

A stable countryside for a stable country? The effects of a DCFTA with the EU on Tunisian agriculture

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SWP Research Paper

Bettina Rudloff

A Stable Countryside for a Stable Country?

The Effects of a DCFTA with the EU on
Tunisian Agriculture



Stiftung Wissenschaft und Politik
German Institute for
International and Security Affairs

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- Agriculture is central to the stability of Tunisia's economy and society. The new Deep and Comprehensive Free Trade Agreement (DCFTA) under negotiation with the EU offers opportunities for the agricultural sector, but also presents risks for the country as a whole.
- Within Tunisia there is strong emotional resistance to the DCFTA. Its intensity is comparable to the strength of feeling against the Transatlantic Trade and Investment Partnership (TTIP) in Germany a few years ago.
- In addition to criticisms of specific topics in the talks, a string of issues fuel this categorical rejection: wariness of European dominance; negative experiences with transformations in the agricultural sector, especially in relation to land ownership; as well as the tradition – prevalent across North Africa – of securing food security through protectionist trade policy.
- Sustainability impact assessments demonstrate positive welfare effects on growth and standard of living – but many concerns about ecological and social repercussions appear justified. Such negative effects can be avoided through concrete solutions within the agreement, and even better through appropriate Tunisian policies.
- The EU can address the categorical rejection by almost all stakeholders in Tunisia through better communication during negotiations. As well as appealing for commitment and responsibility on the Tunisian side, it will be important to approach Tunisian sensitivities with awareness and respect.
- Above all, Tunisian researchers should be more involved in DCFTA sustainability impact assessments and participate in public debate on these studies.
- Regardless of the success or failure of the talks, Tunisian agriculture needs to be promoted and developed. The organic sector offers great export opportunities and attractive employment opportunities for young people.

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A Stable Countryside for a Stable Country? The Effects of a DCFTA with the EU on Tunisian Agriculture

Tunisia has long enjoyed a special political relationship with the European Union. In 1995 it was the first Maghreb country to conclude an association agreement with the EU. The so-called Arab Spring, Islamist terrorism and migration movements across the Mediterranean have only added to the political significance of Tunisia, and of North Africa as a whole. From the perspective of the EU, and especially Germany, Tunisia is a beacon of democracy and economic transformation in the region. It is a bilateral partner in the G20's Compact with Africa, and discussed as a potential partner for the EU's proposed migration agreements. Trade policy plays a central role in these comprehensive approaches – and needs to align with foreign policy and development action. Within these frames economic policies to promote important sectors like agriculture represent a significant aspect.

Tunisia's rural areas and agriculture are of particular economic, social and ecological importance to the country and its social and political stability. A flourishing agricultural sector built on functioning rural infrastructure can do more than just offer employment. It can also create perspectives for young adults, helping to avoid rural-urban migration, violent unrest and radicalisation.

The EU has been negotiating a Deep and Comprehensive Free Trade Agreement (DCFTA) with Tunisia since 2015, along the same lines as its agreements with Eastern European states. Unlike the existing association agreements from the late 1990s, a DCFTA involves a significant reciprocal market opening for the hitherto heavily protected agricultural sector.

The envisaged DCFTA has encountered stiff resistance from Tunisian civil society, the media sphere, and even in government circles. The intensity of push-back is comparable to the campaign against the Transatlantic Trade and Investment Partnership (TTIP) in Germany and Europe.

What potential benefits does a deep and comprehensive trade agreement offer for the strategically important agricultural sector? And what risks would be involved? Can the reservations of Tunisian actors be overcome? Or would alternative forms of support

for rural areas be better suited to promoting economic, social and ecological stability?

On the basis of published sustainability impact assessments and Tunisian positions on the proposed agreement, the following recommendations can be formulated:

- Tunisian reservations concerning liberalisation of agricultural trade need to be taken seriously. Agriculture is intimately bound up with sensitive Tunisian interests. Security of food supply has always been a central political objective, and is traditionally pursued by using domestically produced rather than imported food. Economic reforms have in the past been exploited for private enrichment, and some on the Tunisian side fear that a DCFTA could reproduce that negative experience. More broadly, market liberalisation runs counter to Tunisia's still rather protectionist-leaning economic concept. The potential risks of market opening need to be noted during the negotiations and where appropriate addressed by means of safeguard clauses. As comparable EU agreements demonstrate, offering such protections is an absolutely routine matter. Specific advantageous arrangements should also be found for individual products such as Tunisia's symbolic national product, olive oil.
- In its communication during the negotiations the EU should underline both Tunisia's sovereignty and its responsibility, and demand commitment. The Tunisian side's repeated – but unjustified – criticisms that the effects of trade liberalisation have not yet been investigated for Tunisia or have shown strategic advantages for the EU lack empirical evidence and need to be firmly refuted. Open forums for joint discussion about the numerous existing studies and targeted explicit inclusion of Tunisian researchers in this discourse would create opportunities to demonstrate respect, strengthen ownership and objectify the debate.
- If the full benefits of expanded trade are to be felt, advances outside of the trade agreement will also be required. This includes promoting further progress on governance like rule of law and improving the quality of the institutions.
- Finally, exit strategies need to be developed for the eventuality of the negotiations failing. That means open-ended dialogue respecting the Tunisian negotiating position, rather than ramping up the pressure. If consensus proves impossible, the DCFTA talks can be suspended and resumed at a later

more favourable juncture. However the talks turn out, rural areas should be given support in the scope of diverse existing approaches, completely independently of the DCFTA.

Special Challenges in Rural Areas

Rural areas play a crucial economic, social and also ecological role in Tunisia – as they do across the whole of North Africa. They are home to one-third of Tunisia’s population and provide work for about 15 percent of the population. Agriculture contributes 10 percent of GDP, making it even larger than the important tourism sector. Tourism collapsed in 2015 after terrorist attacks specifically targeting visitors, with knock-on effects for a nascent economic recovery.¹ Agriculture on the other hand fulfils a stabilising function especially in situations of economic crisis, not only securing the food supply but also less sensitive to economic fluctuations.² Food prices are a fundamental and decisive factor for popular satisfaction with the political system. Tunisia has regularly experienced violent demonstrations against rising food prices.

This lends the agricultural sector great economic significance, with immediate socially stabilising effects. At the same time Tunisia’s agriculture faces diverse economic, social and ecological challenges.

Economic Features of Note

Tunisia is characterised by a sharp divide between its Mediterranean and desert climate zones. Extensive farming is concentrated in the north and centre; in the Saharan south agriculture is restricted to date

growing. The growth rate of agricultural productivity has risen from just 0.8 percent in the 1980s to 2.5 percent in 2013, principally through an increase in labour productivity.³ Agricultural and industrial productivity are similarly poor.⁴ Numerous factors inhibit a further increase in productivity, including low mechanisation, poor quality seed and an ageing rural population.⁵

Tunisia is Africa’s second-largest exporter of organic agricultural products.

The largely extensive nature of Tunisian farming offers great potential for organic production. After Tanzania, Tunisia is Africa’s second-largest exporter of organic agricultural products (and twenty-fourth globally). There are about three thousand certified producers, working largely for export; the main products are olive oil, dates, almonds, oranges, dried fruit, spices and honey. The certified organic share of agricultural exports to the EU has risen continuously from about 2 percent in 2006 to more than 13 percent in 2016.⁶ But with just 1.4 percent of agricultural land

¹ Tunisian data is sometimes of dubious reliability. The best extensive and reliable sources are World Bank Data, *GDP Growth (Annual %) – Tunisia*, <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2018&locations=TN&start=2004> (accessed 12 July 2019), and Economist Intelligence Unit, *Tunisia Country Report* (London and New York, April 2019).

² Bettina Rudloff, *Die Saat geht nicht auf: EU-Handels- und Agrarpolitik können strukturelle Fluchtursachen nicht beseitigen, sondern allenfalls abfedern*, SWP-Aktuell 5/2017 (Berlin: Stiftung Wissenschaft und Politik, January 2017), 4.

³ Jose Luis Figueroa, Mai Mahmoud and Hoda El-Enbawy, *The Role of Agriculture and Agro-processing for Development in Tunisia*, MENA Regional Program Working Paper 9 (Washington, D.C., and Cairo: International Food Policy Research Institute [IFPRI], April 2018), 12.

⁴ Ibid.

⁵ Institut Tunisien des Etudes Stratégiques (ITES), *La Tunisie et l’Accord de libre-échange complet et approfondi (ALECA, secteur agricole)* (Carthage, 2019), 3.

⁶ Calculated using data from Direction Générale de l’Agriculture Biologique (DGAB), Forschungsinstitut für biologischen Landbau (FiBL), United Nations Conference on Trade and Development (UNCTAD), UNCTADstat, Eurostat.

currently under organic cultivation, the potential for further increase is regarded as high.⁷

There are important differences between product groups, however. One-third of olive oil production is already organic;⁸ for exports the figure is 42 percent, most of which goes to the United States.⁹ On the other hand organic farming accounts for just 0.3 percent of the land used to grow fruit and vegetables;¹⁰ for tomatoes the share is even smaller.¹¹

Growth in the agricultural sector is inhibited by a string of peculiarities of the market structure:

Fragmented, monopolised and access-restricting market structure: Tunisian farming ranges from large-scale modern operations, primarily in the export sectors, to traditional family farms with less than two hectares that are often poorly integrated into market structures.¹² Access to production and marketing infrastructure is also poor in some regions. This in turn hinders the use of cold chains, which are especially important for storing fruit and vegetables as relevant Tunisian export sectors. This leads to large post-harvest losses. Across North Africa such losses accounted for up to 50 percent of the fruit and vegetable harvest in 2014; the equivalent figure for

Germany is about 5 percent.¹³ The poor state of the transport system tends to discourage logistics and processing companies from locating in rural areas. Additionally, poor households and rural micro-enterprises have little access to sources of finance.

The export sector is traditionally heavily monopolised, with significant effects through to the present. To this day monopolisation hinders smaller innovative firms from entering the market entry, which also makes it harder to create new jobs.¹⁴ Olive oil for example is exported exclusively by the state authority Office National de l'Huile (ONH).

Regional agricultural trade is small in volume and lacking diversification: Certain Tunisian products are internationally competitive and exportable. According to the World Bank's Revealed Comparative Advantage (RCA) index this applies primarily to labour-intensive products that require comparatively little land and water: olive oil, tomatoes, oranges and potatoes are worth producing. Vegetables are even competitive with French (but not Moroccan) produce.¹⁵ Products of animal origin like meat and milk are not internationally competitive, and wheat only in particular regions.¹⁶

At 2 percent, North Africa's regional trade is the world's smallest.

Tunisia's most important trading partner remains the EU, which receives 80 percent of all Tunisian

7 Helga Willer and Julia Lernoud, eds., *The World of Organic Agriculture: Statistics and Emerging Trends 2017* (Frick and Bonn: Research Institute of Organic Agriculture [FiBL] and International Federation of Organic Agriculture Movements [IFOAM], 20 February 2017), 174, <https://shop.fibl.org/CHEN/mwdownloads/download/link/id/785?ref=1> (accessed 22 June 2019).

8 Myrthe van der Gaast, *Tunisia: Business Opportunity Report, Agriculture* (The Hague: Netherlands-African Business Council [NABC], February 2018), 12.

9 Technical Center of Organic Agriculture (CTAB), *Organic Products Market*, <http://www.ctab.nat.tn/index.php/en/> (accessed 23 July 2019).

10 Willer and Lernoud, eds., *The World of Organic Agriculture* (see note 7), 128.

11 Han Soethoudt, Greet Blom-Zandstra and Heike Axmann, *Tomato Value Chain Analysis in Tunisia*, Report WFBR 1830 (Wageningen: Wageningen Food and Biobased Research, June 2018), 19.

12 Boubaker Thabet, Abderraouf Laajimi, Chokri Thabet and Moncef Bensaïd, "Agricultural and Food Policies in Tunisia: From a Seemingly Solid Performance to Unsustainable Revealed Achievements", in *Sustainable Agricultural Development: Challenges and Approaches in Southern and Eastern Mediterranean Countries*, ed. Michel Petit et al. (Cham: Springer, 2015), 83–101 (96).

13 Sweepnet and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), *Report on the Solid Waste Management in Tunisia* (Tunis and Bonn, April 2014), https://www.retech-germany.net/fileadmin/retech/05_mediathek/laenderinformationen/Tunesien_laenderprofile_sweep_net.pdf; Steffen Noleppa and Matti Carlsburg, *Das große Wegschmeißen: Vom Acker bis zum Verbraucher: Ausmaß und Umwelteffekte der Lebensmittelverschwendung in Deutschland* (Berlin: World Wide Fund for Nature [WWF] Deutschland, June 2015), https://www.wwf.de/fileadmin/fm-wwf/Publikationen-PDF/WWF_Studie_Das_grosse_Wegschmeissen.pdf (accessed 23 July 2019).

14 Antonio Nucifora and Bob Rijkers, *The Unfinished Revolution: Bringing Opportunity, Good Jobs and Greater Wealth to All Tunisians* (Washington, D.C.: World Bank, May 2014), 69.

