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CAWTAR
Center of Arab Women for Training and Research

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EMPOWERING WOMEN ENTREPRENEURS
IN THE MENA REGION TOWARDS EQUAL ACCESS
WITH MEN TO BUSINESS AND TRADE

MARKET STATE OF ART & TRENDS

TUNISIA COUNTRY PROFILE

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LIST OF ABBREVIATIONS

Definition	Abbreviation
MENA	*Middle East and North African Region*
CAWTAR	*Centre of Arab Women for Training and Research*
ICT	*Information and Communication Technology*
EU	*European Union*
US	*United States*
USD	*United States Dollar*
GDP	*Gross Domestic Product*
IACE	*Institut Arabe des Chefs d'Entreprises*
SWOT	*Strengths, Weaknesses, Opportunities, and Threats*
GTEX/ MENATEX	*Global Textile and Clothing Programme targeting Middle East and North African Countries*
OEC	*The Observatory of Economic Complexity*
ITC	*International Trade Centre*
GSP	*Generalized System of Preferences*

INTRODUCTION

Under developmental efforts by The Centre of Arab Women for Training and Research (CAWTAR), launching the project 'Empowering Women Entrepreneurs in the MENA Region towards Equal Access with Men to Business and Trade Markets'. This report aims to analyse the sectors that were previously identified as sectors with high potential for women participation and for creating businesses in 6 MENA countries. This report is amongst a series of 6 reports for each of the following countries namely Algeria, Egypt, Jordan, Lebanon, Morocco, and Tunisia in the prominent sectors of agri-food, textile, and ICT. In this line, the report presents a main economic overview of the country followed by a market trends analysis on each of these sectors. This report therefore represents Algeria and emphasizes on assessing potential business opportunities to be led by women in the country.

Macroeconomic Overview

Tunisia is a developing nation, listed 94th on the Human Development Index and ranking among the top in the Arab world, outside of the Persian Gulf's oil-rich economy[(1)]. Historically, the country's economy has been marked by strong state control and intervention; however, Tunisia is in a process of liberalization. Although the economy has been seeing moderate to significant growth in real GDP, the rate of increase in the growth rate has fallen significantly over the past decade. Moreover, the economy has been highly impacted by the terrorist attacks of 2015 and, in addition to the COVID-related complications, high political instability which led to the suspension of its parliament in 2021.

The Tunisian economy is largely service-oriented, with the sector contributing to 61.31 percent to the national GDP in 2020[(2)]. The country's economy is historically linked to agriculture, and the sector remains strong, contributing 11.74 percent to GDP in 2020[(3)]. In the same year, manufacturing industries represented 21.75 percent of GDP[(4)]. The sectors are also the largest employers. In 2019, the services sector employed 52.8 percent of the workforce, while the manufacturing and agriculture sectors employed 17.9 percent and 13.3 percent respectively[(5)].

Tunisia's employment landscape is characterized by high rates of informality—the informal sector represents 44.8 percent of jobs in Tunisia; the informality rate is 84 percent for the 15-19 age group and 42 percent for the 20-24 age group; and 60 percent of men and 80 percent of women informally employed are below the age of 40[(6)]. Additionally, the agricultural sector is the third most impacted by informality, with 85.6 percent of workers within the sector working on an informal basis[(7)].

1. Human Development Report 2020. The United Nations Development Programme, 2020.
2. O'Neill, Aaron. Tunisia: Share of economic sectors in gross domestic product (GDP) from 2010 to 2020. Statista, 2021.
3. Ibid
4. Ibid
5. O'Neill, Aaron. Tunisia: Distribution of employment by economic sector from 2009 to 2019. Statista, 2021.
6. Informal Employment Indicators 2019. National Institute of Statistics report, 2020.
7. Ibid

In 2019, the average inflation rate in Tunisia amounted to about 6.72 percent compared to the previous year (7.31 percent in 2018)[8]. Inflation fell even further, to 5.64 percent, in 2020—partially caused by a COVID-induced fall in demand[9]. As with the majority of the world; however, inflation is expected to soar next year, then fall to levels below those of 2019 in 2026[10]. Additionally, Tunisia's external debt levels have been continuously increasing for the previous decades, showing an acceleration in the rate of increase as of 2016.

