the international chain of labour, namely for the textile sector. Attempts to adopt new regulations for partnerships between the private and public sectors, but also for a new investment code, are ways previous governments have already followed without any of them leading to an end. These texts are the subject of concern of policy makers, because they are often perceived as a bound solution to the demands of funders. Big enterprises and SMEs represent respectively 5.7 per cent and 94.3 per cent of manufacturing industries in the formal sector; small enterprises represent almost three quarters of the SMEs (74.4 per cent). SMEs are strongly concentrated in terms of the textile and clothing industries (28 per cent) (see Table 1) and the agriculture and food industries (19.7 per cent). However, in other sectors, SMEs represent a share varying between 2 and 8 per cent save for metallurgy and metalwork where enterprises represent 8.8 per cent.

Table 1 | Industrial enterprises by sector, 2018

Sector	Totally exporting	Other than totally exporting	Total	%
Agro-food	216	887	1,103	20.4
Construction material, ceramic and glass	18	400	418	7.7
Mechanical and metallurgic	178	469	647	12.0
Electric, electronic and household appliances	227	119	346	6.4
Chemical	137	437	574	10.6
Textile and clothing	1,316	279	1,595	29.5
Wood, cork and furnishing	21	175	196	3.6
Leather and footwear	176	66	242	4.5
Others	74	218	292	5.4
Total	2,363	3,050	5,413	100

Source: API website: *Industrial Overview, October 2018*, <http://www.tunisieindustrie.nat.tn/en/tissu.asp>.

Today, with a GDP share close to 30 per cent and an export share of goods and services reaching 84 per cent, the industrial sector constitutes one of the basis of the Tunisian economy and a sector without which an actual development strategy cannot be established. The sector recruits one third of the active population and constitutes an outlet for those who enter the labour market each year. The sector can benefit from one of the most qualified workforce in the region even though the issue of unemployment in youth is acutely arising. Furthermore, it is within the industrial sector that the prospect of technological gains, and productivity and innovation gains is the most prominent. Tunisia has in fact a great potential but faces difficulties in exploiting it. Alongside the public sector, the industrial sector contributed to shaping a middle class that plays a stabilizing role in the evolution of recent policies. It is therefore doubly important for the future for the sector to be developed: both to welcome youth entering the labour market and to avoid the impoverishment of the middle class.

Evidently, the context of the revolution has negatively affected the country's position compared to its competitors. Tunisia remains at the 95th place out of 138 countries, in 2017, compared to the two previous years, in the Global Competitiveness ranking set by the World Economic Forum (WEF). However, it is doubled by Algeria and has gone down 63 ranks since 2011 (WEF 2017: 290).

The 2019 Doing Business ranking confirms this bad progression: Tunisia was ranked 42nd in 2012 and dropped to the 80th place in 2018 (World Bank 2018: 210). This report indicates low scores in administrative delays for starting a business (63 out of 190), dealing with construction permits (77 out of 190), trading across borders (101 out of 190) or paying taxes (133 out of 190) (World Bank 2018: 210).

Table 2 | Tunisia Global Competitiveness ranking, 2016–2017

	2016	2017	Trend
Basic requirements	79	84	+5
Institutions	78	80	+2
Infrastructure	83	82	-1
Macro-economic environment	99	109	+10
Health and primary education	59	58	-1
Efficiency enhancers	103	99	-4
Higher education and training	93	82	-11
Goods market efficiency	113	112	-1
Labour market efficiency	133	135	+2
Financial market development	119	110	-9
Technological readiness	80	85	+5
Market size	69	69	0
Innovation factors	104	97	-7
Business sophistication	101	98	-3
Innovation	104	99	-5

Source: WEF (2016: 344), WEF (2017: 290).

Due to its geographic position, the future of Tunisia's economy can roughly be considered without an EU–Mediterranean industrial integration. For Tunisia, the challenge is twofold: contributing to developing value chains between northern and southern countries of the Mediterranean and serving as a bridge for a better integration between Europe and Africa. However, what seems to be strategic today is to reinvent this northern/southern partnership type, with an actual sharing of the value chain, a quality upgrade, and the specialization in more innovative sectors. There should be a transition from a low quality out-source model to a "co-production" model. (Hajji 2017)

Table 3 shows that in the first ten months of 2017, reported investments in the industrial sector reached 3,000.5 million dinars, against 3,065.9 million dinars in 2018, thus registering a 2.2 per cent rise. The number of projects reported reached 3,214 during October 2018 against 3,051 in the same period of 2017, a 5.3 per cent increase. These projects will allow for the creation of 53,707 jobs, against 47,761 jobs in October 2017, an increase of 12.4 per cent (API 2018: 7). The predominant sector is agro-food reaching 810.7 million dinars in October 2018 (but with a decrease of 20.3 per cent). A promising sector is that of chemical products, which witnessed an expansion by 41 per cent. Reported investments in this sector reached 300.4 million dinars in the first ten months of 2018 against 213 million dinars in the same period of 2017.

Table 3 | Industrial investments (million dinars), October 2017/October 2018

Sector	2017	2018	Trend (%)
Agro-food	1,017.4	810.7	-20.3
Construction material, ceramic and glass	555.7	509.4	-8.3
Mechanical and electrical	637.1	716.3	+12.4
Chemical	213.0	300.4	+41.0
Textile and clothing	117.9	96.0	-18.6
Leather and footwear	8.6	32.6	+279.1
Others	49.0	162.0	+33.2
Total	3,000.5	3,065.9	+2.2

Source: API website: *Tunisian Industrial Indicators, October 2018*, <http://www.tunisieindustrie.nat.tn/en/conjoncture.asp>.

Table 4 describes the progression of exports in million dinars in the first ten months of 2018. The increase recorded in exports (+20.6 per cent) is mainly attributed to the agricultural sector and the agro-food industries. An increase, namely in construction materials and mechanical and electrical products, registered respectively 30.6 and 15.1 per cent.

Table 4 | Exports (million dinars), October 2017/October 2018

Sector	2017	2018	Trend (%)
Agro-food	1,785.9	3,137.6	+75.7
Construction material, ceramic and glass	402.3	525.3	+30.6
Mechanical and electrical	12,889.5	14,839.3	+15.1
Chemical	1,893.5	2,009.6	+6.1
Textile and clothing	5,068.7	5,997.1	+18.3
Leather and footwear	1,042.4	1,276.3	+22.4
Others	1,834.5	2,276.8	+24.1
Total	24,916.8	30,062.0	+20.6

Source: API website: *Tunisian Industrial Indicators, October 2018*, <http://www.tunisieindustrie.nat.tn/en/conjoncture.asp>.

2.2 INDUSTRY DYNAMICS OF TUNISIA

The Tunisian industrial sector, like the whole of the economy, is characterized by a strong presence of the informal sector, which represents 38 per cent of the GDP according to the World Bank. According to the same organization, this sector employs 54 per cent of the workforce. The sector accounts for 524,000 micro-enterprises, i.e. 35 per cent of the national entrepreneurial fabric.² Informality constitutes a fragility factor for the industry due to the lack of training, funding problems and the structures small size. The informal sector could

² "L'économie informelle en Tunisie: Etat des lieux et solutions possibles", in *Kapitalis*, 6 April 2015, <http://www.kapitalis.com/kapital/28634>.

be brutally affected by changes in its environment, without having the necessary means to cope. The importance held by the informal sector explains the vulnerability of the Tunisian industry. For instance, Anouar Triki, President of the Regional Union of Industry, Commerce and Handicrafts (UTICA) of Sfax, underlined that "today, the industrial zone of footwear in Sfax barely accounts for 2,000, while just a few years ago, it used to have 42,000; this was caused by the rapid expansion of informal trade importing footwear from China".³

Tunisia's economy is a classic model of outsourcing. Its exporting enterprises are isolated individual structures, often family-owned or dependent on European brands. The 2017 IPEMED report stresses on this point: "Yet, the analysis of these different sectors reveals a vital challenge: to surpass the classic model of individual, family-owned and isolated exporting enterprises, for the benefit of constituting sectors and ecosystems linking Tunisian enterprises to others, located north and south of the Mediterranean, as well as Germany" (Hajji 2017: 7).

Moreover, many enterprises close to the country's elites, are more inclined to seek internal protection either of regulatory or fiscal nature (for example, evading taxes on imports) than to dominate parts of the market in a game of open economy. This gives them an advantage in terms of competitiveness that disappeared after the revolution; destabilizing the industrial fabric, especially that these enterprises belong to a fragile sector (Rijkers et al. 2017). The most weakened sectors today are the mechanical and textile industries and some other sectors (renewable energy, healthcare, pharmaceutical and agro-industry).

In terms of perspective, the Tunisian industry creates less job opportunities than the service sector: according to a most recent study on Tunisian entrepreneurial ecosystem, conducted by consulting firm Roland Berger for the BIAT Foundation, the creation of enterprises is mostly dragged by the service sector, namely by trade, transport and storage areas (BIAT 2016: 7).

Finally, the industrial sector is dependent on foreign direct investments (FDIs). In Tunisia, these represent 10 per cent of productive investments and generate one third of exports and more than 15 per cent of the total of jobs with strong concentration on France, Italy and Germany (see Table 5).