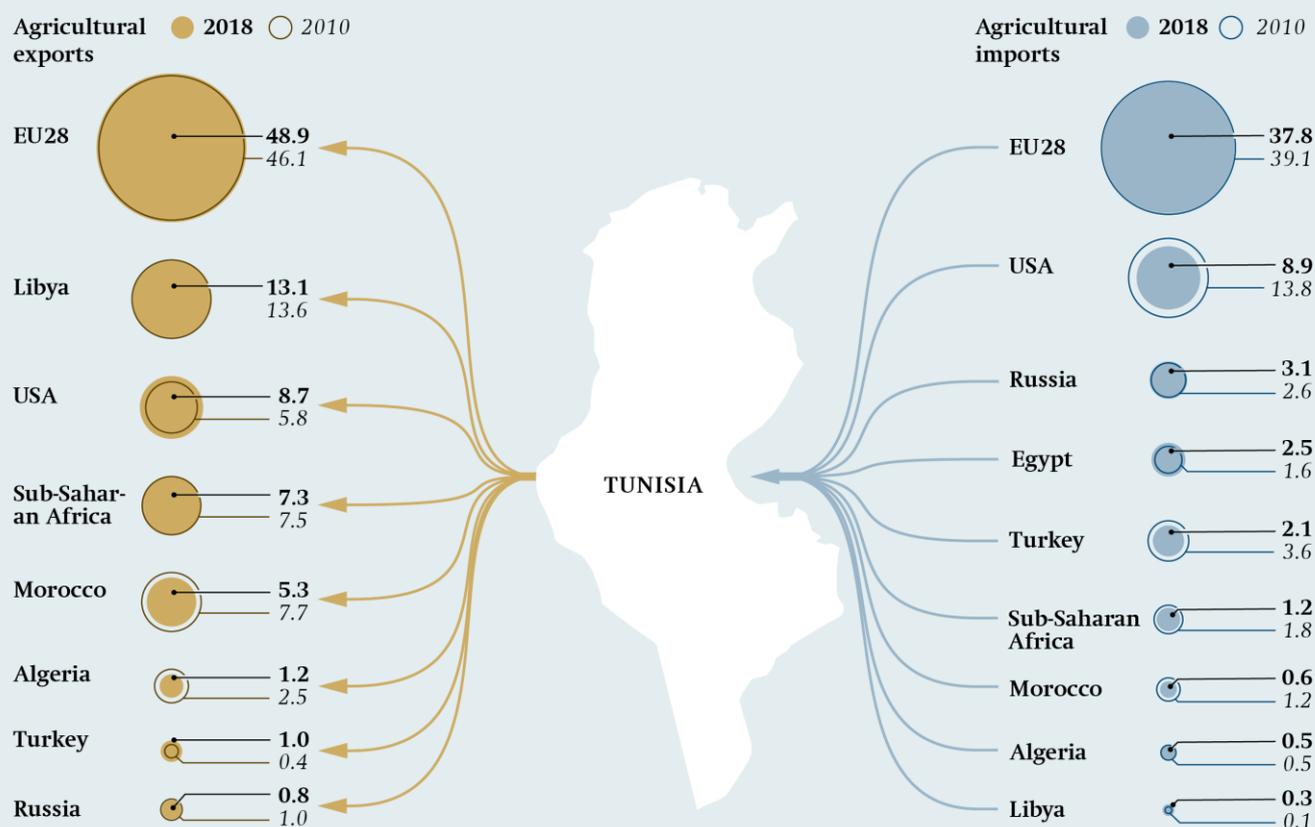
15 World Integrated Trade Solution (WITS), "Revealed Comparative Advantage, by Country, Food Products, to World 2009–2013", https://wits.worldbank.org/CountryProfile/en/Country/BY-COUNTRY/StartYear/2009/EndYear/2013/TradeFlow/Export/Indicator/RCA/Partner/WLD/Product/16-24_FoodProd (accessed 1 October 2019).

16 Nucifora and Rijkers, *The Unfinished Revolution* (see note 14), 261.

Figure 1

Tunisia's changing trade partners: agricultural exports and imports

%



Source: Data from UN Comtrade Database.

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exports, even if other actors like the United States and Arab states are catching up in relative terms (see Figure 1). Olive oil is by far the most important agricultural export product. It holds a strong market share in the EU, which sources 60 percent of its olive oil imports from Tunisia. Citrus fruits and dates are also significant agricultural export products.¹⁷ But as a whole Tunisia is marginal in the EU's agricultural trade, where its share is currently less than 1 percent. Germany is Tunisia's tenth-largest trading partner, behind Italy, France and Spain. The EU exports grains – primarily wheat – and processed food to Tunisia.

Regional trade within North Africa is also insignificant: its share of less than 2 percent is the smallest of

any world region.¹⁸ Intra-regional trade in food is especially small in North Africa.¹⁹

Raw products for foreign food industries are an important Tunisian export, whereas there are almost no exports of processed food products. Nor is there much processing of imported foreign products in Tunisia.²⁰ The consequence of this is weak value creation in Tunisia, which in turn prevents the emergence of high-quality and better-paid employment.

¹⁸ By comparison, intra-regional trade accounted for 12 percent of total African trade in 2017; within the Southern African Development Community (SADC) the figure was 20 percent. IMF, *Regional Economic Outlook: Sub-Saharan Africa: Recovery amid Elevated Uncertainty* (Washington, D.C., April 2019), 41.

¹⁹ *Ibid.*, 42.

²⁰ OECD.Stat, *Trade in Value Added (TiVA) – Origin of Value Added in Gross Exports*, https://stats.oecd.org/Index.aspx?DataSetCode=TIVA2015_C2 (accessed 1 October 2019).

¹⁷ UNCTADstat database.

One cause of this lies in the weakness of Tunisian processing industries.

Smuggling is an important source of income in the Libyan border region.

Significant illegal trade with Libya and Algeria: Smuggling has always played an important role in Tunisia, and appears to have expanded further since the 2010/11 revolution. It is estimated that about half of all bilateral trade with Libya is illegal, corresponding to an annual volume of about €360 million. About thirty thousand people in the border region earn their living through this form of trade.²¹ Food is the second-largest category of good smuggled, after fuel. Smuggling is in fact heavily institutionalised: not in the sense of state authority, but with clear rules for participants.²² The trade is driven by cross-border price differentials created by differences in tariffs and agricultural subsidies.²³ As well as causing a loss of customs revenues, it also creates a danger of growing corruption. In the case of smuggled food there are also health risks, for example where hygiene standards are inadequately enforced.

Little foreign direct investment (FDI) in agriculture: The EU is the largest investor with more than 85 percent of total FDI in Tunisia and investments by three thousand European companies.²⁴ The principal sources of FDI are France, the Netherlands and the United Arab Emirates.²⁵

But little of this goes into Tunisian agriculture. In 2016 just \$320 million – less than 1 percent of total FDI – went into the farming sector.²⁶

Ecological Challenges

In 2004 the World Bank estimated the overall cost of environmental degradation in Tunisia to be 2.1 percent of GDP. The costs arise principally through “water-related diseases resulting from lack of sanitation in rural areas”. These effects can be caused by agriculture. But the soil is also endangered,²⁷ with increasing salt concentration recorded in soil and groundwater in the past decades.²⁸

Climate challenges: Only half of Tunisia’s land is suitable for agriculture, which increases the pressure on agricultural resources when climate shifts occur.²⁹ Regions like the North-West are especially affected, because low agricultural productivity and the lack of other sources of income are frequently already leading to overuse of the natural resources.³⁰ Grain production – which is important for food security and animal feed – is especially vulnerable to drought. The Tunisian farmers’ organisation estimated that the 2015/16 drought caused losses of almost €250 million through crop failure; olive oil production alone fell by 28 percent.³¹

Water shortage: Population growth, agricultural and industrial expansion, and poor water management all exacerbate the fundamental scarcity of water. According to the “Water Scarcity Clock” more than half of Tunisian’s population already in lives in regions with water scarcity; the figure is forecast to rise to 60 per-

21 See Grégory Chauzal and Sofia Zavagli, *Post-Revolutionary Discontent and F(r)actionalisation in the Maghreb: Managing the Tunisia-Libya Border Dynamics*, Clingendael Report (The Hague, August 2016).

22 Max Gallien, “Informal Institutions and the Regulation of Smuggling in North Africa”, *Perspectives on Politics* (2019): 7.

23 Lotfi Ayadi, Nancy Benjamin, Sami Bensassi and Gaël Raballand, “An Attempt to [sic] Estimating Informal Trade across Tunisia’s Land Borders”, *Articulo – Journal of Urban Research* 10 (2014), Border Markets, <http://articulo.revues.org/2549> (accessed 24 October 2019).

24 European Commission, “EU and Tunisia Work to Strengthen Their Privileged Partnership”, press release, Brussels, 15 May 2019.

25 Van der Gaast, *Tunisia Business Opportunity Report, Agriculture* (see note 8), 10.

26 UNCTAD, *Country Fact Sheet: Tunisia*, https://unctad.org/sections/dite_dir/docs/wir2019/wir19_fs_tn_en.pdf (accessed 1 October 2019).

27 World Bank, *Tunisia: Systematic Country Diagnostic* (Washington, D.C., June 2015), 81.

28 Dorte Verner et al., *Climate Variability, Drought, and Drought Management in Tunisia’s Agricultural Sector* (Washington, D.C.: World Bank, October 2018), 27.

29 FAOSTAT, *Tunisia*, <http://www.fao.org/faostat/en/#country/222> (accessed 9 August 2019).

30 World Bank, *Tunisia: Systematic Country Diagnostic* (see note 27), 81.

31 Verbal information, Tunisian Union of Agriculture and Fisheries (Union Tunisienne de l’Agriculture et de la Pêche, UTAP), Tunis, 17 April 2019.

cent by 2030.³² Although only 7 percent of Tunisian agricultural land is irrigated, agriculture accounts for a large proportion of commercial water use.³³

Climate change can make drought more likely, forcing farmers to rely on groundwater if surface water can no longer satisfy their needs. That would further increase the pressure on already over-pumped aquifers.³⁴

Social Sensitivity

Precarity in agriculture: At about 15 percent, the proportion of the Tunisian workforce employed in agriculture is somewhat lower than the average for the Middle East and North Africa region (MENA).³⁵ But less than 5 percent of the workforce is in the higher-skilled sector of agricultural processing.³⁶ The agricultural workforce is also ageing, with 40 percent older than 60 years, while in general youth unemployment – at more than 30 percent in 2018 – is more than double the overall unemployment rate.³⁷ Nevertheless agriculture is an important source of employment for young people in rural areas, where it accounts for 22 percent of all jobs.³⁸ But more than half the young people employed in agriculture are day labourers without social insurance.³⁹

Formally Tunisia guarantees a minimum wage, at a level equivalent to about €4 (13.74 dinars) per working day for those aged eighteen and over – but only

for workers with permanent contracts. This is hardly the reality of work in agriculture, which is often seasonal.⁴⁰

Changing consumption habits and waste: Especially in the urban centres tastes are shifting away from traditional cereals to more vegetables and animal products like milk and yoghurt,⁴¹ which are not produced in sufficient quantities domestically and must therefore be imported. In a relatively new and unwelcome trend the proportion of the population that is overweight has doubled since 2000 to reach about 27 percent in 2016. Young people are especially affected,⁴² with the proportion overweight reaching about one quarter (which is higher than in Germany).⁴³ The amount of food discarded by households has also increased, today accounting for one third of total food waste (including post-harvest losses in agriculture and distribution). Tunisian households waste almost 70 kilograms per person and year – considerably more than in Germany where the figure is about 50 kilograms.⁴⁴ Particularly in urban areas bread and milk products – both of which are state-subsidised – are the two largest sources of wastage.⁴⁵

Strong sensitivity to consumer price increases not always backed by evidence.

Supply risks through inflation: Although the Global Hunger Index does not classify Tunisia as susceptible

32 World Data Lab, *Water Scarcity Clock* (supported by German Federal Ministry for Economic Cooperation and Development), <https://worldwater.io/> (accessed 24 October 2019).

33 Verner et al., *Climate Variability, Drought, and Drought Management in Tunisia's Agricultural Sector* (see note 28), 42.

34 Nuno Santos and Iride Ceccacci, *Egypt, Jordan, Morocco and Tunisia: Key Trends in the Agrifood Sector* (Rome: Food and Agriculture Organization of the United Nations [FAO], 2015), 66.

35 International Labour Organization (ILO), ILOSTAT Database, "Employment in Agriculture (% of Total Employment) (Modeled ILO Estimate) – Tunisia" (Washington, D.C.: World Bank, April 2019), <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=TN> (accessed 23 July 2019).

36 Economist Intelligence Unit, *Tunisia Country Report* (see note 1), 10.

37 ILO, ILOSTAT Database, "Unemployment, Youth Total (% of Total Labor Force Ages 15 – 24) (Modeled ILO Estimate) – Tunisia", <https://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=TN> (accessed 21 June 2019).

38 Ibid.

39 Ibid.

40 Verbal information, UTAP, Tunis, 18 April 2019.

41 Roberta Callieris, Sahar Brahim and Rocco Roma, "Different Consumer Behaviours for Organic Food in Tunisia: A Cluster Analysis Application", *New Medit*, no. 2 (2016): 53–62 (54).

42 World Health Organization, "Overweight (BMI-for-age +1 SD) in School-age Children and Adolescents 5 – 19 Years (%)", in *Global Nutrition Monitoring Framework Country Profile: Tunisia* (Nutrition Landscape Information System [NLIS], 2016), <http://apps.who.int/nutrition/landscape/global-monitoring-framework?ISO=tun> (accessed 17 July 2019).

43 Ibid.

44 Khaled Sassi et al., "Food Wastage by Tunisian Households", *International Journal AgroFor* 1, no. 1 (2016): 172–81 (173); FAO Regional Office for Near East and North Africa, "Conference on 'Food Waste in Tunisia: Challenges and Ways to Reduce'", Tunis, 13 December 2018, www.fao.org/neareast/news/view/en/c/1177554/ (accessed 1 October 2019).

45 Ibid., 179. See also the section on "Agricultural Policy" in this volume, pp. 14–17.

to food supply crisis,⁴⁶ the numbers who are undernourished and underweight have been rising again since 2014.⁴⁷ On average Tunisian households spend almost 30 percent of their income on food, more than for housing, electricity or water.⁴⁸ Food prices are therefore a decisive aspect of the standard of living as a whole. This means that prices increases are extremely politically sensitive – even if the sensibility does not always appear to be evidence-based: For example the unprecedented international commodity spikes in 2008 and 2011 affected consumer prices in Tunisia a great deal less dramatically than in other MENA states such as Egypt. Nevertheless concern about food prices remains a decisive motive for Tunisia's protectionist agricultural policy.⁴⁹

Land rights: Property ownership blends customary law with Islamic and European law, with significant variability in enforceability. This is especially problematic in the relation to the large proportion of unregistered land. There is a complex mix of individual and collective ownership, private and public land. The land in public ownership originates from different phases of land transformation and expropriation (see Box 1, p. 29). Under Islamic law private property can also be transferred into public ownership (“habous”) for charitable or social purposes, such as food security for example after a drought.⁵⁰

Rural poverty and migration: Absolute poverty was already declining before the 2010/11 revolution, and had fallen to less than 1 percent of the population,⁵¹

tending to be concentrated in rural regions.⁵² In fact the poverty risk can be assumed to be higher in families where the main earner works in agriculture, because its weather dependency makes it an unreliable source of income and additionally there are rising input costs for fuel and fertiliser.⁵³ There is also significant regional variation in rural poverty: The poverty rate in the North-East, which is rich in natural resources, is considerably lower than in the mountainous Centre-West. Rural poverty is also manifested in inadequate infrastructure: Only 39 percent of the rural population have access to transport, only 55 percent have piped water.⁵⁴ These imbalances generate rural-urban migration on a scale comparable to emigration abroad. The United Nations estimates the figure at about twenty thousand for the period 2015 to 2020.⁵⁵ The phenomenon where young people in particular move first to the cities and then emigrate abroad makes it harder to recruit young skilled workers in rural areas,⁵⁶ especially in agriculture which is already regarded as unattractive.⁵⁷

Labour standards and equality: Even before the 2010/11 revolution Tunisia was regarded as a pioneer of human rights and equality in North Africa, at least in formal terms. The Tunisian constitution adopted in 2014 explicitly grants equal rights to women and men.⁵⁸ Tunisia has also ratified all eight core labour standards of the International Labour Organisation.⁵⁹

46 Klaus von Grebmer et al., *Welthunger-Index 2018: Flucht, Vertreibung und Hunger* (Dublin and Bonn: Concern Worldwide and Deutsche Welthungerhilfe, October 2018).

