



The EU now represents only 62% of Tunisia's foreign trade

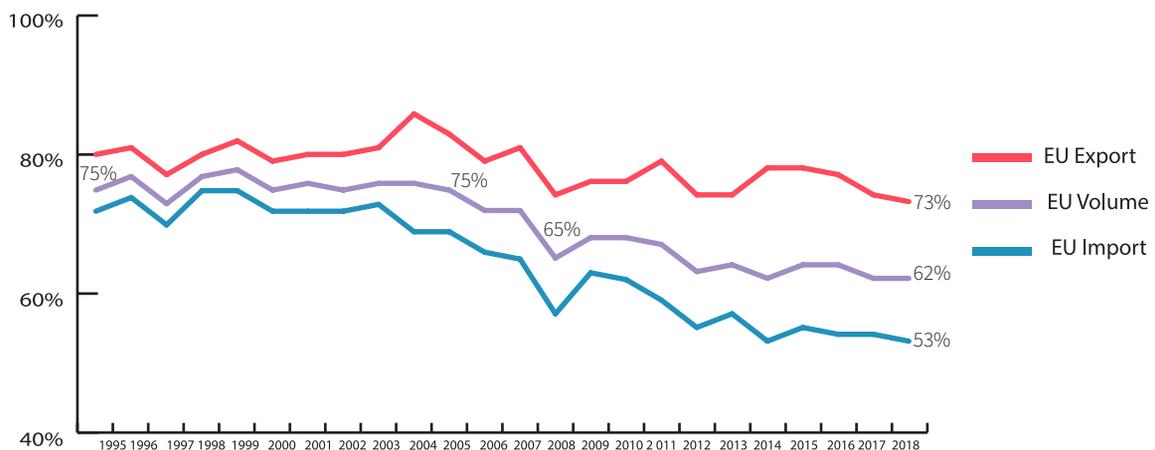
Key highlights :

- Between 1995 and 2005, the EU accounted for 75% of our external trade.
- Since 2005, the EU's share has steadily declined to 62% in 2018.
- Tunisia has managed to diversify its imports but not its exports for reasons related to the capital structure of Tunisian companies.

ITitle: EU share of Tunisian foreign trade 1995-2018

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Sources : DOTS IMF



«The European Union is Tunisia's main partner. This is almost 80% of our imports and exports.¹», according to Foreign Minister Khemaies Jhinaoui just before his departure on 16 May 2019 for a visit to Brussels within the framework of the Association Council between the European Union and Tunisia. While these figures were true at the time of the signing of the Association Agreement in 1995, the latest available data show a very different situation.

Indeed, as shown in the figure, the EU represents about 75% of Tunisia's foreign trade volume between 1995 and 2005. Three years later, in 2008, the EU's share had already fallen to 65% of Tunisia's foreign trade volume. Since then, it has steadily declined to 62% in 2018, much less than the 80% announced.

In fact, given that more than 60% of Tunisian exports are carried out by non-resident companies, the majority of which are held by European capital, it is logical that the share of exports to the EU remains so high even in 2018 with 73% of Tunisian exports directed to the EU. But China's rise in power, particularly over capital goods (see [DA20](#)), has forced these Tunisian companies with European capital to diversify their imported inputs. As a result, the share of European imports has fallen to 53% of imports into Tunisia.

The dependence of Tunisian foreign trade on these Tunisian companies with European capital thus prevents Tunisia from diversifying its exports to more promising growth markets and explains Jhinaoui's vision of «anchoring our economy as closely as possible to the European Economic Area».

¹<https://www.leaders.com.tn/article/27117-jhinaoui-a-bruxelles>