3 Ibid.

Table 5 | FDI flows by country of origin (top 30) (million dinars), 2015

Country	Creation			Extensions and others			Total		
	No. Projects	FDI	Jobs	No. Projects	FDI	Jobs	No. Projects	FDI	Jobs
France	75	30.1365	1,523	95	248.55	2,366	170	278.69	3,889
UAE	1	0.00426	1	8	138.72	250	9	138.73	251
Qatar	1	2.98031	30	4	86.675	15	5	89.656	45
Italy	72	22.1062	1,652	37	53.954	758	109	76.061	2,410
Germany	13	6.77775	1,107	19	64.963	403	32	71.74	1,510
Malta				4	70.881	69	4	70.881	69
Saudi Arabia	2	45.4	10	8	7.4714	230	10	52.871	240
Spain	3	0.238	1	14	43.951	202	17	44.189	203
Netherlands	4	4.05042	91	10	23.602	298	14	27.652	389
Libya	12	14.3915	57	2	4.3137	160	14	18.705	217
UK	7	1.04883	61	8	12.776	15	15	13.825	76
USA	3	0.41499	23	10	12.85	72	13	13.265	95
Japan				2	13.21	700	2	13.21	700
Switzerland	2	0.296	13	8	12.24	67	10	12.536	80
Singapore	1	2.2275	0	1	6.2	10	2	8.4275	10
Jordan	1	0.17	0	5	7.8963	285	6	8.0663	285
Austria	1	0.06336	12	3	7.3028	105	4	7.3662	117
Luxembourg	2	0.0052	38	4	7.1536	25	6	7.1588	63
Morocco	2	4.45	0	2	0.9738	5	4	5.4238	5
Russia	2	4.78763	11	1	0.0227	160	3	4.8103	171
Algeria	4	4.3048	141				4	4.3048	141
Mauritania	1	3.65	0				1	3.65	0
Bahrain	1	3.6	23				1	3.6	23
Sweden				1	3.43	0	1	3.43	0
Panama	1	2.5	107				1	2.5	107
Bahamas				1	1.8643	0	1	1.8643	0
Canada	3	0.5443	1	2	1.3064	0	5	1.8507	1
South Korea				2	1.8222	0	2	1.8222	0
Gibraltar	1	1.75	13				1	1.75	13
China	1	0.25	0	2	1.1116	0	3	1.3616	0

Source: FIPA (2016: 27).

According to IPEMED, Tunisia possessed a foreign direct investment stock for all sectors of around 31.6 billion US dollars in 2014, accounting for 65 per cent of the GDP (Fleury and Payet 2015: 25). According to data of the Foreign Investment Promotion Agency (FIPA), in charge of promoting Tunisian investments in the industrial sector, the FDI stock excluding energy, financial services and distribution, rises to 22 billion dinars (8.2 billion US dollars) by the end

of 2017 (FIPA 2018: 16). We should outline the increasing importance of the investment stocks coming from the Gulf, reaching one third of the total in 2016.

As per the flows, Tunisia is relatively well placed in the region, but has suffered both the effects of the 2008 international financial crisis and those of the 2011 revolution. With an annual FDI flow around 2 per cent of the GDP, Tunisia is twice weaker than Morocco (Fleury and Payet 2015: 26). Over the years, the energy field has attracted half of the FDI, while the industrial sectors represented one quarter of the FDI annual flows. In 2017, 46 per cent of the FDI went to the industry, another 15 per cent to services and 38 per cent to energy (FIPA 2018: 9).

France, Germany and Italy are the main European investors; the FDI flows coming from Europe are centred in the electric and electronic sectors, mechanical, metal, and metallurgy industries, and finally in the agro-food industry (Fleury and Payet 2015: 23).

In 2017, foreign direct investments have reached a total amount of 2,128.2 million dinars (see Table 6). Investments recorded an increase of 11.9 per cent compared to 2016, 8.2 per cent compared to 2015, 17.8 per cent compared to 2014 and 17.3 per cent compared to 2013. Investments in energy have recorded a slight increase of 1.7 per cent compared to 2016 against a decrease of 16.5 per cent compared to 2015, 9.2 per cent compared to 2014 and 24.8 per cent compared to 2013. The manufacturing industry, primary sector in job creation, recorded for the first time after the revolution an increase of 21.6 per cent compared to 2016 and 72.2 per cent compared to 2015 (FIPA 2018: 8).

Table 6 | Sectoral analysis of FDI flows (million dinars), 2013–2017

						Trend 2017 (%)			
	2013	2014	2015	2016	2017*	2016	2015	2014	2013
Energy	1,077.3	891.7	970.3	796.4	810.0	+1.7	-16.5	-9.2	-24.8
Industry	507.1	454.3	565.7	801.5	974.3	+21.6	+72.2	+114.5	+92.1
Services	218.0	452.4	421.7	281.7	318.3	+13.0	-24.5	-29.7	+46.0
Agriculture	11.3	7.9	9.3	21.9	25.6	+16.6	+175.1	+223.7	+125.7
Total FDI	1,813.8	1,806.4	1,967.0	1,901.4	2,128.2	+11.9	+8.2	+17.8	+17.3

Note: (*) Preliminary data – subject to change.

Source: FIPA (2018: 8).

Despite the importance of FDI and the integration of Tunisia, the main issue facing the Tunisian industry is redefining its method of insertion in the global economy and more specifically its position in the international divide within the economy. It must move from being considered a workshop to an innovative player. This finding generates consensus even if the means of attaining it do vary and the socio-political conditions of such a change are often concealed:

This finding is currently the main problem of Tunisian industry. The industrial specialization method and adoption of the workshop strategy mainly based on imports of semi-finished goods intended for re-exporting mainly to Europe to Tunisia since the 1970s, is unlikely to facilitate the establishment of an industrial base able to absorb the highly skilled jobs that Tunisia needs to integrate its higher education graduates entering the labour market each year. This objective assumes an upgrading of Tunisian

industry and revamping if not reassessment of its industrial strategy and resources allocated by central government to support its industrial policy [fiscal incentives, funding, support structures, etc.] (Trape 2017: 19–20)

2.3 ANALYSIS BY INDUSTRIAL SECTOR

THE SECTOR OF TEXTILE, CLOTHING, LEATHER AND FOOTWEAR

The industry of textile, clothing, leather and footwear is one of the most important sectors in Tunisia. It employed 180,000 people in 2017. The sector accounts for 2,412 enterprises, 1,750 of which are exclusively exporting enterprises. It represents a significant 34% of the active population and is Europe's fifth supplier. The sector was resistant to several free trade agreements, which put it in a competing position with Turkey and China. Nevertheless, FDI flow in textile represents 3 per cent only of the total industrial FDIs and is on the decline since the revolution, making for a little less than one quarter of total exports in 2016. Today, all stakeholders agree on the necessity to reform the whole of the sector in order to benefit from the advantage of proximity to Europe and consolidate the comparative long-established advantages. The sector must develop innovations and go beyond manufacturing per se. Perspectives are open for design, restocking, logistics, and small series. The technical textile sector is equally promising: composite, climatic, fire proof, biodegradable, and breathing fabric. After production, there is a lot left to do for Tunisia to develop markets in restocking and fast fashion, which implies a quick adaptation capacity to evolving markets with the European market.

CHEMICAL INDUSTRY

257 large and medium enterprises in Tunisia are concerned with chemical industry. This sector contributed to around 12 per cent of total exports in 2016. It employs 5 per cent of the industrial sector's active population, i.e. 30,000 people (Hajji 2017: 25). FDI flow in the chemical sector represents 170 million dinars, 21 per cent of the FDI flows in the industrial sector in 2016 divided as follows: 16 per cent in pharmaceutical industry, 3 per cent in plastic industry and 2 per cent in chemical and rubber industry. However, this sector keeps expanding as indicates the emergence of news sectors such as generic and biotech vaccine production.

Pharmaceutical industry is a sector offering new opportunities. It employs less than 10,000 people but must be benefiting from the rise of the African middle class, knowing that local production covers less than half of local needs. Tunisia is relatively well ranked in the production of generics, which constitute an increasingly growing sector (Fleury and Payet 2015: 53).

AGRO-FOOD INDUSTRY

This industry represents only 3 per cent of the GDP but is nevertheless a strategic sector. It employs more than 70,000 people, mostly women, and plays an essential role in the development of the economy in Tunisia. It accounts for more than one thousand enterprises of more than 10 employees. The current strategy in this sector was defined in the Agency for the Promotion of Industry 2014 report:

- (i) The progressive economic liberalization of the inputs and the finished products;
- (ii) The increase as well as the diversification of the agro-food production to increase the use of the industrial capacity installed, to grow the added value of the sector and to satisfy the needs of the consumer on the local and international market;
- (iii) Modernizing

and restructuring the sector by upgrading agro-food enterprises, introducing new technologies, promoting quality, traceability, certification and adaption to the HACCP approach. (API 2014: 45).

The sector largely benefited from the upgrade programmes, namely in terms of norms and certification. It is in fact a strategic sector for exports, mostly of products such as dates and olive oil, which make for 28 per cent of the sector. It has many advantages such as its proximity to major consumer markets and qualified and competitive human resources. The sector benefits from an expert supervision from engineers and technicians with premiums and support policies.

This sector represents an opportunity for the future provided that the method of insertion in the global economy changes. Tunisia must win in quality and produce goods with a high added value. The sector must also develop its labels. Once again, it is a matter of valuing on the ground the existing products and employing a deeper focus on products of higher added value. Olive oil is an example that speaks for itself. However, Tunisia must move from being an exporting country of basic low quality undifferentiated goods to better quality oils. In that sense, Tunisia can benefit from the rise of the bio and healthy product market by building upon its basis, i.e. production of olive oil, sectors in more developed cosmetics and food products.