47 FAOSTAT, *Tunisia* (see note 29).

48 Statistiques Tunisie, *Flash: Consommation et niveau de vie* (Tunis: Institut National de la Statistique [INS], December 2016).

49 Steffen Angenendt and Bettina Rudloff, *Mehr als sieben magere Jahre? Nahrungsmittelkrisen und Hungerunruhen als neues politisches Risiko*, SWP-Aktuell 8/2011 (Berlin: Stiftung Wissenschaft und Politik, February 2011). See also the section on “Agricultural Policy” in this volume, pp. 14 – 17.

50 Mondher Fetoui et al., *Assessing Impacts of Land Policies on the Production Systems and Livelihoods in the South-East of Tunisia* (n. p.: CGIAR/ICARDA, December 2014).

51 The official poverty line in 2010 was defined as annual per-capita consumption of 1277 dinars (about €635) in urban areas and 820 Dinar (about €432) in rural areas. Statistiques Tunisie, *Measuring Poverty, Inequalities and Polarization in Tunisia 2000–2010* (Tunis: National Institute of Statistics, November 2012), 7.

52 World Bank, *Tunisia: Systematic Country Diagnostic* (see note 27), 28.

53 Further details in Samir Ghazouani and Mohamed Goaid, *The Determinants of Urban and Rural Poverty in Tunisia*, Working Paper 0126 (Cairo: Economic Research Forum, January 2001).

54 World Bank, *Tunisia: Systematic Country Diagnostic* (see note 27), xv, 7.

55 United Nations, Population Division, Department of Economic and Social Affairs, *World Population Prospects 2019*, <https://population.un.org/wpp/Download/Standard/Migration/> (accessed 31 October 2019).

56 Hamed Daly, *Tunisia Case Study: Prepared for FAO as Part of the State of the World's Forests 2016 (SOF0)* (Rome: FAO, 2016), <http://www.fao.org/3/a-C0185e.pdf> (accessed 2 October 2019).

57 Verbal information, Import Promotion Desk (IPD) of German Federal Ministry for Economic Cooperation and Development, Brussels, 1 March 2019.

58 Lindsay J. Benstead, “Do Female Local Councilors Improve Women's Representation?” *Journal of the Middle East and Africa* 10, no. 2 (2019): 95 – 119.

59 ILO, *Regions and Countries: Tunisia*, https://www.ilo.org/gateway/faces/home/ctryHome?locale=EN&countryCode=TUN&_adf.ctrl-state=br5v0h2ey_9 (accessed 1 October 2019).

Political participation by women is strong. At the last parliamentary election seventy women were elected (30 percent of the seats), a higher proportion than in the parliaments of France, the United Kingdom or the United States.⁶⁰

In reality however, discrimination is still widespread,⁶¹ in part because it is rooted in traditional and religious gender roles. The proportion of women in the agricultural sector has fallen since 2006, from 20 to 11 percent.⁶² But women are frequently missed by the statistics because they often work as domestics or seasonal workers. It is estimated that women make up 90 percent of the workforce involved in the olive harvest.⁶³ The poor contractual conditions prevalent for seasonal work are another reason why women earn less than men.⁶⁴ It is also considerably more difficult for women to access financial services or land; they own less agricultural land and are still disadvantaged in inheritance law.⁶⁵

60 ILO, *Women's and Youth Empowerment in Rural Tunisia: An Assessment Using the Women's Empowerment in Agriculture Index (WEAI)*, Taqeeem Impact Report Series 11 (Geneva, May 2018), 7.

61 For example United Nations, *Consideration of Reports Submitted by States Parties under Article 18 of the Convention: Concluding Observations of the Committee on the Elimination of Discrimination against Women: Tunisia*, CEDAW/C/TUN/CO/6, Forty-Seventh Session, 4–22 October 2010 (New York, 5 November 2010), https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CEDAW/C/TUN/CO/6&Lang=En (accessed 19 October 2019).

62 ILO, ILOSTAT Database, "Employment in Agriculture, Female (% of Female Employment) (Modeled ILO Estimate) – Tunisia" (Washington, D.C.: World Bank, April 2018), <https://data.worldbank.org/indicator/SL.AGR.EMPL.FE.ZS?locations=TN> (accessed 1 July 2019).

63 Isabel Putinja, "Tunisian Women Producers Making a Mark in a Man's World", *Olive Oil Times*, 17 September 2018, <https://www.oliveoiltimes.com/olive-oil-business/tunisian-women-producers-making-a-mark-in-a-mans-world/64329> (accessed 23 July 2019).

64 Verbal information, UTAP, Tunis, 18 April 2019.

65 Freedom House, *Women's Rights in the Middle East and North Africa 2010 – Tunisia*, 3 March 2010, <https://www.refworld.org/docid/4b99011cc.html> (accessed 29 October 2019).

Tunisia's Policies for Rural Areas

Tunisia's economic policy leans state-led and protectionist. One manifestation of this is state export monopolies and state control of consumer prices. The principal state influences on Tunisia's rural areas and agriculture sector are agricultural policy and trade and investment policy.

Agricultural Policy

Tunisia's agricultural policy combines two principal objectives: export concentration and self-reliance. This means subsidising domestic production of products that are not internationally competitive – such as grain and animal feed – in order to promote domestic production and substitute imports. Nevertheless imports still represent an especially high share of consumption of these products with almost 70 percent (cereals) and 40 percent (food of animal origin).⁶⁶ As well as subsidies, tariffs are also employed to protect Tunisia's agricultural markets and stimulate domestic production in the interests of supply security.⁶⁷

Tunisia's agricultural policy pursues self-sufficiency and export concentration.

Since the 1980s Tunisia has been increasingly opening its markets in order to satisfy WTO rules and the terms of World Bank and IMF programmes. The Agricultural Sector Adjustment Programme (PASA) serves this purpose. Some state monopolies have been dissolved and agricultural productivity has been im-

proved. Although staple food subsidies have been retained as the heart of Tunisian agricultural policy, state spending on the agricultural sector fell noticeably between 1980 and 2016, from 15 to 4 percent of total public expenditure.⁶⁸

The following concrete measures characterise Tunisian agricultural policy:

Support for producers and exporters: This amounts to 1 percent of GDP (as of 2012).⁶⁹ Guaranteed prices for uncompetitive products such as cereals form the biggest spending item, followed by input subsidies (especially on energy) and spending on milk collection and irrigation. Subsidies also became necessary to support farmers as import tariffs increase the cost of inputs such as fertiliser and pesticides. Exporters also receive support for marketing activities such as attendance at international trade fairs. And until 2014 there were direct export subsidies (for dates and tomatoes), but these ended after the WTO banned such measures in 2015.⁷⁰

Olive oil is a major export product and is especially strongly supported, since the 1960s through the state monopoly ONH. Private-sector exports are permitted only for organic and bottled oil, which however also receive state support. Measures are taken to keep the price of substitutes low (other vegetable oils such as rapeseed and sunflower seed oil). This reduces domestic olive oil consumption and permits most of Tunisia's olive oil production to be exported.

66 Elena Ianchovichina, Josef Loening and Christina Wood, *How Vulnerable Are Arab Countries to Global Food Price Shocks?* Policy Research Working Paper 6018 (Washington, D.C.: World Bank, March 2012), 9.

67 See the section on "Trade Policy" in this volume, pp. 17–22.

68 IFPRI, "SPEED Database", in *Global Food Policy Report 2018* (Washington, D.C., 2018), 107.

69 Nucifora and Rijkers, *The Unfinished Revolution* (see note 14), 267.

70 WTO, Committee on Agriculture, *Notification G/AG/N/TUN/50*, 6 March 2017.

All North African states subsidise staple foods and have done so for decades.

Consumer subsidies: Like all other North African states, Tunisia has subsidised staple foods for decades, to a point where consumer prices are lower than production costs. This applies in the first place to bread, pasta, couscous, vegetable oils, salt and coffee. In 2012 these consumer subsidies represented 3 percent of Tunisian GDP, and accounted for the lion's share of state agricultural spending. Maximum sales margins are also fixed to keep consumer prices low. As well as encouraging food waste, these artificially low consumer prices boost demand, for example for bread, and lead to higher imports of products such as cereals. Producers like bakeries and traders receive financial compensation because the subsidised prices do not cover their costs.⁷¹

The state also intervenes in the market directly, importing goods itself in times of rising prices.⁷² Over the course of time geographical targeting has been introduced in order to channel consumer subsidies to the most vulnerable regions.⁷³ In the event of market crises the Agriculture Ministry is also reported to fix particular product prices in consultation with employers' and workers' organisations in order to take into account the interests of both producers and consumers.⁷⁴

Support for organic farming: Tunisia was one of the first African states to promote organic farming, starting in the 1990s and culminating in 2016 in national legislation regulating the field.⁷⁵ Where producers switch to organic the state covers 30 percent of the conversion costs and 70 percent of the certification

costs.⁷⁶ Producer organisations receive additional support.⁷⁷ A Tunisian organic label – Bio Tunisia – was established in the 1990s and is still going strong. Domestic demand apparently remains weak,⁷⁸ resulting in a situation where 80 percent of all organic production is currently exported.⁷⁹ Exports to the EU are governed by the regime on equivalency in organic products of 2009, the only one of its kind between the EU and an African country. In it the EU accepts that Tunisia's regulations, institutions and monitoring procedures for organic products are equivalent to its own, underlining the high quality of Tunisian structures in this sector.⁸⁰

Other Policy Areas with Effects in Rural Areas

(1) *Investment and tax policy:* Unlike its agricultural policy, Tunisia's investment and tax policy traditionally concentrates on supporting enterprises serving the domestic market. But because there are comparatively few of these businesses in Tunisia, competition is lacking and many domestic products are poor quality and expensive. As a result, export-oriented companies, which are already disadvantaged by the investment and tax policy, tend not to source domestic inputs to process into higher-value export products.⁸¹ This further reduces the already low added value of Tunisian exports and contributes to perpetuating low-skilled employment. Alongside these general business policies there are also two special economic zones, where (mostly exporting) enterprises

71 Konstadinos Mattas, Konstantinos Galanopoulos and George Baourakis, "Agriculture and the Evolution of Agricultural Policies in the Mediterranean Partner Countries: Putting a Retrospective Overview in Context with Future Prospects", in *Sustainable Agricultural Development Challenges*, ed. Petit et al. (see note 12), 145–69 (164).

72 Nucifora and Rijkers, *The Unfinished Revolution* (see note 14).

73 Thabet, Laajimi, Thabet and Bensaïd, "Agricultural and Food Policies in Tunisia" (see note 12), 90.

74 Soethoudt, Blom-Zandstra and Axmann, *Tomato Value Chain Analysis in Tunisia* (see note 11), 25.

75 Willer and Lernoud, eds., *The World of Organic Agriculture* (see note 7), 151.

76 Khaled Sassi, *Country Report: Tunisia 2016* (Trenthorst: International Society of Organic Agriculture Research, n. d.), <http://isofar.org/isofar/index.php/2-uncategorised/119-country-report-tunisia-2016> (accessed 2 October 2019).

77 Soethoudt, Blom-Zandstra and Axmann, *Tomato Value Chain Analysis in Tunisia* (see note 11), 19.

78 Sassi, *Country Report: Tunisia 2016* (see note 76).

79 Bertrand Hervieu, ed., *MediTerra 2008: The Future of Agriculture and Food in Mediterranean Countries* (Paris: Presses de Sciences Po, 2008), 266f.

80 European Commission, *Trade in Organics*, <https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/trade>.

81 Nucifora and Rijkers, *The Unfinished Revolution* (see note 14), 306.

benefit from numerous tax exemptions. A third zone is planned for 2020.⁸²

(2) *Social programmes*: Since the mid-1980s the National Programme of Assistance to Needy Families (Programme National d'Aide aux Familles Nécessiteuses, PNAFN) has supported poor families, in particular in the spheres of school education and health.⁸³ But it does not cover food, which is regarded as a matter for agricultural policy and supported through the consumer subsidies described above.

(3) *Environmental policy*: Since the late 1970s irrigation has been regulated through a National Water Policy. For a long time Tunisian water policy concentrated on large-scale water supply for particular regions, devoting less attention to management and efficiency.⁸⁴ For example it is estimated that 20 percent of the agricultural potential of irrigated areas goes unused on account of technological inadequacies.⁸⁵ Date production in remote oases represents a special challenge, because many wells were drilled illegally to the detriment of the quality and availability of groundwater. Comprehensive guidelines for dealing with drought established since 1999 provide for monitoring, early warning and rapid counter-measures. Although the tendency has been to reduce

public investment in this area,⁸⁶ in 2006 Morocco, Algeria and Tunisia launched a regional initiative to establish a joint early warning system (Système maghrébin d'alerte précoce à la sécheresse, SMAS), with financial support from the EU.⁸⁷ There is no up-to-date assessment of the current state of this system.

