

Commercial Relations: Is Tunisia Breaking Free from the European Union?

Key Highlights :

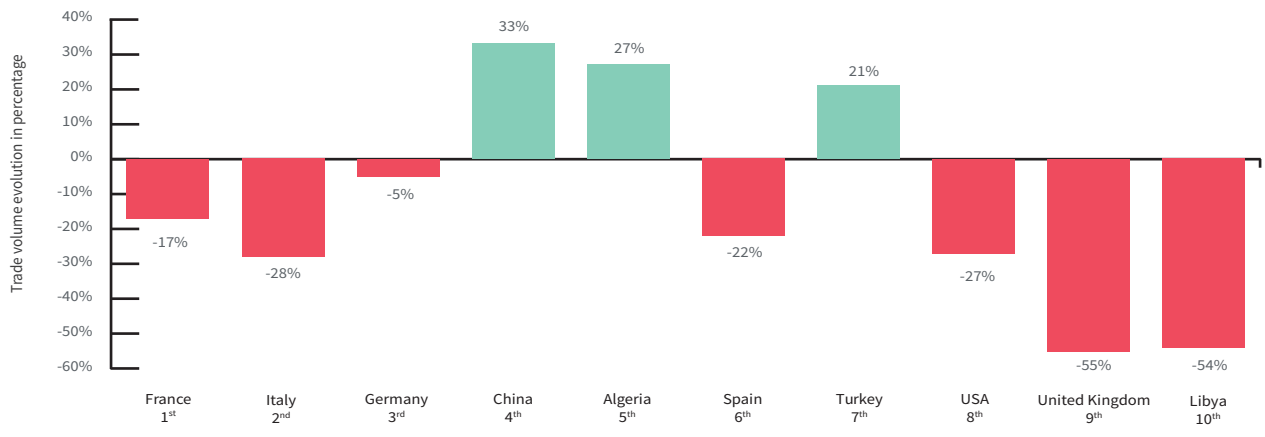
- Tunisia's trade with its Western partners has been decreasing since 2010.
- Trade with China, Algeria, and Turkey has been clearly increasing since 2010.
- The issue of regional security has degraded Tunisia's trade with the United Kingdom and Libya.

|Title: Tunisia's top 10 trading partners in 2016

Evolution of trade between 2010 and 2016

Author : Tunisian Observatory of Economy

Sources : IMF DOTS Database



Starting from Tunisia's independence up until current day, France and Italy have been Tunisia's primary and secondary economic partners, respectively, in terms of volume of trade. Germany has occupied third place since the mid-seventies. As the figure shows, even though these three countries continue to be traditional trade partners with Tunisia, the dynamic since the revolution has not been in their favor. According to the IMF's numbers, given in USD, trade between Tunisia and Italy has fallen 28% while that with France has decreased by 17% during the same time period. Only Germany has maintained its trade with Tunisia with only a slight drop of 5%. Spain and the United States, traditionally in the top 5 of Tunisia's trade partners, have also fallen 22% and 27%, respectively.

Although the dynamic with Tunisia's Western partners is on the decrease, since the revolution economic relations with Algeria, China, and Turkey have begun to rise. The increase in number of imports from China and Turkey (+35% and +36%, respectively) during this period corresponds to a near-equivalent drop in imports from France and Italy (-28% and -27%, respectively). Algeria is the only one out of ten countries with whom Tunisia increased its exports between 2010 and 2016, with an increase of 40% during this period. On the other hand, the extraordinary drops in trade with the United Kingdom and Libya are primarily the result of events involving security, what with the Bardo attacks and the war in Libya. These drops thus seem less structural than the other trends. Thus, since the revolution, Tunisia has entered into a dynamic where it has diversified its trade partners in order to depend less and less on the European countries it has historically used. Could this be the reason that the European Union is so intent on signing the DCFTA?