2.4 ON INDUSTRIAL EMPLOYMENT

Tunisia is marked by a considerable unemployment rate, around 15 per cent, despite a tendency to decrease since 2011 (see Table 7). It remains nevertheless greater than unemployment rates recorded before the revolution. Two points seem to be particularly concerning: on one hand, the gap between male and female rates is high, almost double, which indicates a strong discrimination against women in the labour market.

Table 7 | Annual unemployment rates by gender (%), 2009–2015

	2009	2010	2011	2012	2013	2014	2015
Male	11.3	10.9	15.0	14.6	13.3	11.4	12.4
Female	18.8	18.9	27.4	25.6	23.0	22.2	22.2
Total	13.3	13.0	18.3	17.6	15.9	14.8	15.2

Source: INS (2017: 20).

On the other hand, the high unemployment rates among graduates is alarming (see Table 8). In fact, young graduates are doubly affected by unemployment than non-graduates. It is important to mention that this rate increased after the revolution. It is a serious indication that structural problems in Tunisia are yet unresolved. This also represents a sign of serious potential social conflict, if a whole generation, educated even, is left without professional prospects. In addition, women seem doubly penalized, being both women and young graduates. Tunisia is in an unprecedented situation. Not only one third of women at working age are effectively seeking or have found jobs, but almost half of them with a higher studies diploma wishing to work are unemployed. This does not only raise a gender-equality issue, but also constitutes a loss for the country looking precisely to develop a knowledge economy based on training and innovation.

Table 8 | Higher studies graduates unemployment rates by gender (%), 2011–2016

	2011	2012	2013	2014	2015	2016
Male	23.7	15.8	20.9	12.2	19.9	19.4
Female	43.8	40.2	43.5	28.5	38.4	40.4
Total	33.6	26.9	31.6	20.0	28.6	30.5

Source: INS (2018a: 105).

The industrial sector plays an imperative role in contributing to solving unemployment issues for youth and young graduates. As mentioned previously, the industry, due to its low-end specialization, does not offer much perspectives. Overall, the family structure and the inclination towards small units do not allow for access to a competent open market, but rather to forms of recruitment nearby (see Rijkers et al. 2017). Therefore, we note that in Tunisia as elsewhere, there is a narrow link between the international methods of insertion and the issue of unemployment. If young Tunisian graduates cannot find a job, it is partly because of Tunisia's industrial choices, which result in underqualified job offers.

In different industrial sectors, the textile and clothing industry still absorbs the workforce the most with 157,000 people involved in this sector, followed by the electric, electronic and agro-food sector (see Table 9).

Table 9 | Employment by sector, 2018

Sectors	Totally exporting	Other than totally exporting	Total	%
Agro-food	17,801	57,249	75,050	14.6
Construction material, ceramic and glass	717	27,655	28,372	5.5
Mechanical and metallurgic	20,275	25,092	45,367	8.9
Electric, electronic and household appliances	86,452	8,829	95,281	18.6
Chemical	27,317	26,093	53,410	10.4
Textile and clothing	145,116	14,645	159,761	31.2
Wood, cork and furnishing	1,641	7,827	9,468	1.8
Leather and footwear	22,604	2,228	24,832	4.8
Others	6,986	13,771	20,757	4.1
Total	328,909	183,389	512,298	100

Source: API website: *Industrial Overview, October 2018*, <http://www.tunisieindustrie.nat.tn/en/tissu.asp>.

3. OVERVIEW OF THE MAIN CHALLENGES AND THE NATIONAL STRATEGY

3.1 2016 INDUSTRIAL STRATEGY

To identify the Tunisian industrial strategy, one must refer to the "National Industrial Strategy Horizon 2016" paper published by the Ministry of Industry, Energy and SMEs in 2010. Keeping in

mind the modernizing and European grounding of Tunisia, the industrial strategy Horizon 2016 set out as its main objective to make Tunisia a Euro-Mediterranean platform for industry and technology. This is or should be carried out by moving from a growth dragged by competition to an innovation-based growth. The National Innovation strategy adopted includes several axes (see Box no.1)

Box 1: The 10 main axioms of the 2016 Industrial Strategy

To achieve qualitative and quantitative objectives outlined for the industrial sector in the Horizon 2016, Tunisia implemented a voluntarist policy for technological development articulated under 10 axioms, some of priority and others complementary:

- 1) Exploiting investment opportunities in promising markets identified by the study "Industrial Strategy at the Horizon of 2016".
- 2) Modernizing technological infrastructure by: (a) creating 10 structural technological poles; (b) establishing new industrial zones in line with new international norms in terms of equipment and planning, in addition to the rehabilitation of existing zones.
- 3) Consolidating the capabilities of the network made of eight technical centres and modernizing their management in partnership with their occupation while giving new impulse to their roles as pushers towards innovation and technological development.
- 4) Enhancing the network capabilities of laboratories in terms of analysis, trials and compliance monitoring to reach mutual recognition agreements with the EU (ACAA), thus further facilitating the flow of national products towards foreign markets.
- 5) Consolidating support mechanisms of promoters in nurseries and business centres.
- 6) Facilitating access of enterprises in particular the new promoters to the funding of innovation and technological development by consolidating existing mechanisms and installing new simple and adapted tools.
- 7) Valuing Tunisian human resources by further consolidating the ties between the industrial sector and higher studies and the scientific research system while continuing in the effort of adapting training to meet the sector's needs (increase in the number of trained engineers/increase in the rate of students oriented towards scientific and technological disciplines, etc.).
- 8) Modernizing infrastructure further (ICT), by continuing the effort of linking industrial zones with fibre optic cables, developing suitable real estate and training certified expertise.
- 9) Enhancing the role of big enterprises as an engine of R&D, by reserving 1 per cent of their revenues for this activity.
- 10) Pursuing the promotion of Tunisia as an industrial and technological destination that respects international environmental standards as part of the campaign "Think-Tunisia", also creating the Tunisian Industry and Technology Portal.

Source: Ministry of Industry (2010: 15).

This policy rests on the creation of technological poles, in Elgazala, specialized in communication technology, in Borj-Cédria, Sfax, Sousse, Sidi-Thabet, Monastir and Bizerte, in Gafsa, Béja Gabes, and Médenine/Zarzis. These poles should have allowed the creation of about 100,000 jobs, with investments of about 1,000 million dinars (300 public, 700 private) in an area around 1,500 hectares. Their role was to serve as a hyphen between the universities,

research structures and productive sectors through the establishing of sectoral networks of innovation.⁴

LABORATORY NETWORKS

In order to complete this arrangement, the plan envisioned the establishment of laboratory networks. The network of laboratories under the Ministry of Industry and Technology, currently consists of 67 laboratories that cover 2,500 analyses and trials.⁵ An action plan for the quality of infrastructure was set in 2015 and will allow for the assessment of conformity of industrial products (ACAA) through the implementation of several laboratories, 37 of which located in the technical complex of El Agba.

TUNISIA'S TECHNOLOGY CITY

Created in a total area of 300 hectares, this city aims to host offshoring projects, with high level technological content. Since its launch in 1995, importance was granted, within the Upgrade Programme of technological development, to information and communication technologies (ICT) and innovation in general. The upgrade programme registered the adherence of nearly 5,069 enterprises with intangible investments of nearly 987 million dinars.⁶

Moreover, importance was also granted to the incentive tools of R&D activities (PIRD and PNRI) to establish 130 research and innovation projects at the horizon of 2014.

CREATING ENTERPRISES IN PROMISING NICHES

The strategic study of industry at the Horizon 2016 identified many promising technological niches in multiple sectors, mainly mechanics and electronics, mechatronics, onboard electronics, active components, engineering, cars and aeronautic components, naval construction, textile industry, finishing and refinement, design, distribution circuit, textile techniques, food industry and biotechnology, freeze-drying, generics, nutraceuticals, communication and information technology, development of industrial software, high level calculus, big networks, and telemedicine, among others.

The action plan envisioned the addition of 5,300 promoters and the mobilization of 4,400 h/d expertise in 2014, through business incubators and centres (Ministry of Industry 2010: 5). The API set prime investment starting from 8 per cent and reaching 25 per cent of the cost of the project. Many decisions were validated in 2015 such as the undertaking of infrastructure works and employer contribution to the social security regime (from 5 to 10 years).

RESEARCH AND DEVELOPMENT IN BIG ENTERPRISES

Three contracts of research and development programme were signed with Phosphate Gafsa Company (CPG), the Tunisian Chemical Group (GCT) and the Tunisian Society of Gas and Electricity (STEG). The budgets allocated to research activities of nearly 10 million dinars in 2010 remained stagnant because of the unstable political environment in Tunisia. We found no assessment of this programme and it is very improbable that such an assessment exists: the programme was established in the times of Ben Ali and since, a revolution took place that not

4 Ministry of Industry website: *Stratégie d'innovation technologique adoptée et Plan d'actions: Infrastructure technologique*, <http://www.tunisieindustrie.gov.tn/template.php?code=110>.

5 Ibid.

6 Ibid.

only largely degraded the situation, rendering impossible its execution, but also completely delegitimized it.