(4) *Regional policy*: The current Economic and Social Development Strategy expires in 2020 and will have to be renewed once a new government is up and running after the 2019 elections. Its primary objectives are to cut poverty in rural areas and reduce regional imbalances through governance reforms, sustainability measures and promotion of environmentally friendly businesses.⁸⁸ The strategy also involves an expansion of public education, and has achieved dramatic reductions in illiteracy and poverty, especially in rural regions.⁸⁹

The failure to earnestly tackle the land reform issue can be attributed to the way it is bound up with distribution questions and credit options. Different systems of land tenure and property law continue to coexist. Most small farmers still have little access to sources of finance: only about 10 percent of farms are in a position to take out bank loans.⁹⁰ Finally, the so-called new decentralisation strategy also affects rural areas.⁹¹ It expands the scope for more remote areas to pursue their political interests more independently, which can also have effects on agriculture. Local councils were freely elected for the first time in 2017 and are to be granted greater powers (including finan-

82 Germany Trade & Invest (GTAI), "Tunesien – Neue Sonderwirtschaftszone in Ben Gardane", 26 March 2019, <https://www.gtai.de/GTAI/Navigation/DE/Trade/Recht-Zoll/Zoll/zoll-aktuell,t=tunesien-neue-sonderwirtschaftszone-in-ben-gardane,did=2277208.html> (accessed 1 October 2019).

83 Banque Mondiale, *Vers une meilleure équité: les subventions énergétiques, le ciblage et la protection sociale en Tunisie*, Note politique, Rapport 82712-TN (n.p., November 2013).

84 Nizar Omrani and Mohamed Ouessar, "Lessons Learned from the Tunisian National Water Policy: The Case of the Rehabilitation of Oases", in *Dialogues on Mediterranean Water Challenges: Rational Water Use, Water Price versus Value and Lessons Learned from the European Water Framework Directive*, ed. Sandra Junier et al., Options Méditerranéennes: Série A: Séminaires Méditerranéens, no. 98 (Bari: International Centre for Advanced Mediterranean Agronomic Studies [Centre International de Hautes Etudes Agronomiques Méditerranéennes, CIHEAM], 2011), 71 – 83 (77ff.).

85 Mohamed Elloumi, "Capacité de résilience de l'agriculture familiale tunisienne et politique agricole post révolution", in *Accaparement, action publique, stratégies individuelles et ressources naturelles: regards croisés sur la course aux terres et à l'eau en contextes méditerranéens*, ed. Gisèle Vianey, Mélanie Requier-Desjardins and Jean-Christophe Paoli, Options Méditerranéennes: Série B: Etudes et Recherches, no. 72 (Montpellier: CIHEAM, 2015), 351 – 66.

86 Verner et al., *Climate Variability, Drought, and Drought Management in Tunisia's Agricultural Sector* (see note 28), 10, 81.

87 Observatoire du Sahara et du Sahel (OSS), *Vers un système d'alerte précoce à la sécheresse au Maghreb*, Collection Synthèse 4 (Tunis, 2013), http://www.oss-online.org/sites/default/files/publications/OSS-SMAS-CS4_Fr.pdf (accessed 29 October 2019).

88 International Fund for Agricultural Development, *Investing in Rural People in Tunisia* (Rome, October 2018), <https://www.ifad.org/documents/38714170/40801808/IFAD+in+Tunisia/3aec8d17-7a70-4f4b-8fb8-6bcaa49e60ee> (accessed 23 July 2019).

89 United Nations Educational, Scientific and Cultural Organization (UNESCO), *Data for the Sustainable Development Goals – Tunisia*, <http://uis.unesco.org/en/country/tn?theme=education-and-literacy> (accessed 1 October 2019).

90 Souad Triki, *Assistance d'appui au développement de la petite agriculture et au développement local: Rapport sur l'analyse de l'environnement institutionnel*, TCP/TUN/3502 (n. p.: FAO, 2016).

91 Thomas Demmelhuber, *Die politische Ordnung in Tunesien und die Beziehungen mit der EU seit 2011: Dezentralisierung als Blaupause?* Research Paper 03/18 (Berlin: Institut für Europäische Politik, November 2018).

cial). It is still too early to concretely evaluate the effect of this on agricultural questions.

Trade Policy

Like its agricultural policy, Tunisia's trade policy also pursues the contradictory goals of promoting exports and ensuring security of food supply. Like most North African states, Tunisia applies extensive high tariffs, quantitative restrictions and a spectrum of rules governing imports and exports, including licences. A slight market opening was observed from the mid-1980, especially when Tunisia was preparing to join the new World Trade Organisation in 1995. The WTO set maximum permitted tariffs ("bound tariff"). As a result Tunisia's average applied tariff across all trading partners fell from 41 to today's 32 percent. Its bound tariff is 116 percent on average for agricultural products and 40 percent on average for industrial goods (see Figure 2, p. 19).

New trade agreements looking beyond the European market.

Tunisia has numerous trade agreements, under which it grants specific countries more generous market access than the WTO terms that apply to all other trading partners (see Table 1, p. 18). In North Africa the vision of a coordinated trade policy for the region dates back to the 1950s, when Tunisian and Moroccan independence in 1956 sparked the idea of creating an economic community for the Maghreb. As the extremely low rate of regional trade today – less than 2 percent – demonstrates, the initiative is far from being finalised.

Tunisia's current agreements apply to a range of spheres: trade in goods as a whole, specific sectors such as organic produce, or individual aspects of regulation, such as rules of origin or investor protection.

Some of these agreements create a customs union, in the sense of applying joint external tariffs. Others seek only to establish a free trade area: here the partners reduce tariffs between them but maintain their own national protections vis-à-vis third countries. Others again are designed to dismantle non-tariff barriers as well, and thus serve the establishment of an internal market. As well as trade agreements there are also looser general economic cooperation arrangements. For example in 2019 Tunisia and China signed

a cooperation agreement under the "Belt and Road" framework. In 2017 Tunisia also gained observer status in the Economic Community of West African States (ECOWAS) and is pursuing membership. It also joined the Common Market for Eastern and Southern Africa (COMESA) in 2018.⁹²

These more recent agreements demonstrate that Tunisia is no longer fixated exclusively on the European market, even if these more distant trading partners still remain marginal in terms of trade volume. In fact Tunisia is currently negotiating an agreement with the states of the South American Common Market (Mercosur).

Status quo of Market Access

In terms of access to the EU market, Tunisia enjoys fewer preferences than many developing countries. As a "lower middle income country" with annual per-capita GNI of about \$3,500 Tunisia is not entitled to participate in the completely tariff- and quota-free Everything but Arms (EBA) regime. And it has been excluded from the EU's Generalised System of Preferences (GSP) since 2014 on the grounds that it receives equivalent tariff concessions through its Association Agreement of 1998. For that reason it cannot participate either in the add-on GSP+ arrangement, which offers tariff incentives for implementing international conventions relating to labour rights and environmental protections.

Agricultural trade between EU and Tunisia still not much liberalised.

Most agricultural products are excluded from the Association Agreement between the EU and Tunisia, which liberalised only trade in manufactured goods. Although the Barcelona Declaration of 1995 proposed establishing a Euro-Mediterranean free trade area covering "most trade" by 2010 with an "agricultural roadmap" concretising incremental tariff reductions for agricultural products,⁹³ this was only actually achieved with Jordan, Israel, Egypt and Morocco.⁹⁴ The talks with Tunisia were suspended in the wake

⁹² See COMESA, <https://www.comesa.int/> (accessed 16 December 2019).

⁹³ Bettina Rudloff, *EU-Agrarzölle runter – alles gut? Eine Agrarpartnerschaft der EU mit den Euro-Med-Partnerländern*, SWP-Aktuell 29/2011 (Berlin: Stiftung Wissenschaft und Politik, June 2011).

⁹⁴ *Ibid.*, 2ff.

Table 1

Tunisia's most important trade-related agreements

Regional agreements		Bilateral agreements with	
Free trade area with ...	Customs with ...	EU	other third countries
<ul style="list-style-type: none"> ■ Agadir Agreement, 2004^a ■ Greater Arab Free Trade Area (GAFTA), 2005^b ■ African Continental Free Trade Area (AfCFTA), 2019 	<ul style="list-style-type: none"> ■ Arab Maghreb Union (AMU), 1989^c ■ ECOWAS, observer since 2017 ■ COMESA, member since 2018 	<ul style="list-style-type: none"> ■ Association Agreement, 1998 ■ Organic equivalence arrangement, 2009 ■ Bilateral protocol on the establishment of a dispute settlement mechanism, 2009 ■ Regional Convention on pan-Euro-Mediterranean preferential rules of origin (Pan-Euro-Mediterranean, PEM), 2015 ■ 17 bilateral investment protection agreements 	<ul style="list-style-type: none"> ■ Turkey: Association Agreement, 2004 ■ Switzerland: Organic equivalence arrangement, 2011 ■ Mercosur: Negotiations on an agreement since 2014 ■ ECOWAS: Mitglied seit 2018 ■ China: Agreement on economic and technological cooperation 2019 ("Belt and Road" initiative) ■ 41 bilateral investment protection agreements

a Signed by Jordan, Tunisia, Egypt and Morocco.

b Signed by Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen.

c Signed by Tunisia, Algeria, Morocco, Libya and Mauritania.

Source: Author's compilation.

of the political upheavals of 2011. When negotiations resumed in 2015 they moved directly to a Deep and Comprehensive Free Trade Area (DCFTA) across all sectors (which had in interim become the EU's preferred model). A DCFTA goes beyond tariffs to include other aspects, and seeks to liberalise agricultural trade and services too.

While the EU's tariffs on Tunisian industrial products (including fish) are virtually zero, the country enjoys only very limited tariff preferences for agricultural products. Very few agricultural products can be imported to EU completely tariff-free (tomato puree and peeled tomatoes, dates, almonds and

certain types of fruit and vegetables).⁹⁵ The average EU tariff on Tunisian agricultural products is 11.8 percent (see Figure 2, p. 19) – which is only fractionally less than the 12 percent that already applies to all other partners under the most favoured nation (MFN) principle.

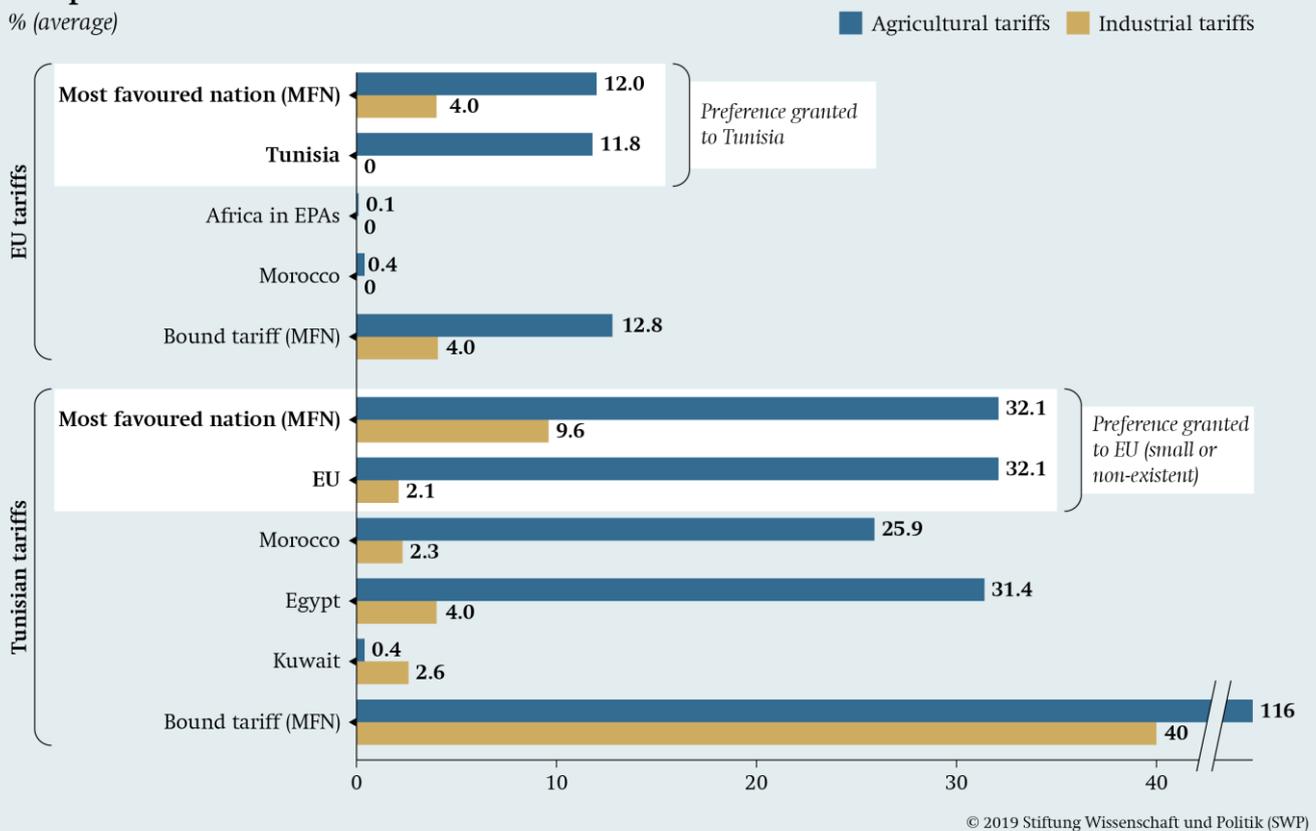
In terms of tariffs Tunisia is in fact in a worse position than other African trading partner of the EU, such as Morocco and the states in Sub-Saharan Africa. The latter are parties to economic partnership agreements (EPAs, negotiated or already implemented)

⁹⁵ Abdelali Jbili and Klaus Enders, "The Association Agreement between Tunisia and the European Union", *Finance and Development* 33, no. 3 (September 1996): 18–20.

Figure 2

Comparison of tariffs EU/Tunisia

% (average)



Source: Data from UN Comtrade Database and WTO Tariff Profiles, Country List. Apart from the bound tariff, figures are for applied tariffs.

which abolish almost all tariffs on both sides, but with longer transitions for African countries.

As far as trade in the other direction is concerned, Tunisian tariffs on agricultural imports from the EU are higher, averaging 32.1 percent. They offer no advantage over the MFN tariffs applied to all other partners. Tunisia also continues to apply high agricultural tariffs to imports from Morocco and Egypt, its partners in the Agadir Agreement – yet grants Kuwait almost completely tariff-free access. The maximum possible Tunisian agricultural tariff is also extremely high, at 116 percent on average (see Figure 2).

The EU grants market access above all through tariff quotas, where defined volumes of a product can be imported tariff-free. Once the quota has been used up tariffs apply. This arrangement is used in particular in connection with products where there is direct competition between Tunisian and European growers, such as olive oil, dried tomatoes, fruit and vegeta-

bles. The quotas are generally also configured seasonally to discourage imports during the respective European harvest period. For olive oil there is an additional option for tariff-free access if the oil is processed within the EU (see Table 2).

The EU applies a special import arrangement, the so-called entry price system, to fruit and vegetables as important Tunisian export products. The EU adjusts the level of tariffs flexibly so as to ensure that the price of imported goods does not fall below a set minimum. Of course this practice is most disadvantageous to competitive low-cost producers such as those from Tunisia.

In terms of processed food (which is especially relevant for employment and value creation) the EU grants Tunisia little in the way of tariff concessions. Instead here Tunisia is largely subject to the same MFN tariff as all other trading partners – although two important processed products, peeled tomatoes

Table 2

Importing olive oil to the EU: options and their relevance

Import option	(1) Quota	(2) Inward processing	(3) MFN tariff
Design	<ul style="list-style-type: none"> ■ Tariff-free for limited volume of 56,700 t per annum ■ Increases of 32,000 t respectively in 2016 and 2017 	<ul style="list-style-type: none"> ■ Tariff-free if blended ■ Labelling of origin of blended component ■ Marketing as oil from country where blending occurs ■ To support market, export of equivalent volume from EU 	<ul style="list-style-type: none"> ■ Above quota 31 – 32% – tariff depending on quality
Objective	<ul style="list-style-type: none"> ■ Limited market access ■ Support for economy after collapse of tourism following terrorist attacks in Sousse, 2015 	<ul style="list-style-type: none"> ■ Support for European processors 	<ul style="list-style-type: none"> ■ WTO rule requiring equal treatment of trade partners
Oil type	<ul style="list-style-type: none"> ■ All (bottled and container, “bulk”) 	<ul style="list-style-type: none"> ■ Container 	<ul style="list-style-type: none"> ■ All
Relevance (% of Tunisian exports to EU)	<ul style="list-style-type: none"> ■ 30% 	<ul style="list-style-type: none"> ■ 30% 	<ul style="list-style-type: none"> ■ 40% estimated remainder
Sum of 1 + 2 relatively constant over time, proportion of inward processing rises with quota utilisation			

Source: Laurent Mercier, *Market Situation in the Olive Oil and Table Olives Sectors* (Brussels: European Commission, Committee for the Common Organisation of the Agricultural Markets, 23 March 2018), <http://www.agro-alimentarias.coop/ficheros/doc/05625.pdf>.

and tomato puree, can be exported to the EU completely tariff-free.

For its part, Tunisia takes a more rigid line than the EU, neither lifting nor reducing tariffs for any agricultural product at all. Instead tightly defined tariff quotas are the means of choice for protecting less competitive Tunisian products including dairy products, meat and cereals. Tunisia rejects the possibility to import these products more cheaply, instead pursuing a strategy of import substitution through domestic production.

Beyond tariffs: No bilateral action on non-tariff measures in the association agreement

Non-tariff measures (NTMs) are not addressed in the existing association agreement. But they do hinder

trade, especially in the agricultural sector (although with regional differences). The NTMs applied by African countries are regarded as especially trade-distorting, generating costs estimated to be equivalent to a tariff of almost 300 percent (three times as high as those applied by OECD countries).⁹⁶ Specifically in North Africa NTMs apply principally to imports of meat, and to the major export products of fruit and vegetables and olive oil. Tunisia in particular makes liberal use of non-tariff measures.⁹⁷ These include

⁹⁶ IMF, *Regional Economic Outlook: Sub-Saharan Africa* (see note 18), 46.

⁹⁷ Nicolas Péridy and Ahmed Ghoneim, “Middle East and North African Integration: Through the Lens of Non-tariff

licensing requirements, labelling rules and import controls as well as numerous export regulations, for example for licensing enterprises to export olive oil.

The EU's NTMs revolve principally around labelling rules and product quality standards and inspections, applying almost exclusively to imports.⁹⁸ In fact the EU applies NTMs to almost 40 percent of all its tariff-free vegetable imports, which also affects Tunisia. What this demonstrates is that just abolishing tariffs will certainly not be sufficient to stimulate the EU's trade with Tunisia, as long as the requirements of the corresponding NTMs are not fulfilled.

It should be emphasised that although NTMs can have a fundamentally trade-reducing effect, they can also be used to address cases of market failure. This applies for example to health standards such as thresholds for pesticide residues. Here NTMs can be used to prevent harm and potentially even achieve welfare gains. According to the European Rapid Alert System for Food and Feed (RASFF), Tunisian foodstuffs are responsible for 10 percent of all food safety problems recorded at the EU's borders. The worst offenders are shellfish, fish, fruit and vegetables (especially oranges), all of which are important Tunisian exports.⁹⁹ This points to weaknesses in the value chains for perishable products affecting transport, storage and food inspections.

Negotiations about Market Access in a New DCFTA

Because Tunisia has to date rigidly protected its market for agricultural products, the current negotiations for a Deep and Comprehensive Free Trade Agreement offer important opportunities, especially for more agricultural trade. As well as addressing tariffs, the talks should in particular tackle non-tariff measures that strongly affect the agricultural sector, including environmental standards and labour rights. The EU concluded DCFTAs with the Eastern Partnership countries Ukraine, Georgia and Moldova in 2014 and is already negotiating with Mediterranean partners like

Measures", *Journal of Economic Integration* 28, no. 4 (2013): 580–609 (586).

⁹⁸ WITS, "Tunisia, Sanitary and Phytosanitary Measures" (2019), <https://wits.worldbank.org/tariff/non-tariff-measures/en/type-count/country/TUN/ntmcode/All.n> (accessed 1 October 2019).

⁹⁹ European Commission, *RASFF Portal*, <https://webgate.ec.europa.eu/rasff-window/portal/?event=searchForm&cleanSearch=1#> (accessed 1 October 2019).

Morocco and Tunisia; negotiations with Egypt and Jordan are planned. The talks with Tunisia began in 2015, with the latest round held in April 2019 in Tunis.

The principal political interests of both sides lie outside of agriculture, and in fact outside the sphere of trade in goods altogether. Tunisia is seeking in the first place to improve the possibilities for its citizens to live and work in the EU, and to achieve flexibilisation of visa conditions. The EU and Germany in particular, in turn, are principally interested in supporting Tunisia's young democratisation movement, which plays a pioneering role in the region. It is also in the EU's interest to cooperate with Tunisia on asylum procedures and in combating terrorism and smuggling.¹⁰⁰

These broad foreign policy themes can be connected only partially with the planned DCFTA. For example labour migration can be regulated as free movement of workers in the services chapter of trade agreements ("Mode 4"). But in order to have a real effect in this sphere, a DCFTA would have to be accompanied by an easing of visa conditions. While the EU does acknowledge this as an objective, it is unlikely to achieve an internal consensus due to differences of interests between member states.¹⁰¹ The migration partnership being sought in parallel also offers openings for trade matters. One option being considered, for example, is to suspend existing tariff concessions to encourage Tunisia to take back rejected asylum-seekers.

Different proposals for agricultural trade

The negotiations on reciprocal tariff reductions and on cooperation on non-tariff measures are explicitly relevant to agricultural trade. They include sanitary and phytosanitary standards and geographical indications.

Reciprocal tariff reductions and exemptions: The approach pursued by the WTO is to liberalise all sectors of trade

¹⁰⁰ "Grenzsicherung in Tunesien: 'Weniger Geflüchtete kommen deswegen nicht'", Sarah Mersch interviewed by Ellen Häring, *Deutschlandfunk Kultur*, 28 January 2019, https://www.deutschlandfunkkultur.de/grenzsicherung-in-tunesien-weniger-gefluechtete-kommen.979.de.html?dram:article_id=439310 (accessed 1 October 2019).

¹⁰¹ European Council, "Joint Press Release on the Occasion of the 15th Meeting of the EU-Tunisia Association Council" (Brussels, 17 May 2019), <https://www.consilium.europa.eu/de/press/press-releases/2019/05/17/joint-press-release-following-the-15th-session-of-the-ue-tunisia-association-council/> (accessed 1 October 2019).

through trade agreements. For that reason exclusions from tariff reductions should not apply to entire sectors — for example agricultural trade as a whole — although they are foreseen for specific products. The actual extent of exclusions is a matter for negotiations. In the EU's EPAs with African states, for example, they cover about 20 to 25 percent of tariffs on goods (affecting mostly but not exclusively agricultural products).¹⁰² In its DCFTA negotiations Tunisia is interested above all in persuading the EU to open its market more fully to Tunisian olive oil. But Tunisia also wants to see the existing seasonal tariff quotas for fruit and vegetables adjusted to its benefit. The EU would like to export more animal products and grain to Tunisia. The length of the transitional period is also an important issue, because it defines how quickly Tunisia must reduce its tariffs and open up to European competition. Under the principle of asymmetry the EU would abolish its import tariffs immediately while the economically weaker partner would benefit from long transitions. European Union EPAs with African countries for example specify transitions of up to twenty-five years. The idea is to grant these countries enough time to actually implement adjustment measures and agricultural reforms, in order to be able to compensate losses that can potentially arise after tariff reductions result in domestic African products being displaced by competing European products in African markets. Finally, safeguard clauses define under what circumstances and to what extent tariffs may be restored temporarily to protect domestic markets.

Non-tariff measures (NTMs): Coordination and possibly harmonisation of standards is a new topic in the DCFTA talks, not covered by the existing association agreement which only refers to typical WTO rules.¹⁰³ One special aspect, originating in the EU's Neighbourhood Policy, lies in the adoption of the *acquis communautaire*. As well as the import rules themselves, this body of European law also contains comprehensive provisions for regulatory and administrative procedures and — and in many cases requires the automatic adoption of subsequent modifications adopted

by the EU, for example on food standards. But in the DCFTA negotiations the *acquis* is narrowed to a range of products defined by the non-EU partner ("selective *acquis*").¹⁰⁴ Finally, the DCFTA negotiations also involve the creation of lists of protected geographical indications which can be flexibly adapted after the conclusion of negotiations.

102 Bettina Rudloff and Isabelle Werenfels, *Vertieftes EU-Handelsabkommen mit Tunesien: Gut gemeint ist nicht genug: Schlecht gerüstetes Tunesien und ratlose EU*, SWP-Aktuell 62/2018 (Berlin: Stiftung Wissenschaft und Politik, November 2018).

103 Bettina Rudloff, *Handeln für eine bessere EU-Handelspolitik: Mehr Legitimierung, Beteiligung und Transparenz*, SWP-Studie 23/2017 (Berlin: Stiftung Wissenschaft und Politik, December 2017).

104 Bernard Hoekman, *Deep and Comprehensive Free Trade Agreements*, EUI Working Paper RSCAS2016/29 (San Domenico di Fiesole: European University Institute [EUI], Robert Schuman Centre for Advanced Studies, 2016), 7.

Risks and Opportunities for Rural Areas

One decisive question in the ongoing talks between the EU and Tunisia on the DCFTA is whether and to what extent reciprocal market opening can bring about positive impacts and stabilising effects in rural areas of Tunisia.

The EU requires sustainability impact assessments (SIA) for all planned new trade agreements. In the meantime such assessments are also conducted after implementation, in order to monitor the actual effects of an agreement once it is in place. The Dutch think tank Ecorys conducted the SIA for the planned DCFTA with Tunisia in 2013 on behalf of the EU (see Annex). The EU commissioned Ecorys again in 2018 (this time in cooperation with a Polish institute and FEMISE, a network of research institutes in Europe and the Mediterranean region), to assess all the existing association agreements with its Mediterranean partners.

Tunisian expertise involved in DCFTA sustainability impact assessments.

In numerous other studies (see Annex) a wide range of institutions, actors and research groups investigate the possible repercussions of a trade liberalisation between the EU and Tunisia. In some cases they concentrate specifically on the agriculture sector, in others on concrete proposals for the DCFTA negotiations; Tunisian researchers participated in almost one-third of the studies (see Table 3). Nothing further is known about the progress of a study commissioned by the Tunisian Ministry of Economics. Studies restricted to individual aspects of market opening are not included in the review presented here.¹⁰⁵

105 For example the widely cited study commissioned by the Rosa-Luxemburg-Stiftung: Chafik Ben Rouine and Jihem Chandoul, *ALECA et agriculture: Au-delà des barrières tarifaires* (Tunis, April 2019).

As far as the projected impacts of a liberalisation of agricultural trade are concerned, authors come to diverging conclusions. This applies especially to findings outside the sphere of trade, production and welfare (where the effects are widely assessed to be positive) (see Table 3). There are few truly economic scenario analyses that examine individual negotiating issues and areas of regulation. And few of the studies investigate the environmental and social fields which – alongside the economic – are extremely important for Tunisia. One reason for this is the methodological limits of the economic modelling applied in most cases. And the impact studies to date ignore topics of great relevance for Tunisia like youth employment, security of food supply and migration. Here only general conclusions can be drawn.

Economic Impacts

The findings are clearest in relation to the economic impacts of trade liberalisation. Opening an economy can lead to growing prosperity, both through a sharper international division of labour and specialisation of production, and also through technological change, increasing foreign investment and the dissemination of knowledge.¹⁰⁶ But economic growth also depends on many other factors, including macro-economic stability, level of state spending, rule of law and quality of institutions. For this reason some authors

106 Jagdish N. Bhagwati, “Export-Promoting Trade Strategy: Issues and Evidence”, *World Bank Research Observer* 3, no. 1 (1988): 27–57; Romain Wacziarg and Karen Horn Welch, “Trade Liberalization and Growth: New Evidence”, *World Bank Economic Review* 22, no. 2 (2008): 187–231.

Table 3: Sustainability impact assessments on liberalisation of trade between the EU and Tunisia

Majority finding
 No majority finding
 Not covered

		Direction of effect of liberalisation for individual dimensions																		
Number of studies	With Tunisian participation	Economic				Ecological	Social													
		Trade	GDP	Welfare	Agricultural production		State deficit	Environmental (CO ₂ emissions)	Poverty	Consumer prices	Income	Wages								
43	13																			
<i>Specific DCFTA</i>																				
10	6	9	4	1	7	6	4	1	10											
		Exports ↑ Imports ↑				↑	↑	↓	Consumer prices ↓ Income ↑											
<i>Association Agreement</i>																				
7	0	5	2	4	4				4											
		Exports ↑ Imports ↑	↑																	
<i>General liberalisation of trade</i>																				
26	7	15	7	3	8				12											
		Exports ↑ Imports ↑	↑	↑	↑				Consumer prices ↓ Income ↑ Wages ↑											

Source: Author's analysis of 43 sustainability impact assessments (see Annex), plus three in preparation (two of which with Tunisian participation).

conclude that trade agreements are in themselves only a minor factor for economic growth.¹⁰⁷

In the concrete case of Tunisian/European trade liberalisation most studies predict that reducing tariffs would boost trade in both directions and strengthen overall economic growth in Tunisia. Particular opportunities would arise for Tunisian olive oil and fruit and vegetable products, whereas negative effects would be more likely for cereals, milk and meat. The authors of some studies conclude that while the purely quantitative volume of trade might increase its value would not, and point out that falling customs revenues could increase the Tunisian state deficit.