3.2 2016–2020 ECONOMIC DEVELOPMENT PROGRAMME

The 2016–2020 development programme was adopted in 2016 by the Tunisian Government (Ministry of Development 2016a). It represents the second five-year plan of Democratic Tunisia and aims at addressing the social challenges of Tunisia after a period of political instability. When reading the plan, we are stunned by the quasi-absence of industry. The plan aims for a new model of development based on four pillars: moving from a low-cost economy to an economic hub, human development and social inclusion, realization of the regions' ambitions, and green economy as an engine for sustainable development. Even if these ambitions are praiseworthy, it is practically unrealistic to attain them in five years. Concerning more directly the industry, the idea is to promote investment, that is weaker in Tunisia than in other similar countries, improve the business atmosphere and the exportation capacities. The ambition is also to reduce unemployment rates to 12 per cent by creating 400,000 jobs in 2020 (Ministry of Development 2016b: 20).

Going into the details of the previous economic development projects, it is mostly a list of support projects or projects for the creation of infrastructure, namely in the field of transportation (see Table 10). The volume of projected investments rises to 11,870 million dinars. The manufacturing industries should create 69,000 jobs; the cost of every created job is 172 million dinars.

Table 10 | List of projects financed by the 2016–2020 plan

Establishment and exploitation of a deep sea port (1st edge) Enfidha–Sousse
Electric interconnection project between Tunisia and Italy in the Nabeul Governorate
Linking the Governorates of Kasserine, Sidi Bouzid and Gafsa to highway A1
Tunis–Kairouan–Sidi Bouzid–Kasserine and Gafsa highway (road section Tunis–Jilma)
Expanding highway A3 onto El Kef
A combined cycle vapour station in Skhira
Combined cycle power station Radès "C" in the Ben Arous Governorate
Sfax metro
Digital Tunisia 2020 National Strategic Plan
Bizerte bridge
Development of rural roads
Nefta Tozeur reservoir
Development of industrial zones
Extension of terminal onto container No. 7 and 8 in Rades
Multifunctional logistic zone in Zaghuan
Multifunctional logistic zone in Zarzis
Rades logistic zone
Ghannouch logistic zone
Reopening of railway line No.11 Sousse–Kasserine
Reopening of railway Mateur–Tabarka

Renovation and modernization of rail connection Tunis–Kasserine
Railway line Gabès–Medenine
Expanding railway network in Siliana
Rehabilitation of classified roads
Enhancing network of classified roads
Bou Salem–Jendouba highway
Enlarging National Road 2 (road section Enfidha–Kairouan)
Peripheral road in Jendouba
Food acid production unit
Skhira–Sahel pipeline
Construction of 500 km of roads within the irrigated lands
Enlarging metro section Moknine–Mahdia
Construction of bridges

Source: Ministry of Development (2016b: 25).

To conclude, Tunisia's industrial strategy seems fragile to say the least. The Horizon 2016 Plan is already outdated. The paper adopted in 2010 was wiped out by the revolution and it is probable that the ambitions stated therein were barely achieved. However, Tunisia does not yet possess a replacement document, although an industrial strategy was foreseen for 2030. Surely, the 2016–2020 five-year plan addresses the industry but also other economic sectors as equally. It does not constitute an industrial strategy but rather a will to increase investments. It mainly focuses on stimulating the building of transport infrastructure to make up for the time lost in the past few years and at the same time address the challenges of territorial inequalities.

4. ASSESSMENT OF THE EUROPEAN POLICY SINCE THE LAUNCH OF THE BARCELONA PROCESS FOR THE CASE OF TUNISIA

It seems that the European Union does not directly orient its policy towards industry. The industrial sector is not the subject of specific focus. For example, it is striking to note that the term “industry” appears only 7 times in the report on the state of EU–Tunisian relations (European Commission and EEAS 2017) and nearly never referring to the industrial sector. This does not mean that the EU is not interested in industry, nor that its actions have no effect on Tunisian industry. On the contrary, the signing of association agreements and the upgrade policy had a significant impact on the different industrial sectors, allowing in some cases for building comparative advantages and diversifying exports. Other industries have suffered from competition with Europe. But we must underline that the industry is apprehended by the European Union by premise of free trade agreements or by transversal policies on governance improvement, and training.

4.1 THE BARCELONA PROCESS

The agreements between Tunisia and Europe are strategic for Tunisia because of its strong ties with Europe. These agreements strongly impact the country since the EU is Tunisia's primary commercial partner, while the latter only represents 0.6 per cent of the EU foreign

trade. In 2016, the EU absorbed 73.6 per cent of total Tunisian exports and represented 53.2 per cent of the country's imports (see Table 11). As indicated in Table 11, this share has decreased compared to the following year. Tunisia's trade deficit with Europe represents more than 2 billion euro and about half of the Tunisian deficit with the rest of the world.

Table 11 | Tunisia's relative trade share with Europe and trade deficits with Europe and the rest of the world (billion euro), 2015–2016

	2015	2016
Exports to EU	9.31	8.87
Total exports	12.49	12.04
EU share	74.5%	73.6%
Imports from EU	9.97	9.18
Total imports	17.92	17.25
EU share	55.7%	53.2%
Deficit with EU	-2.73	-2.07
Total deficit	-5.43	-5.21

Source: Author's calculations on INS (2018b: 4).

Tunisia's main imports include machines and production goods, electronic material, textiles and clothing, and agricultural products. Regarding Tunisian imports originating from the EU, they are mostly comprised of transport machines and materials (36.4 per cent), textile and clothing (12.1 per cent), fuels and mining products (10.4 per cent), and chemical products (8.1 per cent) (Chemingui 2016).

The European Union is a strategic partner for Tunisia hence the importance of the agreements concluded between the two partners. In that sense, regarding the period prior to 1995, the Barcelona Agreements were marked by a change in the direction of objectives and means of cooperation between Europe and south of the Mediterranean. The new idea was to establish a zone of peace and prosperity shared by Europe and the Mediterranean third countries. Every country of this zone has progressively signed with Europe association agreements, notably foreseeing the establishment of a free trade zone for industrial products. The initial agreements were concluded by action plans in the framework of the New Neighbourhood Policy (2004), then that of the Union for the Mediterranean (2008).

On a rather exclusive economic level, namely for the Tunisian industrial sector, the two most important elements were on the one hand, the free trade agreement that was directly affecting the survival of a certain number of sectors, and on the other hand, the complementary policy of liberalization, notably the upgrade policy.

The association agreement between Europe and Tunisia under the Barcelona Process was the first signed by the Mediterranean third countries in 1995 and was executed in 1998, with the implementation of a progressive tariff dismantlement over a period of twelve years. The products in question were essentially industrial products originating from the EU. The calendar was made of four product lists, based on their exposure to foreign competition, both for input products and products themselves.

List No. 1 concerns industrial products, in the form of raw materials or equipment not-produced in Tunisia. The tariff barriers were abolished at the agreement signature. List No. 2 concerns the end-use products that are not manufactured locally. Dismantling was accomplished on 4 years. List No. 3 concerns locally made end-use products likely to withstand foreign competition. The dismantlement will be gradually accomplished on a 12-year period. List No. 4 concerns products little exposed to foreign competition, local products meant for internal markets. The dismantlement will be gradually accomplished on 8 years after a grace period of 4 years.

Economic assessments of the association agreement are divergent and subject to debate between supporters of this agreement and those who oppose it (Callies de Salies 2007, Moisseron 2005). Regarding the febleness of critical views on the process initial phase (knowing that the official political stance under Ben Ali was aligned with European integration), voices were raised, and the tone became more nuanced. The European Union defends a positive outcome notably for the amplification of exchanges, the progression of Tunisian exports and the increase in FDI. Naturally, all depends on how these numbers are read. A recent report of FEMISE seems more critical, although for a very long time, this institute, funded by the European Union, has been a supporter of this integration. This 2015 report stipulates that the process of integration with the EU is not immediate. The political and economic instability after the revolution halted the openness process towards Europe. The integration process, as carried out till now, be it with the EU or some Arab countries, seems fragile in a way and was not properly exploited (Ayari and Reiffers 2015: 241).

4.2 UPGRADE PROGRAMME (1999–2011)

The upgrade programme implemented by Tunisia stems from the country's commitment to liberalizing its international trade. Since the 1990s, after joining the WTO, and creating free trade zones with commercial partners and notably the European Union, Tunisia adopted in 1995 an upgrade programme to go with the liberalization of trade. The goal is to help enterprises improve their competitiveness, modernize, better yet specialize, to resist international competition and at the same time benefit from opportunities to conquer new markets. Therefore, these actions target both enterprises and their socio-economic environment.

The interest behind the Tunisian upgrade programme is that it is based on new institutions, such as the steering committee (COFIL) that examines the requirements of adherence to programmes and offers premiums and assistance as well as the Upgrade Bureau that ensures the follow-up of programmes. Moreover, at a later stage, the Tunisian Institute of Competitiveness and Quantitative Studies (ITCEQ) will be responsible for assessing the programme. The European Union is one among several contributors to the upgrade programme. The Tunisian Government and other donors such as the French Agency of Development or GIZ approve of this programme. What is interesting in the case of Tunisia is that the process has been internalized within Tunisian institutions that were able to direct funds towards the country's needs. This strong institutional supervision is one of the explanations to why the upgrade programme has seen a relative success, in addition to the amount of investments rising to a total of 2.5 billion euro.