In the EU's formal SIA, on the other hand, Ecorys forecasts that implementation of the agreement would increase Tunisian economic growth by 7 percent in the long term. It also concludes that the stronger the liberalisation of agriculture through the agreement, the stronger the positive welfare effects – because barriers to trade are still especially high in the agricultural sector, which consequently offers great scope for improvement.

Full benefits of tariff reductions only felt if NTMs also dismantled.

One caveat must be added: tariff reductions only stimulate trade where they are embedded in an overall trade strategy that also addresses non-tariff measures. Yet the latter are largely ignored in the analyses because their impact is hard to model.¹⁰⁸

Most authors agree, however, that reforms and greater investment in production chains represent essential preconditions for positive economic effects in Tunisia. Above all, they assert, this offers a route to increasing the currently small added value.

107 William Easterly and Ross Levine, “Africa’s Growth Tragedy: Policies and Ethnic Divisions”, *Quarterly Journal of Economics* 112, no. 4 (1997): 1203–50; David Dollar and Aart Kraay, *Institutions, Trade, and Growth: Revisiting the Evidence*, World Bank Policy Research Working Paper 3004 (Washington, D.C.: World Bank, March 2003).

108 The following study explicitly considers the dismantling of NTMs, finding it to be positive for trade and production: Michael Gasiorek and Sami Mouley, *Analyzing the Impact of a [sic] EU-Tunisia DCFTA on Tunisian Trade and Production*, FEMISE Research Papers, Report FEM43-16 (n. p., September 2019), <https://www.euneighbours.eu/sites/default/files/publications/2019-10/FEM43-16-final%20%281%29.pdf> (accessed 31 October 2019).

Ecological Impacts

The link between ecology and trade seems ambiguous: On the one hand, economic growth is associated with higher energy consumption, increased movement of people and goods, and intensified pressure on natural resources (scale effect). On the other hand, trade liberalisation changes the structure of the economy as a whole in ways that may result in environmental benefits (composition effect). The upshot is that the environmental footprint initially grows as economic development shifts a country’s activity from agriculture to industry, or agricultural production is intensified. But as the transformation progresses to services and knowledge-based technologies the burden on the ecosystem can fall again.¹⁰⁹ Under conditions of liberalised competition the more environmentally harmful and polluting sectors associated with high emissions can relocate to countries with lower environmental standards.¹¹⁰ And rising prosperity can also lead to greater environmental awareness and stricter environmental regulations.¹¹¹

Few studies of ecological and social impacts of agricultural trade liberalisation.

The likely ecological impacts of the planned trade agreement with Tunisia have only been assessed in four studies to date, with a focus on CO₂ emissions. They predict that emissions will grow,¹¹² water con-

109 This aspect was revealed above all through Grossman and Krueger’s pioneering work on the effects of the North American Free Trade Agreement (NAFTA). See Gene M. Grossman and Alan B. Krueger, *Environmental Impacts of a North American Free Trade Agreement*, NBER Working Paper Series 3914 (Cambridge, MA: National Bureau of Economic Research [NBER], November 1991).

110 See Brian R. Copeland and M. Scott Taylor, “Trade, Growth, and the Environment”, *Journal of Economic Literature* 42, no. 1 (2004): 7–71.

111 Ibid.; Shunsuke Managi, Akira Hibiki and Tetsuya Tsurumi, *Does Trade Liberalization Reduce Pollution Emissions?* RIETI Discussion Paper Series 08-E-013 (Tokyo: Research Institute of Economy, Trade and Industry [RIETI], 2008); see also Soumyananda Dinda, “Environmental Kuznets Curve Hypothesis: A Survey”, *Ecological Economics* 49, no. 4 (2004): 431–55; Perry Sadorsky, “Renewable Energy Consumption and Income in Emerging Economies”, *Energy Policy* 37, no. 10 (2009): 4021–28.

112 Abdelaziz Hakimi and Helmi Hamdi, *Trade Liberalization, FDI Inflows, Environmental Quality and Economic Growth: A*

sumption will increase through an expansion of water-intensive sectors and more irrigation (for example of fruit and vegetables), and that more pesticides could also be used.¹¹³ The volume of waste is also forecast to increase, along with higher consumption of plastics in households and businesses.¹¹⁴

Positive effects are expected where cultivation of ecological fragile and/or low-yielding areas is potentially abandoned in response to a loss of profitability. That could encourage a shift to less intensive land uses like sheep-rearing. The World Bank, for example, expects intensified competition to result in a significant increase the amount of fallow land.¹¹⁵ It would also be beneficial for the ecosystem if a trade liberalisation were to strongly reduce Tunisian cereal production, which is currently a major factor causing soil degradation.

Social Impacts

Fundamentally an increase in trade can lead to rising income and consequently falling poverty.¹¹⁶ But this trickle-down effect does not automatically reach the poorest in society. A trade liberalisation is always accompanied by adjustment processes that have negative effects for some sectors and some workers. These need to be compensated by redistribution of the welfare gains through a corresponding social policy. Many experts regard a strengthened agricultural sec-

tor as especially effective in reducing poverty.¹¹⁷ In terms of a liberalisation of agricultural trade through the planned DCFTA, it should therefore be assumed that poverty in Tunisia can be reduced.

The studies considered here also suggest that employment will rise in individual agricultural sectors, for example in the production of fruit, vegetables and vegetable oils. In citrus fruit and cereals a reduction in employment is to be expected.¹¹⁸ The explanation for these differential effects is that liberalised trade strengthens a country's competitive sectors but reduces employment where inefficient structures are swept away and technological progress develops. Then the entire employment effect depends on whether the industrial sector can offer new jobs for these displaced and specifically qualified workers.

As far as the development of wages after the planned trade agreement is concerned, the forecasts diverge. The maximum discussed is a 15 percent rise in wages through intensified trade.

Female employment rates can in principle increase if particular export-capable sectors expand. However increasing exports and an efficiency-driven restructuring of production come with a danger of creating more temporary and poorly paid ancillary jobs, for example in harvesting or packing. That was for example predicted in the impact assessments a few years ago for a new EU trade agreement with Chile.¹¹⁹ In Tunisia, too, these would be typical occupations for women.¹²⁰ The effect of trade liberalisation on youth employment can only be guessed at on the basis of potential wage developments. The greater the wage effect through economic growth, the more attractive agriculture sector is likely to become for better-qualified young adults.

Comparative Analysis between Tunisia and Morocco, MPRA Paper 63799 (Munich: Munich Personal RePEc Archive [MPRA], 20 April 2015).

113 Marco Jonville, *Perceptions de l'Accord de Libre Echange Complet et Approfondi (ALECA): Etude des attentes et conséquences économiques et sociales en Tunisie* (Tunis: Forum Tunisien des Droits Economiques et Sociaux [FTDES], October 2018), 6f.

114 *European Commission Services' Position Paper on the Trade Sustainability Impact Assessment in Support of Negotiations of a Deep and Comprehensive Free Trade Agreement between the European Union and Tunisia* (April 2015), http://trade.ec.europa.eu/doclib/docs/2015/april/tradoc_153337.pdf (accessed 18 July 2019).

115 *Tunisia: Agricultural Policy Review*, Report 35239-TN (Washington, D.C.: World Bank, 20 July 2006), 26f.

116 L. Alan Winters, Neil McCulloch and Andrew McKay, "Trade Liberalization and Poverty: The Evidence So Far", *Journal of Economic Literature* 42, no. 1 (2004): 72 – 115; David Dollar and Aart Kraay, "Trade, Growth, and Poverty", *Economic Journal* 114, no. 493 (2004): F22 – F49.

117 John W. Mellor, *Agricultural Development and Economic Transformation: Promoting Growth with Poverty Reduction* (Basingstoke, 2017), 22ff.

118 Hakim Ben Hammouda, Mohamed Hedi Bchir, Mondher Mimouni and Xavier Pichot, *How North Africa Could Benefit from the Euromediterranean Partnership: The Necessity to Balance the Barcelona Process*, ATPC Work in Progress 59 (n. p.: African Trade Policy Centre [ATPC], May 2007).

119 ITAQA SARL, *Evaluation of the Economic Impact of the Trade Pillar of the EU-Chile Association Agreement: Final Report* (Paris, 23 March 2012), 204.

120 Ilham Haouas, Mahmoud Yagoubi and Almas Heshmati, "The Impacts of Trade Liberalization on Employment and Wages in Tunisian Industries", *Journal of International Development* 17, no. 4 (2005): 527 – 51.

None of the sustainability impact assessments consider security of food supply, despite this being the foremost objective of Tunisia's protectionist trade policy to date. Trade liberalisation would cause imports to increase and consumer prices to fall, and as a result improve the supply situation. However, such a development would not be driven by domestic production and as such would run counter to the Tunisian political objective of self-sufficiency in food.

Migration effects too can only be indirectly inferred. On the one hand the better-qualified and higher-earning are regarded as fundamentally more likely to migrate than those employed in agricultural primary production. In a scenario of rising prosperity that would encourage the emigration of better-qualified Tunisians. On the other hand new trade flows and the resulting new employment opportunities can also reduce labour migration.¹²¹ For agriculture two outcomes are to be expected: Employment could be boosted in certain sectors, for example in the production of oil, fruit and vegetables. And if more high-quality and better-paid agricultural work is available, the migration pressure in rural Tunisia can be expected to fall.

121 Hein de Haas et al., *International Migration: Trends, Determinants and Policy Effects*, IMIn Working Paper Series, Paper 142 (n. p.: International Migration Institute Network [IMIn], January 2018).

Tunisian Qualms over Liberalisation of Agricultural Trade

The sustainability impact assessments highlight aspects of economic potential, but also identify social and ecological risks of a trade liberalisation in the context of a DCFTA. The experience with other EU agreements suggests that some of the identified risks of market opening can certainly be addressed. But in Tunisia the planned agreement provokes categorical rejection. Opposition to ALECA (Accord de Libre Echange Complet et Approfondi, French for DCFTA) resembles the broad front against TTIP in the EU and especially in Germany. It is driven by a multitude of Tunisian experiences and traditions and operates at a level of generalisation that makes it hard to find concrete solutions.

Seeking an Explanation: Past Experience with Agricultural Reforms and the Narrative of European Dominance

Tunisia's rather protectionist business and trade culture and its strategy of ensuring a secure food supply through domestic production rather than imports stand diametrically opposed to market opening. Historical experiences with external actors – and certain Tunisian ones – are also relevant, having often determined developments especially in the field of agriculture. From French colonialism to IMF and World Bank structural adjustment programmes and EU funding initiatives, externally initiated measures have often been perceived as harmful interference.¹²² This narrative of external – above all European – dominance permeates all criticism of the planned DCFTA.

Fears associated with expropriation are most prevalent. Long after Tunisian independence (1956) it was

still common practice during the autocratic era of President Ben Ali (ruled 1987 to 2011) and is in the public consciousness strongly associated with any change in economic policy (see Box 1). Moreover, after the multilateral Agreement on Textiles and Clothing expired in 2005, the resulting sectoral liberalisation did indeed precipitate major disruption and unemployment in Tunisia. To this day that experience is cited as an example of the fatal consequences of market opening in general.

Tunisian civil society emerged strengthened from the revolution of 2011. Today, as well as demanding transparency and participation in political processes, it responds – sometimes with violent unrest – to price rises for everyday goods such as petrol, electricity and food. It should also be remembered that influential Tunisian agricultural enterprises profit from the existing agricultural policies. An agricultural reform with market opening is therefore difficult to communicate, even though in the long term it would probably be both more efficient and more equitable than the current subsidies for cereals and vegetable oils.¹²³

Reservations of Individual Actors

Criticisms of the DCFTA grew ever louder in the course of 2019, with both presidential and parliamentary elections held in late autumn. Many of the objections to the proposed trade agreement related explicitly to agriculture, picking up on real risks associated with a significant market opening. These concerns are likely to persist under any new government. In any case agricultural matters are always also handled with kid gloves, regardless of the political colour of the government (see Box 1).

¹²² *Macro Poverty Outlook, Middle East and North Africa (Tunisia)* (Washington, D.C.: World Bank, 2019), <http://pubdocs.worldbank.org/en/100591553672422574/Tunisia-MEU-April-2019-Eng.pdf> (accessed 1 October 2019).

¹²³ Dnyanesh Kamat, "Trouble Ahead as Tunisia Eyes Elections in Autumn", *Euractiv*, 5 March 2019.

Box 1

Land use and expropriation in Tunisia – enduring experiences

The treatment of land ownership in various phases prior to independence – and on until the revolution of 2011 – represents a symbolic and widely cited example of dominance by external and Tunisian actors. Under colonial rule the land was largely owned by French and other European actors. Under the first post-independence president, Habib Bourguiba, foreigners were prohibited from owning land. Foreigners were expropriated and their property fell into public ownership. To this day a large proportion of land is state-owned. Especially this land, as well as areas without formal ownership such as collective land, was reallocated to private ownership in the 1980s. This wave of privatisations initiated by the IMF and the World Bank played no small role in this process. Regional councils (“conseils régionaux”) played a key role in the allocation process.^a They were composed largely of landowners and religious leaders, who secured land for themselves. The outcome was that a handful of Tunisian entrepreneurs acquired extensive land holdings. The extended family and business dynasty of Zine el-Abidine Ben Ali, who deposed Bourguiba in 1987 and ruled Tunisia as its autocratic presi-

dent until the revolution of 2011, profited especially from this process. It has been estimated that in 2010 firms owned by the Ben Ali clan received approximately 21 percent of total profits in the Tunisian private sector.^b

Although few of these firms were in the agricultural sector, the possibility of expropriation remained a concern in agriculture – and is still permitted in the “public interest”.^c According to a survey conducted by the World Bank, farmers and other small businesses consciously pursued defensive market strategies in order to avoid becoming identifiably successful. They wanted to avoid drawing the attention of the then government, which had few qualms about using expropriation to secure its monopolies.^d To this day a deep-seated fear of expropriation and inequitable land reform reinforces resistance to reforms in the agricultural sector. It also discourages the establishment of producer collectives that requires farmer to give up aspects of their autonomy concerning land use. The potential for smaller producers to expand their market power by joining forces thus remains untapped.

a Aude-Annabelle Canesse, “Rural ‘Participation’ and Its Framework in Tunisia”, *Journal of Economic and Social Research* 12, no. 1 (2010): 63–68 (68).

b Antonio Nucifora and Bob Rijkers, *The Unfinished Revolution: Bringing Opportunity, Good Jobs and Greater Wealth to All Tunisians* (Washington, D.C.: World Bank, May 2014), 312.

c Moha El-Ayachi, Lahcen Bouramdane and Mouastapha G. Tine, “The Land Tenure in Northern Africa: Challenges and Opportunities”, *African Journal of Geospatial Sciences and Land Governance* 1, no. 1 (2018): 1–12 (4).

d Nucifora and Rijkers, *The Unfinished Revolution* (see note b).