Table 12 shows that the clothing sector is the highest performing sector in terms of investments with an amount of 966 million dinars. The agro-food sector comes in second with 961 million dinars. The sector of leather and footwear attracts the lowest investments reaching an amount

of 174 million dinars.

Table 12 | Distribution of upgrade investments (million dinars), end of March 2009

Sector	Total	Material	Intangible	Diagnostic
Agro-food	961	867	89	5
Leather and footwear	174	131	40	2
Chemical	359	321	35	3
Other industries	658	585	67	6
Construction material, ceramics, glass	957	901	54	2
Mechanic and electric material	847	727	115	6
Textile and clothing	966	770	178	18
Total	4,922	4,302	578	42

Source: Ayari and Reiffers (2015: 226).

4.3 RECOVERY SUPPORT PROGRAMME (2011–2016)

Europe was susceptible to the economic upheavals inflicted by the revolution in Tunisia. Political instability, attacks and social demands heavily affected some sectors like tourism and weighed over internal investments and foreign direct investments. This was followed by a strong degradation of macroeconomic balances. We must add that Tunisia had to bear the Libyan crisis as well as its consequences in terms of migrations. The European Union brought sustenance to the recovery support programme implemented by Tunisia both through donations reaching 448 million euro for the period of 2011–2016 and also loans; with total amounts combined reaching 2.5 billion euro.⁷

The European Union contributed 300 then 500 million euro as loans to complement the agreement signed between Tunisia and the IMF in 2014 (see Table 13). The goal was to allow Tunisia to face emergency situations, achieve rebalancing of public accounts and initiate reforms. Those reforms aim at moving from a logic of means towards a logic of results and apply within the administration, principles of accountability, transparency and performance, in compliance with international standards.

These aids were spread out over that period with consecutive instalments of 100 million euro in 2011, 68 million in 2012, 110 million in 2013, 100 million in 2014 and 70 million in 2016 (see Table 13). In 2016, a share of 15 million euro complemented by technical assistance was provided and allowed for the establishment of management by programme, in a multi-annual perspective complemented by indicators ensuring a better follow-up. The expenditure control was also modernized.

⁷ EU Delegation to Tunisia website: *EU Neighbourhood Policy: Tunisia*, https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/tunisia_en.

Table 13 | Recovery support programmes (million euro), 2011–2017

	2011	2012	2013	2014	2015	2016	2017
Recovery Support Programme 1	100						
Recovery Support Programme 2		68					
Recovery Support Programme 3			110				
Recovery Support Programme 4				100			
Recovery Support Programme 5						70	
Decentralization and integrated development of regions (CAP)						43	
Water Programme	55						
MAPU							73.5
EMORI							50
MFA 1					300		
MFA 2							500
Total	155	68	110	100	300	113	623.5

Source: EU Delegation to Tunisia (2017: 28).

SUPPORT PROGRAMME FOR BUSINESS COMPETITIVENESS AND MARKET ACCESS FACILITATION (PCAM) (2010–2016)

This programme was instrumental for the modernization of the Tunisian industrial sector and the facilitation of access to the European market. It was set to provide technical assistance for enterprises to notably improve technical norms. This was reflected by the support given to the building and equipment of Tunisian laboratories allowing them to conduct the tests required by the EU for the import of products to its territories.

Concretely, 146 expert missions were conducted in the industrial sectors of mechanics, electricity and construction products, 138 missions in the agro-food sector, 133 missions in the textile and clothing sector and 103 missions in chemical industries. This allowed the streamlining of certain agro-food chains such as Tozeur dates chain. The PCAM had also a regional dimension, for it helped the textile sector in the Gafsa and Kasserine regions. The revenue rate of the related workshops therefore increased from 5 to 19 per cent (EU Delegation to Tunisia 2017: 34).

In total, 467 enterprises were offered assistance, 6 laboratories were equipped, 48 technical personnel were trained in these laboratories and 31 products received the CE marking, which facilitated their access to European markets (EU Delegation to Tunisia 2017: 34).

EMORI PROGRAMME (2017–...)

It is a support programme for education, mobility, research and innovation that was implemented in 2017 in order to revitalize the possibility for Tunisia to participate in the European Research Programme H2020. The status "H2020 Associated Countries" gives access to InnovFin funding opportunities, managed by the European Investment Bank (EIB). The goal is to promote innovation-applied research. This programme is endowed with 60 million euro (EU Delegation to Tunisia 2017: 36). We must also mention the actions of the European Union at the interface

between industry and environmental protection. Hence, under its neighbourhood instruments, the EU has sustained for 5 million euro the implementation of a local governance involving all territorial stakeholders (civil society, industrials, municipalities, public authorities, citizens, etc.) while promoting actions concerted around the same ambition: answering the environmental challenges of the Gabes region to reduce industrial pollution. This project is entrusted to the French International Technical Expertise Agency (AFETI) with the consensus of the South Development Office.

4.4 DCFTA (2018–2020)

After the free trade agreement entered into force in 2011, which was adopted under the Barcelona Process, the European Union clearly shows a will to ratify a new agreement to improve bilateral economic trade between Tunisia and the EU entitled the Deep and Comprehensive Free Trade Agreement (DCFTA). Its goal is to reach a "deep integration" between partner countries, knowing that agreements of similar nature are currently under negotiations with other partner countries such as Morocco. In other words, it is an agreement concretizing the status of Privileged Partner granted to Tunisia since 19 November 2012.

The DCFTA must allow a greater reduction in non-tariff barriers such as norms and standards, open services and the implementation of the protection of intellectual property rights. The DCFTA must make the internal European market more accessible to Tunisian products. It also intends to move forward on the competitiveness policy and guarantee better access to public markets. The DCFTA must in theory improve European FDI attraction to Tunisia, through better regulations that are more predictable and concentrated than EU regulations, among others concerning intellectual property, a better access to European FDI in protected sectors and a greater guarantee of investment protection.

The DCFTA is undergoing negotiations, which were launched with Tunisia in October 2015. The first round was held in April 2016. The second negotiation round was postponed upon Tunisia's request, pending a study on services and agricultural. From their side, Attac Maroc and Raid Attac Tunisie, but also the Tunisian Forum for Economic and Social Rights (FTDES), vividly criticize these projects. They consider that the partnership with the EU must have more balance and must further promote co-development and a fairer sharing of prosperity.

5. ANALYSIS OF DOCUMENTS PROVIDED BY STAKEHOLDERS

Most of the documents provided by stakeholders describe the sectors that concern them. Few are the stakeholders who have a critical view over the EU policy in terms of industry; the latter being little identified on its own. Nevertheless, we record the existence of critical analyses on association agreements, namely the perspective on the DCFTA signature, which constitutes an opportunity to express some reservations, but also on the upgrade policy outcome.

The Tunisian Observatory of Economy indicates that "since the revolution, Tunisia has entered into a dynamic where it has diversified its trade partners in order to depend less and less on the European countries it has historically used. Could this be the reason that the European Union is so intent on signing the DCFTA?" (Ben Rouine 2018).

The 2015 FEMISE report is worthy of mention for its nuances critiques of the association agreement. It indicates that several assessments highlight the beneficial effects of the Free-Trade zone concerning FDI, the increase of tourism revenues, and the conquering of markets through exports (Ayari and Reiffers 2015: 246). However, this came at the price of a heavy deficit in foreign exchange and a significant fiscal shortfall. The Free-Trade zone did not lead to an increase in investments, namely in the manufacturing industry. The report examines the positive results. The increase in FDI is mainly due to privatizations. Furthermore, even if the upgrade programme has allowed to mitigate the competition shock, European contributions were still far lower than the fiscal shortfall.

It is based on a contrasting assessment of free-trade agreements that the DCFTA supports are opposing today; said agreement being under negotiations still.

The Tunisian Observatory of Economy issued another critical report on the DCFTA (Chandoul 2017). The first dimension criticizes the EU normative hegemony towards countries of the South Bank, especially Tunisia. Europe imposes norms on community *acquis* that go beyond international norms, namely WTO norms. The incorporation of the community *acquis* can, according to this study, be in contradiction with Tunisia development objectives. In fact, the incorporation of the community *acquis* can fragilize economic sectors by "premature suppression [of] regulatory mechanisms and [...] regulations necessary to sustain the industrial or agricultural sectors. These include subsidies, or even incentives, which are seen by the EU to create commercial exchange imbalances" (Chandoul 2017: 8).

Another critique of the report touches upon the maladjustment of the European Neighbourhood Policy (ENP) instruments. Europe is asking for major concessions on legislations, regulations, norms and standards without corresponding consideration, while contrary to Eastern countries who have or are given concessions, the adherence perspective is totally excluded for countries of the South Mediterranean. Moreover, the new reality of the Arab world after 2011 indicates that the instruments implemented by the EU do not correspond at all to the situation, namely the hypothesis of a strong capacity for action on the region:

The DCFTA is thus a key instrument of the ENP. However, this strategy seems to usher in limitations for the Southern Mediterranean region, as a result of the unsuitability of its instruments for North African countries, who are unable to aspire to either EU membership or an easing of the visa process as part of this exchange. (Chandoul 2017: 11)

The DCFTA is thus a key instrument for the ENP. However, this strategy seems to usher in limitations for the Southern Mediterranean region, as a result of the unsuitability of its instruments for North African countries, who are unable to aspire to either EU membership or an easing of the visa process as part of this exchange.