Source: Mondher Fetoui et al., *Assessing Impacts of Land Policies on the Production Systems and Livelihoods in the South-East of Tunisia* (n.p.: CGIAR/ICARDA, December 2014).

(1) *Government and administration*: Even before the election year of 2019 the government lacked a clear and constructive strategy, as Tunisian businesses noted.¹²⁴ While Prime Minister Youssef Chahed and the lead negotiator generally supported the negotiations, the politically unaffiliated agriculture minister rejected them from the outset.¹²⁵ Nor is it easy to

draw a clear line between advocates and opponents of a further market liberalisation among the parties represented in the Tunisian parliament. Pro-business deputies and entrepreneurs are strongly represented in the secular Nidaa Tounes party. While they welcome the growth opportunities, they often actually profit from the protectionist status quo, for example in the case of the major export product olive oil. The Islamic Ennahda is also regarded as leaning towards economic liberalism, but followed a course of growing criticism in its public statements on the DCFTA negotiations in the election year.¹²⁶

124 Rudloff and Werenfels, *Vertieftes EU-Handelsabkommen mit Tunesien* (see note 102).

125 “ALECA: ‘Les intérêts de la Tunisie seront préservés’ promet le chef du gouvernement: L’accord en question doit prendre en considération les écarts de développement entre les deux parties a-t-il souligné”, *Huffington Post*, 13 May 2019, https://www.huffpostmaghreb.com/entry/aleca-les-interets-de-la-tunisie-seront-preserves-promet-le-chef-du-gouvernement_mg_5cd937e9e4b0705e47df3c8a (accessed 1 October 2019).

126 Chokri Gharbi, “Billet: Quel partenariat avec l’Europe?” *La Presse de Tunisie*, 26 June 2019.

The outgoing prime minister (and unsuccessful presidential candidate) Youssef Chahed, himself an agricultural engineer specialised in agricultural trade,¹²⁷ also expressed growing reservations in the course of the election campaign, presumably for strategic reasons. In May 2019, even as the government was increasingly distancing itself from the DCFTA negotiations, it publicly called for urgency in the trade talks with the Mercosur states.¹²⁸ This contradiction can be interpreted as an attempt to break out of what is perceived as negative European dominance. But above all bilateral trade with the Mercosur states would involve a clearer division of labour – meat imports for fruit exports – and less direct competition in similar markets than is the case with the EU.

A clear turn towards an agreement with EU is probably not on the cards until a new government is fully operational. The new President Kais Saied did not speak positively about the DCFTA as a candidate in the public debates during the presidential election campaign. Chahed was the only candidate to do so, albeit reservedly.¹²⁹ As far as agriculture and security of supply are concerned, the debates also imply that the protectionist course is here to stay. However, a broader decentralisation of the kind also demanded by Saied in the debates might have a favourable effect, as might the breaking up of monopoly structures. No clear policy alignment is yet apparent in connection with the new majorities in parliament. Ennahda is the largest parliamentary group and traditionally economically liberal. But the positions of new parties entering parliament for the first time are not yet apparent. One thing appears certain, though: The only actor who publicly and explicitly supported the DCFTA in the past – the outgoing Prime Minister Chahed – will probably be playing a much less prominent political role in the future.

127 Youssef Chahed, *Mesure de l'impact de la libéralisation des marchés agricoles sur les échanges et le bien-être*, Ph.D. diss., Paris, 2003.

128 “La Tunisie veut accélérer la conclusion d’un accord de libre-échange avec le marché commun d’Amérique latine (Mercosur)”, *Leaders*, 7 May 2019.

129 Televised debates, 7–9 September 2019.

False assertions that sustainability impact assessments are lacking.

(2) *Public sphere and media*: Since the opening of negotiations the media have also adopted an increasingly negative tone towards the proposed agreement and have even disseminated misinformation,¹³⁰ incorrectly claiming that sustainability impact assessments were lacking. Another point of criticism was that the export opportunities opened by the agreement were too small. At the same time worries were expressed that Tunisian exports of environmentally harmful products would increase, while European imports could displace economically weak domestic structures. The debt trap was also named as a potential risk associated with growing dependency on imports from the EU.

(3) *Civil society, employers’ organisations, trade unions*: Organised civil society in Tunisia is just as critical of international trade as its counterpart in the EU, and is especially concerned about the agricultural sector. Like “TTIP” in Germany and Europe, “ALECA” has become a political touchstone. These anxieties are shared across North Africa: in 2016 a coalition of civil society organisations in the four Agadir states warned against European market dominance resulting from growing bilateral trade.¹³¹

In Tunisia itself fifteen organisations joined together to form a coalition as the negotiations began. Its members include the Tunisian General Labour Union (Union Générale Tunisienne du Travail, UGTT), the Tunisian Human Rights League (Ligue Tunisienne des Droits de l’Homme, LTDH) and the Tunisian Association of Democratic Women (Association Tunisienne des Femmes Démocrates, ATFD).¹³² The coalition seeks to conduct a thorough debate about the planned trade agreement at national level, to strengthen Tunisia’s position vis-à-vis the EU in the negotiations. In the eyes of this coalition the proposed agreement pays inadequate attention to the economic and social asym-

130 Survey of press agencies, periodicals and online sources since 2015, including *La Presse*, *Agence Tunis Afrique Presse*, *La Presse de Tunisie*, *African Manager*.

131 Oli Brown, *The Impact of EU Trade Agreements on Conflict and Peace*, Civil Society Dialogue Network Discussion Paper 2 (Brussels: European Peacebuilding Liaison Office [EPLO], 2013), 18.

132 “Une coalition de 15 associations revendique sa participation aux négociations sur l’ALECA”, *Babnet*, 16 September 2015, <https://www.babnet.net/cadredetail-112005.asp> (accessed 1 October 2019).

metries and the special things about Tunisia. Like Tunisian government circles and media, civil society actors believe that neither the sustainability impact assessments on the consequences of a new DCFTA produced to date nor those on the effects of the existing association agreement have been adequate. The studies commissioned by the EU and the World Bank are rejected as biased.

In the meantime a civil society forum in Tunisia (Forum Tunisien des Droits Economiques et Sociaux, FTDES) has conducted its own survey of businesses to find out how they see the DCFTA negotiations and what consequences they expect. Although the FTDES study draws some drastic conclusions – that the process will be “fatal for farmers” and that the agreement could lead to the “loss of food sovereignty” or lead to an “invasion of European products” – it does also recognise a degree of positive potential in the negotiated agreement.¹³³ But a real transformation of agriculture is seen as preconditional.¹³⁴

The think tank Solidar Tunisie¹³⁵ published more positive responses to the possible agreement. Together with the Global Progressive Forum (a joint initiative of the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament and the Party of European Socialists) it has formulated concrete wishes for agriculture and listed products that should be excluded from Tunisian market opening. It also noted that Tunisia needs agricultural reform whether or not the DCFTA progresses.¹³⁶

Finally, Tunisia’s social partners also express reservations. The Tunisian employers’ organisation (Union Tunisienne de l’Industrie, du Commerce et de l’Artisanat, UTICA) adopts an ambivalent position. It emphasises the benefits of a further market opening on

the EU side, but stresses how sensitive Tunisia’s agricultural sector is, and also complains about a supposed lack of sustainability impact assessments. Independently of the DCFTA, it also presses urgently for reforms to improve infrastructure and products quality.¹³⁷

While the Tunisian General Labour Union (UGTT) sees the proposed DCFTA above all as a risk for the agricultural sector,¹³⁸ the Tunisian Union of Agriculture and Fisheries (Union Tunisienne de l’Agriculture et de la Pêche, UTAP) flatly rejected it from the very outset. UTAP fears that EU imports could displace small-scale agricultural structures and points to the experience of the Tunisian textiles sector, which it asserts was destroyed by an excessive market opening. UTAP explicitly calls for domestic food self-sufficiency and as such rejects a further market opening through a DCFTA per se.

(4) *Trade associations and businesses:* The Tunisian Farmers’ Union (Synagri) has always insisted that comprehensive agricultural reform must precede any negotiations wider Tunisian market opening such as the DCFTA.¹³⁹ Individual Tunisian enterprises in the food sector are considerably more open to a trade liberalisation and tend to focus on the benefits they would accrue through an agreement, such as cheaper inputs. They accuse the government of lacking a clear strategy for market development. They would also like to see support for Tunisian national branding as a mark of quality – which, they say, will be even more important if an agreement is concluded and European products compete more strongly with Tunisian.

The polling agency Sigma Conseil, whose leadership is close to the former governing party Nidaa Tounes, surveyed more than six hundred Tunisian farmers in 2018. It found that farmers were less critical of the idea of a trade agreement than the

133 “ALECA: Trop dépendants pour freiner l’UE, trop tard pour éviter la casse”, *African Manager*, 22 October 2018, <https://africanmanager.com/aleca-trop-dependants-pour-freiner-lue-trop-tard-pour-eviter-la-casse/> (accessed 26 July 2019).

134 Hamza Marzouk, “Le FTDES recommande de repenser l’Aleca pour un accord positif”, *ALECA*, 11 October 2018, <http://www.aleca.tn/le-ftdes-recommande-de-repenser-laleca-pour-un-accord-positif/> (accessed 1 October 2019).

135 Website of Solidar Tunisie: <http://solidar-tunisie.org/>.

136 “ALECA Tunisie/UE: pour un accord asymétrique, progressiste et juste: Déclaration adoptée à Tunis le 23 Septembre 2017”, *Global Progressive Forum*, 27 September 2017, <https://www.globalprogressiveforum.org/content/aleca-tunisieue-pour-un-accord-asymetrique-progressiste-et-juste-0> (accessed 1 October 2019).

137 “ALECA: Réunion de travail UTICA-Union européenne”, *UTICA*, 28 May 2018, https://www.utica.org.tn/Fr/actualites_7_9_D1716#.XRNfksRCQ2w (accessed 1 October 2019).

138 Maher Chaabane, “L’UGTT lance la ‘Coordination nationale de lutte contre l’ALECA’”, *Tunis Webdo*, 24 May 2019, <http://www.webdo.tn/2019/05/24/tunisie-lugtt-lance-la-coordination-nationale-de-lutte-contre-laleca/> (accessed 1 October 2019).

139 Hamza Marzouk, Synagri – Une véritable politique agricole avant l’Aleca”, *L’Economiste maghrébin*, 23 January 2016, <https://www.leconomistemaghrebin.com/2016/01/23/synagri-mettre-en-oeuvre-des-mesures-prealables-avant-laleca/> (accessed 1 October 2019).

reporting would suggest. Few of them had even heard of the DCFTA specifically. This suggests that media reporting and the EU's information campaign have failed to actually reach enough farmers. Farmers' concerns are possibly also misreported. In the survey they named climate challenges, poor infrastructure, unclear subsidy policies, political price fixing and the state monopolies in cereals and olive oil as the main problems for agriculture. At the same time more than half expressed a wish for better export opportunities – which a putative DCFTA would offer.

The assessment of some Tunisian olive oil bottlers points in the same direction: They see great potential of growing exports, especially of bottled olive oil, to boost added value.¹⁴⁰

(5) *Academia*: Despite multiple assertions to the contrary by most Tunisian actors and their public dissemination by the media, Tunisian academics have contributed to numerous publications on trade liberalisation (see Table 3, p. 24) – although some of these must be characterised more as commentaries than sustainability impact assessments of rigour comparable to the EU's assessments. In some cases they also contain extensive descriptions of the process but lack a real evaluation of the actual substance of the negotiations.

140 Verbal information at the conference of the Tunisian employers' organisation, Tunis, 18 April 2019.

Possible EU Responses to Tunisian Reservations

Many of the objections outlined here relate to earnest sensitivities in the present Tunisian agricultural structure, or to real risks of market opening as identified in the sustainability impact assessments. Yet certain actors restrict themselves to flatly rejecting any agreement from the outset for electoral reasons. After the elections in autumn 2019, Tunisia is less rather than more likely to opt for a trade liberalisation. As far as concrete negotiations are concerned, we will in all events first see a phase of uncertainty as to how the new decisive actors will position themselves.

The agriculture chapter will be crucial for communication in future negotiations, and for the conclusion of a DCFTA. If an agreement on agricultural trade cannot be reached, Tunisia may interpret that to mean that the EU is either unwilling or unable to satisfy its needs, and exploit this strategically. If, on the other hand, Tunisian resistance on agricultural issues can be overcome this could rub off on negotiations in other areas of the DCFTA. That would mean comprehending Tunisia's sensibilities – and clearly communicating this. At the same time it must be clarified that Tunisia itself bears responsibility for the matters at issue.

Many of the criticisms repeatedly expressed by the Tunisian side could be neutralised in the negotiations through corresponding provisions in the DCFTA. This is demonstrated by experience with agreements with other countries. After the EU and Georgia concluded their DCFTA in 2014 the Georgian lead negotiator stated that the process had definitely produced different results than the initial offers would have suggested.¹⁴¹ Other Tunisian complaints relate more to the communication between the partners and the negotiating process than to the substance. Here too there is room for improvement.

¹⁴¹ Christian Hanelt and Miriam Kosmehl, *Tunesisches DCFTA-Verhandlungsteam zum Erfahrungsaustausch in Georgien* (Gütersloh: Bertelsmann Stiftung, 26 March 2019).

Regardless of how the election results and new actors within the government and parliament concretely affect positions on trade policy, and independently of the success of a new agreement, it must always be remembered that agriculture is key to Tunisia's economic and social stability. European support for rural areas is necessary and possible, even if a DCFTA does not come into being.