Another think tank rather sees the advantages in moving forward in the DCFTA negotiations, provided that the specificities of Tunisia are taken well into consideration, especially its vulnerability:

As per the method, Tunisia is invited to mitigate the participative negotiation process in order to guarantee the consensus needed for accomplishing the commitments that

need to be taken and the reforms carried out. It is recommended also to consider the imperatives of social and solidarity-based economy during the DCFTA negotiations so as to guarantee a social and financial inclusion and a technical support, mainly for small farmers. (Soussi 2017: 11)

The Tunisian Institute for Strategic Studies insists particularly on the importance of innovation to pull the Tunisian economy out of its stagnation: "In fact, the absence of a favourable context and efficient incentive measures to guide innovation activities by the productive sector has led to the disaffection of Tunisian enterprises in terms of risk taking, change and upscaling" (Ghazel 2017: 3).

The Textile and Clothing Federation denounces the fact that some foreign countries such as Cambodia and Bangladesh have the possibility to export their textile production, exempt of customs duty under the European programme Everything But Arms (Sarra 2017). This poses as much problems as the difficulties faced by the sector in recent years, namely with the closing of several enterprises, even if the Trade Group for confection and clothing recognizes that these countries have displaced Tunisia in terms of productivity (Chakroun 2016).

The Tunisian General Labour Union has repeatedly condemned the fact that Europe considers Tunisia a tax haven or includes it on the black list of states susceptible of being highly exposed to capital laundering and the funding of terrorism (Samoud 2017).

To complete the picture, we should mention the critical study conducted by the academic research on the 2016–2020 Development Plan, even if this does not directly concern the actions of the EU, but rather supplements internal debates (Zouari 2016). Beyond critiques on the projects coherence and ambitions, regarding the delay following the revolution or the emerging countries, the author criticizes weaknesses within the industrial field:

However, the shortfall in investment is notable for the manufacturing sectors that lie at the country's economic basis and produce exports goods. The investments foreseen by the plan would not allow the manufacturing sector to achieve its objective for quality upgrade in the international value chains, an objective of priority susceptible of creating more job opportunities for graduates. More pressure should be placed on investments in specific niches where competitive advantages do exist and where the international market is growing. (Zouari 2016: 7)

According to the author, the level and strategy of investment will not allow for any change in the growth model, which renders unrealistic the set objectives concerning employment:

Despite the shortfall in the investments projected to compensate the accumulated delay, the plan foresees the creation of 400,000 jobs that will bring unemployment rate back to 12 per cent. Although this objective is strongly desired, various arguments show that it is hardly attainable. The prevision of creating 400,000 jobs is based on the hypothesis that the labour's apparent productivity will have an annual growth rate of only 1.8 per cent. bearing in mind the investment previsions and those of reform programmes, labour productivity will probably increase at a greater rate compared to what was expected in the plan, and what the plan foresees, therefore, employment rate will increase at a lower rhythm than that expected. (Zouari 2016: 8)

Despite the importance of the set ambitions that remain for now mere hopeful projections for the future, we must note that, as expressed by Zouari in 2016, "these job creations are almost not meant for graduates nor women" (Zouari 2016: 52).

We must also point to many papers and analyses conducted by the Tunisian Forum for Economic and Social Rights (FTDES). The critical views therein are radical:

The salary equivalent of 60,000 professors was lost due to the decrease in customs duty, i.e. 2.4 per cent of the GDP or 1/10th of the state revenues. This decrease in revenues was compensated by high taxes immediately felt by Tunisian citizens. 5.5 per cent of the Tunisian industrial fabric was lost between 1996 and 2013. Unemployment rate has not decreased and rather skyrocketed for young graduates. Tunisian economy has in fact specialized in activities of low added value. Economic growth has not exceeded the limit of 5 per cent. The Free-Trade Zone had no significant impact on exports to the EU, but increased imports significantly. The trade balance degraded heavily. Foreign investments were concentrated on the coastline, aggravating territorial inequalities, under an offshore system that allows the repatriation of profits in Europe. (Romdhani 2018)

These critical views are reiterated in public debates where left organizations interfere, such as Raid Attac Tunisie. It is a matter of denouncing the auto-centric and dominant nature of the EU, which does not address the problems of the people but serves the interests of the elite:

In conclusion, the negotiations led by Europe in Tunisia answer to two of its obsessions: maintaining its position as the major player in international trade; and controlling who gets to enter its territories. For both concerns, the same logic is adopted, and the EU does not take any risks in these negotiations. By promising small improvements – some categories of Tunisian citizens would have relatively easier access to Europe and some sectors would increase their exports – the EU is essentially serving its own interests, at the expense of reciprocated positive impact. (Jonville and Bonnefoy 2018)

The IPAMED suggests a solution that would allow a better combining of Tunisian and European interests by planning modes of cooperation that will not be solely based on trade, but would rather alter the nature of the international distribution of labour. A genuine co-production strategy for Tunisia must be put in place. One of the aspects must be to complement the competitiveness poles and build clusters on strategic fields in order to form comparative advantages (Guigou and Brahim 2017: 35). Even though this direction was adopted since 2000 and constituted an important element of the 2016 industrial strategy, what remains to be done is an assessment of these poles while involving the regions, international partners, enterprises, and universities in order to create a genuine ecosystem.

6. RECURSIVE ANALYSIS OF INTERVIEWS WITH STAKEHOLDERS

Except the stakeholders directly involved in European policies – mainly API, the Ministry of Economy, the Upgrade Bureau, the Tunisian General Labour Union, and UTICA – field stakeholders are relatively little informed on European policies. The EU does not adopt any

industrial policy per se. The effort rather lies in trade issues impacting the industry but also other sectors such as agriculture and services. If we add to this the tools that still depend on funds delegated to the Tunisian State, which allocates its resources to different institutions and agencies, we understand that the EU's actions in this field are particularly invisible.

6.1 WHICH IDEAS DO FIELD STAKEHOLDERS PROMOTE CONCERNING DOMESTIC INDUSTRY? DO THESE IDEAS ENTER INTO CONFLICT, OPPOSITION OR CONVERGENCE WITH THE EU POLICY?

Most of field stakeholders (NGOs, private sector) sense that Europe is beneficial and contributes to the stability of the country and the development of several sectors. The consulted think tanks are rather nuanced even though they can be critical. According to one think tank manager (Interviewee 12), Tunisia must change its method of insertion at the international level, abandon its position as an outsourced country with low technology serving the interests of Europe and the Tunisian commercial elite. This does not allow it to develop its technological competences nor offer job opportunities for young graduates entering the labour market.

Workers organizations are typically wary of, better yet against, the signature of the DCFTA (Interviewee 15). The new agreement falls in line with a liberalization opposed to by the main trade organization. It should be considered that this organization is based essentially on its adherents from the public sector, regardless of its success in recruiting and mobilizing the private sector these last few years. Policies of liberalization, deregulation, and support of the private sector modify indifferently the sector's grounding policy (Interviewee 15).

The organization expresses some reservations on the DCFTA. This joins Mr. Afaya's public concerns voiced on 26 October 2017, during the presentation of an impact study on the DCFTA, presented by the ITCEQ. Afaya has indeed declared that the agreement "risks endangering the Tunisian economy and has negative impacts, namely the disappearing of enterprises that could not resist in the face of European giants and the dismissal of a massive number of workers, which would aggravate the unemployment issue, already high in figures" (Msaed 2016).

Based on his study, the Director of ITCEQ has shown himself to be more in favour of the DCFTA project:

Such an integration would allow for a better allocation of resources via specialization, a decrease in prices thanks to unsaturated competitiveness, better consumer satisfaction thanks to the widening of available choices, a more efficient productivity through economies of scale and a rationalization allowing the increase of average productivity. (Msaed 2016)

One representative of an Islamic party (Interviewee 2) gave little attention in the interview to industrial issues. According to him, his party is not against the liberalization of the trade sector in principle not only with Europe but also with other economic zones. But it is important nevertheless to diversify partners, knowing that Europe would no longer constitute a growth pole in the future, while other zones present real prospects. The doctrine is also to further enshrine Tunisia's Arab and Muslim values and heritage. This means that if Europe is a priority

for a centre-right party (Interviewee 3), it comes in second or third for an Islamic party after the Union of the Arab Maghreb (UMA), the Arab world and even Africa (Interviewee 2). It can be said that there is a change in reference for the Islamic party in terms of representation and type of relations with Europe.

To conclude, it is difficult to draw opposition lines between field stakeholders and the EU on the question of industry. For most interviewees, industry is not at the heart of their concerns as a sector on its own separate from agriculture or trade. Some say it explicitly (Interviewees 10, 20). Even about regional politics where there's a large consensus on the need for a rebalance (Interviewees 5, 8, 9, 14, 17, 21), the emphasis is on developing infrastructure, promoting the poorest regions and not really embarking on a sectorial industrial policy with the support of public enterprises.

6.2 HOW DO STAKEHOLDERS PERCEIVE AND ASSESS EUROPEAN POLICIES?

When asked, enterprises (Interviewees 1, 22, 23) considered that to receive EU assistance funds, for either upgrade or innovation, the process must go through complex procedures: the documents to be submitted are particularly demanding, for a result at the same time uncertain and random. The local context and the governance defects to Tunisia render the situation even more difficult.

One of the stakeholders of the private textile sector (Interviewee 4) considers that Europe should be helping Tunisia get out of its outsourcing status. In fact, Tunisia is unable to upscale to more promising niches, susceptible of generating more added value, technology and expertise. Such is the case of the hosiery, high quality confection, finishing and new textiles with tech materials. These last sectors such as styling could enhance expertise and diversify the Tunisian offer, which is still largely dependent on external donors. Public stakeholders in the textile sector bet on the development of logistic services upstream with finishing and weaving activities, or downstream, namely by reinforcing competitiveness poles.

One of the stakeholders in the chemical industry (Interviewee 16) insists on the lack of integration of industrial economic sectors in Tunisia. The chemical industry depends closely on both the energy and environment sectors. Energy is an essential input for chemistry; energy cost directly influences the productivity of the chemical sector. Moreover, chemical industry is potentially an important source of greenhouse gas emission, but also a potential source of pollution. Hence, the need for a global and integrated policy that does not only focus on industry but tends to the whole of the ecosystem and the concerned stakeholders. For the interviewee, Europe could help develop an inclusive vision for the industry in Tunisia.

Two stakeholders of the private sector (Interviewees 1, 6) pointed to the role Europe could play in strengthening the capacities in terms of international norms so that the sector can integrate in the global market and namely the European market. Europe can thus accompany extensively the creation of a national commission in charge of following-up the assessment of the Codex Alimentarius norms, relative to the WTO agreements.

Similarly, according to the interviewees, Tunisia suffers an institution and expertise deficit in quality and hygiene control. These norms and tests would allow to standardize the practices and procedures so that Tunisian enterprises could easily export to Europe, by applying the

norms and processes in line with European regulations.

A private stakeholder interested in the building and public works sector (interviewee 22) indicated that Tunisia is still on the margin of the green revolution in terms of buildings and structures. Environmental norms have not engaged new ways of producing healthy buildings respectful of the environment or that seeks to improve energy efficiency. Therefore, it is a habit in Tunisia not to use an insulator, hence the need to heat buildings in winter and air-condition them during summer, with less sustainable costs. Europe could, in this context, introduce more constraining regulations in this field, but also accompany the establishing of expertise in different fields of this business. Incentive instruments (lowering interest rate, bank guaranties) could boost this sector.

Similar findings were mentioned by a stakeholder from the private sector in the electric and electronic industries (Interviewee 23). This sector is highly dependent on Europe and namely on the automotive and aeronautics industries, hence the need for a better integration in the European circuits, for instance providing favourable conditions so that Tunisian enterprises can become international. Moreover, this sector must also adapt to the European technical and environmental norms, which require competences that enterprises lack internally. In that sense, the sector suffers from a lack of connection with the local university system.

A researcher participating in a study on the DCFTA (Interviewee 5) considered that this agreement represents an opportunity for Tunisia, provided that Tunisian interests and possibilities are well integrated in the spirit of the European negotiators; knowing that Tunisia is negotiating as a less developed country with limited resources. The partners find themselves in an asymmetric situation. Particular attention should be given to safeguard procedures.

6.3 A MORE AMBITIOUS EUROPEAN POLICY BASED ON ACQUIS

A public agency official (Interviewee 10) considers that the upgrade programme is overall a success and has allowed Tunisia to diversify its exports. According to him, this programme constitutes one of two pillars having an important impact on industry in Tunisia. The first pillar is the 1972 Act on offshore. He also insists on the need to work better on the projects' sustainability. Many projects are interesting and useful, but they do not sufficiently include, since their conception, the elements needed to ensure sustainability when the project is finalized. For this public official, a greater position must be granted, in the new orientations of the upgrade programme, to innovation and the implementation of an ecosystem favourable to developing innovations (incubators, sponsors, a guarantee and support system, networking industries with universities, creating innovative clusters, etc.)

One of the interviewees from organizations affiliated to the Chamber of Commerce (Interviewee 4) considers that it is time a dynamic industrial policy in Tunisia was revived, at a time when the industrial issue was neglected since the revolution and has little presence in the 2016–2020 five-year plan. According to this interviewee, the industrial world is changing decisively worldwide with the emergence of artificial intelligence, big data, and robotics. Yet, Tunisia is not at all engaged in these issues and does not seem to take stock of the current changes.

Many stakeholders, from NGOs (Interviewees 9, 18) to the private sector (Interviewees 1, 22) expressed real concerns regarding a seemingly unfair agreement, mainly concerning the

restrictions applied to Tunisians in the EU. This partnership cannot be credible unless the mobility right of persons is guaranteed, and not only the mobility of goods. For a think tank member (Interviewee 7), the EU must also re-examine the reconversion of debts and make Tunisia benefit from the structural funds by eliminating the conditions in effect. The experts we have interviewed (Interviewees 7, 8) insist on the fact that the DCFTA project introduces real challenges for key sectors such as agriculture, and services. As per public markets, the European multinational enterprises will be able from now on to compete with local entrepreneurs who, far less prepared, require an actual qualitative upgrade (Interviewee 21).

FOCUSING ON ADMINISTRATION EFFICIENCY AND STABILITY

Several stakeholders of the private sector (Interviewees 1, 16, 23) have indicated that Tunisia still suffers greatly from economic instability, due among other reasons to an administration that is still poorly structured, little reactive and sometimes defective. For a member of the Chamber of Commerce, the administrative burdens are a serious obstacle to establishing foreign enterprises. For example, the extraordinary and retroactive tax increase on profits reaching 7.5 points (EU Delegation to Tunisia 2017: 35) was very badly received by a few Tunisian or foreign enterprises (Interviewees 1, 16). This measure has jeopardized the most fragile enterprises, while disrupting the outcomes and provisions of others. For a local think tank expert (Interviewee 12), this sort of measures must be annulled, and the EU can develop its assistance to rationalize the administration. There are sectors like customs or real estate in dire need for development.

DEVELOPING TRAINING AND ADAPTING IT TO THE COUNTRY'S NEEDS

Many researchers or experts (Interviewees 5, 12, 21) expressed their concerns towards Tunisia's mass unemployment crisis, mainly of youth, women and graduates while crucially lacking at the same time the competences in senior management, middle executives and skilled trades. The public training offered, notably at university level, does not sufficiently meet the labour market's needs (Interviewee 12). Furthermore, training possibilities for the unemployed are not sufficiently developed. To the interviewed experts (Interviewees 5, 12, 21) but also to enterprise directors (Interviewees 4, 16), there is a flagrant lack in training institutions, mainly in continuous and professional trainings that allow the Tunisian industry to possess the necessary management personnel. A stakeholder in the private sector (Interviewee 23) indicated that enterprises must play an important part in the internal training while taking the risk that the people trained might find jobs at other enterprises where their qualifications are more valued, which has a disincentive effect on enterprises.

7. ASPECTS ON GENDER

As previously seen, the question of gender is very little connected to industry, be it in Tunisian programming documents or in European projects concerning the industry. The link between European policy, industry, and gender is not addressed in literature while the question of unemployed women and young graduate women is of particular concern in Tunisia. Women have minimal presence in the industrial sectors except for textile, a sector rather in decline. The economic priorities of the 2016–2020 five-year plan are mainly oriented towards infrastructure construction, thus towards economic sectors with little female presence. As we previously indicated, in the framework of the 2016–2020 plan, these created jobs basically do not concern graduates and women (Zouari 2016: 52).

Women had an activity rate of 28.2 per cent in 2015 (INS 2016: 11). They suffer from a wage gap compared to men around 35 per cent in 2012 and is on the rise; it registered 24.5 per cent in 1997 (INS 2016: 11). Women's access to executive positions, although significantly increasing, remains lower than their male peers (INS 2016: 14).

Women have lower presence than men in industrial sectors (25 per cent and 75 per cent respectively), corresponding to the population distribution by gender. But we must distinguish the manufacturing industries where the female proportion is much greater (42.9 per cent) from other non-manufacturing industries where the rate is far lower (1.8 per cent) (Table 14).

Table 14 | Distribution of men and women by activity sector (%), 2012

Sector	Men	Women
Agriculture and fishing	77.5	22.5
Industry	75.2	24.8
- Manufacturing industries	57.1	42.9
- Non-manufacturing industries	98.2	1.8
Services	74.7	25.3
Total	75.4	24.6

Source: Author's calculations based on INS (2016: 31).

Although little promising, these results do not signify that the gender-equality question is absent from public concerns and debates, but it is essentially expressed in political spheres and public spaces and rather less in the workplace. Concerning the fight against discrimination, a new general bill is undergoing discussions at the Assembly of People's Representatives. Constitutional guarantees in terms of gender-equality must be transcribed in laws and implemented in practice. At the end of 2016, the Tunisian Parliament accounted for 76 women out of 217 members, i.e. 35 per cent. The new electoral bill no. 10, adopted at the beginning of 2017, introduces the principle of horizontal parity (all lists must comprise an equal number of men and women) and vertical parity (rotation between men and women inside the same list), which should guarantee a greater female representation in the future. In May 2016, the Council of Peers for Equality and Equal Opportunities between Women and Men was created under a decree (its members were designated at the beginning of 2017), marking the government's will to contribute to gender-equality in all sectors. A bill on violence against women was presented before the Parliament end of July 2016.