Compromises in the Agriculture Chapter

Agreements like the DCFTAs with Georgia, Moldova and Ukraine, as well as the WPAs with African states, demonstrate that possibilities exist for addressing the concerns of the economically weaker side.

Leeway exists above all in *protecting the domestic market* from expanding imports from the EU. Exceptions from market opening can be defined; longer (and potentially very long) transition periods for reducing Tunisian tariffs can be set for the economically weaker partner under EU's asymmetry approach. The sustainability chapter – now included in all new EU trade agreement – can be beefed up. The two sides could for example jointly explore how the related and so far weak dispute settlement mechanism for sustainability issues could effectively encourage civil society participation in environmental and labour protection cases; that would be extremely important in Tunisia.

Olive oil exports offer an important and highly symbolic opportunity. Simply in order to increase sales it would not in fact be necessary to increase the quota; olive oil outside the quota reaches the EU market tariff-free under the inward processing arrangement (see Table 2, p. 20). But the measure would still make sense from the perspective of marketing strategy and on account of the product's great political symbolism. The EU should therefore propose the introduction of an additional quota specially for bottled oil and cer-

tified organic oil. Tunisia could present such an additional quota as a negotiating success. At the same time Greek, Italian and Spanish competitors would be spared a rapid flood of cheap Tunisian oil, because Tunisia would first have to establish the capacity to increase production in this premium segment. In the longer term the quota would create incentives in Tunisia for the urgently needed strengthening of value chains and the associated skilled employment.

EU should offer to significantly reduce tariffs on processed products.

The EU should offer to lower tariffs noticeably specifically for *processed products*. Currently there is a lack of tariff incentives for exports to the EU, with the exception of partially processed tomato products. This inhibits the expansion of processing chains and makes it harder to increase added value and create more skilled employment. The establishment of such incentives must be accompanied by capacity support. Tariff incentives could be especially attractive to exporters of fruit juices, jams and conserved fruit.

The ambitious idea of demanding the adoption of the EU's *acquis communautaire* in the DCFTA is also suited to promoting higher-value Tunisian production. Tunisia should therefore understand the proposal not only as a burden, but above all as a marketing opportunity. The sustainability impact assessments clearly indicate that reducing tariffs can only lead to welfare effects if standards are also observed. The existing organic equivalence arrangement between the EU and Tunisia demonstrates that Tunisia is capable not only of integrating European product standards in its agriculture but also – as required under the *acquis* – administrative procedures and processes. In a similar way, in the negotiations DCFTA Tunisia could select specific promising export products to which the “selective *acquis*” would apply on a case-specific basis, as the EU has already proposed. The EU would naturally have to support this process of adopting European rules and regulations, which incurs considerable costs and requires institutional reforms.¹⁴² Here again, as with tariff reductions under the EU's asymmetrical approach, a longer transition could be agreed. This appears as “dynamic approximation” in the EU's DCFTA with Georgia.

¹⁴² *Ibid.*, 2.

Sustainability Impact Assessments: Consideration for Tunisian Sensitivities and More Ownership

Despite frequent assertions to the contrary from the Tunisian side – widely disseminated by the country's media – there are already dozens of impact assessments on trade liberalisation.¹⁴³ And Tunisian actors were involved in almost one-third of all studies on trade liberalisation produced to date. Tunisia's criticism that the existing Association Agreement with the EU has not been evaluated cannot be left unchallenged. Firstly, the EU recently initiated a comparative evaluation of the association agreements with all its Mediterranean partners.¹⁴⁴ Secondly, the symbolically important agricultural sector is excluded from liberalisation under its Association Agreement with Tunisia. So it would not be possible to draw any conclusions for a DCFTA targeting agriculture anyway.

The objection that the studies neglect or completely omit politically sensitive topics that are priorities for Tunisia, such as youth employment, social cohesion, rural water quality and food security, is however justified. This could be remedied through supplementary investigations conducted in parallel to the ongoing talks. It would also make sense to continuously evaluate the social and ecological effects after implementation. And the agreement should also include reactive mechanisms for responding to identified problems with protective measures if necessary, for example in the form of protective tariffs. Certain EU agreements to date permitted the imposition of temporary protective tariffs to pursue non-economic objectives, but only for purposes of securing supply. It must be stressed that national protective policies are often more effective than tariffs.

SIA findings should be discussed publicly in Tunisia.

Tunisian researchers should certainly continue to be involved in sustainability impact assessments, and to a greater extent than hitherto. They should espe-

¹⁴³ See the section on “Risks and Opportunities for Rural Areas” in this volume, pp. 23–27.

¹⁴⁴ “The EU-Mediterranean Association Agreements Website”, Center for Social and Economic Research [CASE], 6 August 2019, <https://www.case-research.eu/en/the-eu-mediterranean-association-agreements-website-101123> (accessed 1 October 2019).

cially evaluate actually negotiated content, an aspect that has frequently been neglected by some Tunisian research. Such studies should be exposed to open scholarly debate in order to channel communication to the factual level, rather than having them moulder as grey literature. A public discourse about the findings and methods of different studies would also be helpful to neutralise the recurring assertion that scientific studies are lacking. The evaluation of existing association agreements initiated recently by the EU goes in this direction of greater openness: Suggestions and criticisms sourced through public and online consultations could be included in the analysis.¹⁴⁵ In fact it is on the Tunisian side that that openness appears to be lacking, given the dearth of information about the study commissioned by the Tunisian Ministry of Economics.

But because sustainability impact assessments can by nature supply little in the way of certainty, experience from other talks is more useful for deciding whether negotiations should occur, what they should be about and how they should proceed. One promising approach is pursued by the Bertelsmann Stiftung, which brings negotiating partners from neighbouring states with which the EU has already concluded a DCFTA together with Tunisian actors to promote an open exchange.¹⁴⁶ But first it must be seen what positions the new government and president adopt on the DCFTA after the government has become operational. Only then can the relevant actors become involved.

Better Communication and Consideration of Wider Political Context

Beyond concrete criticisms of individual aspects, the negotiations have been burdened from the outset by the narrative of colonial dominance and by negative experiences with market orientation, especially in the agricultural sector. The EU should demonstrate clear understanding for this attitude, in order to communi-

cate a message of political respect. It must be clear that the talks are with and not against Tunisia. One necessary sign would be greater involvement of Tunisian actors in sustainability impact assessments.

At the same time the EU should have no qualms about preparing exit strategies for the eventuality of the negotiations failing. If, despite obvious good will, no consensus can be achieved and Tunisia's fundamental criticisms of an agreement cannot be dispelled, other options would exist. For example the talks could be suspended and resumed at a later more auspicious time. It would also be conceivable to end them altogether. But neither side should regard that possibility as a coercive manoeuvre by the other. Instead such decisions should be regarded as the outcome of an open-ended dialogue. And the EU should underline its respect for Tunisia's decisions.

Aborting the DCFTA talks would not in fact exclude mutually beneficial cooperation. Instead of new rules for agriculture in a DCFTA, Tunisia and the EU could concentrate more strongly on existing bilateral agreements in order to promote the development of Tunisia's economy and rural areas. Even if a DCFTA is agreed it would have to be embedded in broader reforms. But even without negotiations, progress can be made on these in the form of development projects. In general there is a great need to upgrade infrastructure, improve market access and modernise farming technology. Beyond this, agricultural reform needs to be advanced in the interests of the rural regions as a whole. Small farms are frequently attributed a high productivity potential and should receive particular support.¹⁴⁷ As outlined above, the organic sector opens up opportunities even under the current terms of trade, and an organic equivalence arrangement already exists in this area. Nevertheless there is room to further expand the cultivation and export of certified organic products. Inhibiting factors here should be identified and removed.

Numerous obvious and established forms of cooperation with Tunisia lie outside of a new trade agreement, such as administrative and capacity-building twinning projects to share administrative experience by exchanging officials. New paths could be established to address the charge of European dominance. For example the EU could promote exchange between Tunisia and those African states with which it already collaborates for example in connection with its en-

145 CASE, Ecorys and FEMISE, *Evaluation of the Impact of Trade Chapters of the Euro-Mediterranean Association Agreements with Six Partners: Algeria, Egypt, Jordan, Lebanon, Morocco and Tunisia*, commissioned by the European Commission, December 2018 – February 2020 (Brussels, 2019). Consultation input via Ecorys website, <https://www.fta-evaluation.com/eu-mediterranean/provide-your-input/> (accessed 31 October 2019).

146 Hanelt and Kosmehl, *Tunesisches DCFTA-Verhandlungsteam zum Erfahrungsaustausch in Georgien* (see note 141).

147 Amartya Kumar Sen, "An Aspect of Indian Agriculture", *Economic Weekly*, 14 (February 1962), 243 – 46.

visaged membership of ECOWAS. To this end the role of African forums should be enhanced by intensifying political dialogues. It is especially relevant regarding trade to consider the future vision of the African Continental Free Trade Area, which encompasses all African countries and all existing African trade regimes. The African Union's Comprehensive Africa Agriculture Development Programme launched in 2003, for example, promotes agricultural reforms with concrete objectives and timeframes, such as more youth employment in agriculture and more regional trade. Thus far Tunisia has clearly missed these targets.¹⁴⁸ The African Union might welcome EU support for Tunisia's efforts in these areas. Support could also be given to a number of private-sector approaches that are encouraged by the Tunisian government. "Taste Tunisia" for example seeks to promote contact with other African companies and strengthen ties to the African market.¹⁴⁹ Existing EU/Africa formats such as the EU Commission's Task Force Rural Africa – which often tend to focus on Sub-Saharan Africa – should consciously take into account the interests of North African states.

Apart from the specific substance of trade agreements and agricultural reforms, improving the quality of administration and rule of law will ultimately remain crucial.

148 "Tunisia", *New Partnership for Africa's Development*, <https://www.nepad.org/caadp/countries/tunisia> (accessed 1 October 2019).

149 Verbal information at the conference of the Tunisian employers' organisation, Tunis, 18 April 2019.

Annex

List of sustainability impact assessments (see Table 3, p. 24)

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Bernhard Tröster, Werner Raza, Hannes Grohs, Jan Grumiller, Cornelia Staritz and Rudi von Arnim, *The EU-Tunisia Deep and Comprehensive Free Trade Area (DCFTA): Macroeconomic Impacts and Pro-developmental Policy Responses*, Policy Note no. 28/2018 (Vienna: ÖFSE, 2018), <https://www.econstor.eu/bitstream/10419/190753/1/1042031371.pdf> (accessed 10 May 2019)

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(4) Work in progress

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With Tunisian participation

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Abbreviations

AfCFTA	African Continental Free Trade Area	Mercosur	Mercado Común del Sur (Common market in South America)
ALECA	Accord de Libre Échange Complet et Approfondi	MFN	Most favoured nation
AMU	Arab Maghreb Union	MIT	Massachusetts Institute of Technology
ATFD	Association Tunisienne des Femmes Démocrates	MPRA	Munich Personal RePEc Archive
ATPC	African Trade Policy Centre	NABC	Netherlands-African Business Council
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung	NAFTA	North American Free Trade Agreement
CAADP	Comprehensive Africa Agriculture Development Programme	NLiS	Nutrition Landscape Information System
CASE	Center for Social and Economic Research	NTM	Non-tariff measures
CEPII	Centre d'Études Prospectives et d'Informations Internationales	OECD	Organisation for Economic Co-operation and Development
CGIAR	Consultative Group on International Agricultural Research	ÖFSE	Österreichische Forschungstiftung für Internationale Entwicklung
CIHEAM	Centre International de Hautes Etudes Agronomiques Méditerranéennes	ONH	Office National de l'Huile
CTAB	Centre Technique de l'Agriculture Biologique (Technical Centre for Organic Agriculture)	PASA	Agricultural Sector Adjustment Project
DCFTA	Deep and comprehensive free trade agreement	PEM	Pan-Euro-Mediterranean
DGAB	Direction Générale de l'Agriculture Biologique	PNAFN	Programme National d'Aide aux Familles Nécessiteuses
EBA	Everything but Arms	RASFF	Rapid Alert System for Food and Feed
ECOWAS	Economic Community of West African States	RCA	Revealed comparative advantage
ECWAS	Economic Commission for Western Asia	RIETI	Research Institute of Economy, Trade and Industry (Tokyo)
EPA	Economic partnership agreement	SADC	Southern African Development Community
EPLO	European Peacebuilding Liaison Office	SIA	Sustainability impact assessment
FAO	Food and Agriculture Organisation of the United Nations	SMAS	Système maghrébin d'alerte précoce à la sécheresse
FDI	Foreign direct investment	SPS	Sanitary and phyto-sanitary standards
FEMISE	Forum Euroméditerranéen des Instituts de Sciences Economiques	SSA	Sub-Saharan Africa
FiBL	Forschungsinstitut für biologischen Landbau (Frick, Suisse)	TiVA	Trade in value added
FTA	Free trade agreement	TTIP	Transatlantic Trade and Investment Partnership
FTDES	Forum Tunisien des Droits Economiques et Sociaux	UGTT	Union Générale Tunisienne du Travail (Tunisian General Labour Union)
G20	Group of Twenty systemically important industrialised and developing economies	UNCTAD	United Nations Conference on Trade and Development
GAFTA	Greater Arab Free Trade Area	UNESCO	United Nations Educational, Scientific and Cultural Organisation
GDP	Gross domestic product	UTAP	Union Tunisienne de l'Agriculture et de la Pêche (Tunisian Union of Agriculture and Fisheries)
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit	UTICA	Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat (Tunisian employers' organisation)
GSP	General System of Preferences	WEAI	Women's Empowerment in Agriculture Index
GTAI	Germany Trade & Invest	WHO	World Health Organisation
ICARDA	International Center for Agricultural Research in the Dry Areas	WITS	World Integrated Trade Solution
IFOAM	International Federation of Organic Agriculture Movements	WTO	World Trade Organisation
IFPRI	International Food Policy Research Institute (Cairo)	WWF	World Wide Fund for Nature
ILO	International Labour Organisation		
IMF	International Monetary Fund		
IMIn	International Migration Institute Network		
IPD	Import Promotion Desk		
ITCEQ	Institut Tunisien de la Compétitivité et des Etudes Quantitatives		
ITES	Institut Tunisien des Etudes Stratégiques		
LSE	London School of Economics		
LTDH	Ligue Tunisienne des Droits de l'Homme		
MENA	Middle East and North Africa		

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