Our gender-related questions were focused on the link between European policies in terms of industry and the gender theme "Does the European Union's industrial policy have an impact on women and gender relations?" No answer was given to this question because it is particularly difficult to identify the scope of the European policy for the Tunisian industry. Even when enlarging the gender theme in relation to industry (without limiting it to European policies), answers given by interviewees did not provide concrete elements. Concluding that gender isn't nearly considered in industrial policies, the interviewees' answers were very general and focused on efforts made in Tunisia in terms of gender-equality, unemployment, notably for young graduates, access to employment and violence against women.

CONCLUSION

Tunisia suffers from a highly unbalanced industry between some major enterprises and a great number of very small enterprises. The industrial sector is largely comprised of informal production units. Industrial enterprises are often family-run, foreign or governmental and are still relatively opaque in their management, with little recourse to trade funding instruments and shareholding. Promising sectors are textile, agro-food, chemistry and the electric sector. Comparative advantages put Tunisia in a dependent position on the international value chain. It is classified as a low-end outsource and must transfer its grounding mode to the global economy, by upscaling in quality and specializing in products with high added-value through developing new technologies. It does not lack the assets to do so but it must redefine a social contract, namely with young graduates.

Industry can play a major role in this ambition, but it is difficult to clearly identify an industrial strategy in Tunisia. The paper adopted in 2010 was wiped out by the revolution and it is probable that the ambitions stated therein were barely achieved. However, Democratic Tunisia does not yet possess a replacement document, although an industrial strategy was foreseen for 2030. Surely, the 2016–2020 five-year plan addresses the industry but on equal footing with other economic sectors. It does not constitute an industrial strategy but rather a will to increase investments. It mainly focuses on stimulating the creation of transport infrastructure to make up for the time lost in the past few years and at the same time address the challenges of territorial inequalities.

The EU policies do not target the industry directly even if the free trade agreements and the support for the upgrade policy have largely impacted the Tunisian economy. Many share the same assessments. Surely, Tunisia is better integrated in Europe but at the price of a total degradation, mainly explained by the revolution turmoil. More critical voices are being raised today regarding the opportunity of signing the DCFTA and enlarging the free trade agreements.

Also, interviewed stakeholders express the will to continue and amplify the cooperation with the EU, which seems like an indispensable grounding element. However, growing reservations are being voiced against the DCFTA project which raises more concerns than the Barcelona agreement. The stakeholders mostly expressed demands targeting certain sectors or yet a stronger commitment on part of the EU in its aid and assistance policies. It is the case for training or aid policies support. Not one stakeholder has expressed the wish for the EU to develop or support Tunisia in terms of a real industrial strategy. The latter is nevertheless being developed.

There is a growing awareness of the need to "change the model of development" so that it becomes more inclusive and favourable to the regions, offering more prospects for young graduates, namely women. This entails a comprehensive readjustment between the economic elite, legacy of Bourguiba and Ben Ali formed through the relations with the EU and its member states, and a large part of the population kept on the margins (women, youth, residents of central zones) and having lost so much since the adoption of the open policy. Europe should help Tunisia move in this direction to avoid the double risk of a setback or a new revolution, and either way growing reservations on its actions.

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ANNEX 1: LIST OF INTERVIEWED STAKEHOLDERS

FIRST ROUND OF INTERVIEWS

Interview 1. Private sector (textile), male representative, Tunis, 10 July 2017, by Khaled Guesmi

Interview 2. Political party, male representative, Tunis, 10 July 2017, by Khaled Guesmi

Interview 3. Political party, female representative, Tunis, 11 July 2017, by Khaled Guesmi

Interview 4. Private sector (textile), male representative, 12 July 2017, by Khaled Guesmi

Interview 5. Researcher, female representative, 12 July 2017, by Khaled Guesmi

Interview 6. Private sector (agro-food), male representative, 12 July 2017, by Khaled Guesmi

Interview 7. Think-tank, male representative, 12 July 2017, Paris, by Jean-Yves Moisseron

Interview 8. Specialized expert on the Mediterranean, female, 12 July 2017, Paris, by Jean-Yves Moisseron

Interview 9. Tunisian association, female representative, 13 July 2017, Tunis, by Khaled Guesmi

Interview 10. Public institution, male representative, 13 July 2017, Tunis, by Khaled Guesmi

Interview 11. Public institution, female representative, 13 July 2017, Tunis, by Jean-Yves Moisseron

Interview 12. Think tank, male representative, 13 July 2017, Tunis, by Jean-Yves Moisseron and Khaled Guesmi

Interview 13. Public institution, female representative, 14 July 2017, by Jean-Yves Moisseron and Khaled Guesmi

Interview 14. EU Delegation to Tunisia, female representative, 14 July 2017, Tunis, by Jean-Yves Moisseron

Interview 15. Syndicate, female representative, 14 July 2017, Tunis, by Khaled Guesmi

Interview 16. Private sector (pharmaceutical), female representative, 15 July 2017, Tunis, by Khaled Guesmi

Interview 17. Public agency, male representative, 3 October 2017, Tunis, by Khaled Guesmi

Interview 18. Tunisian association, female representative, 3 October 2017, Tunis, by Khaled Guesmi

Interview 19. Tunisian association, male representative, 3 October 2017, Tunis, by Khaled Guesmi

Interview 20. Public institution, female representative, 3 October 2017, Tunis, by Khaled Guesmi

Interview 21. Think-tank, female representative, 4 October 2017, Tunis, by Khaled Guesmi

Interview 22. Private sector (building), male representative, 4 October 2017, Tunis, by Khaled Guesmi

Interview 23. Private sector, (electronics), male representative, 4 October 2017, Tunis, by Khaled Guesmi

SECOND ROUND OF INTERVIEWS (PHONE, BY JEAN-YVES MOISSERON)

Interviewee 5. Academics, female representative, 25 January 2018

Interviewee 19. Tunisian NGO, male representative, 26 January 2018

Interviewee 9. Tunisian NGO, female representative, 30 January 2018

Interviewee 18. Tunisian NGO, female representative, 31 January 2018

ANNEX 2: QUESTIONNAIRE

GENERAL ASSESSMENT OF EU POLICIES

1) In the majority of interviews and country reports, EU Mediterranean projects have restricted visibility.

It seems that interested parties are not well informed of the EU's level of implication. Do you think that "visibility" is an important issue? Why? How do you explain this lack of knowledge and how can it be treated? Do you believe that it could be the result of the EU's top-down rather than bottom-up approach?

2) Another point outlined in the country reports was the complexity of EU procedures. Some are linked to successive institutional programmes (Barcelona Agreement, the New Neighbourhood Policy, Union for the Mediterranean), while other procedures are linked to a mix of bilateral and multilateral policies, and a third part to the complex management of the project. What are your thoughts on this? How can interested parties have an easier access to the EU programmes and funds?

3) One of the EU flagship programmes included industrial upgrade to lower the pressure of competition related to the establishment of a Free Trade Zone. The assessment of the programme varies from one country to the other. What is your opinion on this upgrade programme? Which way should the programme be oriented (training, capacity building, institutional convergence?)

4) In terms of energy, the failure of the Mediterranean Solar Plan and the Desertec project definitely had a negative impact on the possibility for the EU to develop new largescale programmes. However, perhaps it is time to launch small-scale plans. What is, in your opinion, the impact of these failures on EU actions and its member states regarding the energy sector in the Mediterranean? Do you think the EU should support a South-South cooperation now?

EU POLICY CONTENT

5) The political priorities stated by the interested parties address the imbalances between the efforts made by countries in the framework of the free trade agreements and the counterparts offered by the EU (subsidies and loans); this is mainly related to the insecurity caused by the post-Arab spring period and the pressures of immigration. How can the EU take into account this new context? This seems particularly important for a country as Tunisia.

6) The way countries are integrated in the European market (low-tech outsourcing) leads to a development model that is not compatible with the qualified youth entering the labour market. The trade relations dependent on Europe and the specialization of the countries of the South Mediterranean are major obstacles to reforming the economic model. Do you share the same diagnostic and what can the EU do to improve the technological level of its partners? In your opinion, which role can capacity building play and how should it be developed in the region? In a similar context, what are the main issues of a deep and comprehensive free trade agreement?

7) The energetic cooperation between the EU and countries of the South Mediterranean is particularly "centred on the market" and often based on one country. Some stakeholders ask for a long-term strategic plan including both banks of the Mediterranean. Do you find this necessary? In your opinion, how can Europe rationalize its strategic approach on energy and industrial cooperation?

The discovery of a marine gas field in the Levant can be an opportunity for neighbouring states (Israel, Lebanon, Cyprus), but could it also be a source of conflict and instability? How can Europe help safeguard the production and exploitation of this field?

STAKEHOLDERS

8) Involving civil society in terms of energy and industry appears very weak. The two fields are sometimes considered technical and non-political, but it is evident that the transition in energy or industry requires great awareness-building and involvement of the people and the civil society. Where do you see the participation of the civil society in the energy sector? How can the EU enhance its participation in partner countries?

INSTRUMENTS

9) EU instruments in the H2020 research and innovation programmes seem inaccessible for many stakeholders, especially small enterprises and even universities. Another point seems to be linked to the fact that the EU instruments on energy and industry primarily include budget transfers and in second place, technical assistance and loans for State or public enterprises. Many stakeholders pointed to the difficulty in operating an efficient communication channel between their needs and administrative instances in relation to Europe. Do you think these questions should be addressed and how?

GENDER

10) Does the EU industrial policy have an impact on women and gender relations?

11) What do you think of the relation between industry, employment and gender?

MED RESET

مِطَا رِيَسِت



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