As for trade, the European Union is Tunisia's largest trade partner, importing over 80 percent of Tunisia's exports[11]. This is enabled by the free trade agreement Tunisia entered with the European Union in 1995[12]. The table below highlights Tunisia's main macroeconomic indicators

Table 1: Algeria's macroeconomic indicator

Demographics & Macroeconomic Indicators	
Population & growth rate (2020)[13]	11.9 million people with 1.06% annual variation
Age structure (2020)[14]	0-14 years: 24.29% 15-64 years: 66.84% 65 years and more: 8.87%
Population distribution by gender (2020)[15]	Females: 5.96 million. Males: 5.86 million
Labor force (2020)[16]	4.1 million
Urbanization rate (2020)[17]	69.5% of the population.
Literacy rate **(2018)**[18]	Males, 15+: 86%. Females, 15+: 72%
GDP growth[19]	2015: 1%. 2016: 1.1%. 2017: 2.24%. 2018: 2.5%. 2019: 1.4%. 2020: -9.18%.
GDP **(2020)**[20] GDP per capita (2020)[21]	USD 41.62 billion USD 3.521.5 per capita
GDP by sector[22]	Agriculture: 11.74%. Industry: 21.75%. Services: 61.31%
Inflation (2020)[23]	5.64%
Ease of doing business ranking[24]	68.7

8. O'Neill, Aaron. Tunisia: Inflation rate from 1986 to 2026. Statista, 2021.
9. Ibid
10. Ibid
11. List of importing markets for the product exported by Tunisia in 2020 (Mirror). Trade Map.
12. González, Ricard. Tunisia holds off a 'deep' free trade agreement with the EU. Equal Times, 2021.
13. Worldometers
14. O'Neill, Aaron. Tunisia: Age structure from 2010 to 2020. Statista, 2021.
15. O'Neill, Aaron. Tunisia: Total population from 2010 to 2020, by gender. Statista, 2021.
16. Labor force, total - Tunisia. The World Bank, 2021.
17. O'Neill, Aaron. Tunisia: Urbanization from 2010 to 2020. Statista, 2021.
18. Tunisia. National Education Profile 2018 Update. Education Policy and Data Center, 2018.
19. GDP growth (annual %) - Tunisia. The World Bank.
20. GDP (current US$) – Tunisia. World Bank.
21. GDP per capita (current US$) - Tunisia. World Bank.
22. O'Neill, Aaron. Tunisia: Share of economic sectors in gross domestic product (GDP) from 2010 to 2020. Statista, 2021.
23. O'Neill, Aaron. Tunisia: Inflation rate from 1986 to 2026. Statista, 2021.
24. Ease of Doing Business Scores. World Bank, 2020

Covid-19 impact

The Tunisian economic situation remains tense and is weakened by the consequences of the Covid-19 crisis. As a result of the fall in domestic and international demand, the GDP has contracted by 9.12 percent in 2020 while it was on the rise in recent years(25). Additionally, the trade deficit fell from USD 6.62 billion in 2019 to USD 4.54 billion in 2020(26). The year 2020-2021 witnessed 1.8 million cases of poverty in Tunisia—an increase of 300 thousand compared to the year 2018-2019(27). This is one of the consequences of COVID-19 and the weakened employment it has resulted in. In contrast to the trend observed in recent years, poverty and precariousness are expected to increase. As restrictions ease and demand picks back up, the inflation rate is expected to rise to 5.73 in 2021 and peak at 6.53 in 2022, before tumbling down to 5 percent in 2026—a rate lower than that of 2019, pre-COVID(28).

Selected sectors

I. Agri-food

The agri-food sector is one of the country's most prominent, contributing to 11.74 of GDP in 2020(29), employing 13.3 of the workforces in 2019(30), representing 6 percent of its export earnings(31), and growing at around 2 percent per year(32). The agri-food sector is estimated to be comprised of 1,240 enterprises, employing 10 or more workers, and producing an annual value of USD 12 billion(33). 20 percent of the companies in the sub-sector produce only for export(34).

Organic produce and products have been of great interest the Tunisian government and industry authorities since the late nineties, which has helped in the growth of the industry, with organic-cultivated land expanding from 719.72 feddans to 1.2 million feddans in 2017(35). In the same year, the sector exported more than 50 thousand tonnes of organic product with an approximate value of USD 179 million, to 60 different countries(36). To further support organics, the 2016 Investment Law granted fiscal advantages to organic, and in 2017 three memoranda of understanding (MoUs) that included the development of export of organic products to China, Russia, the United States, and Canada were signed(37). Organic agriculture remains important to the economy 2020, and hence is a part of the Tunisia 2020 strategy via the creation of five pilot zones specialized in organic farming, the development of bio-tourism clusters in all 24 governorates, and the expansion of organic products to include crops, livestock, and aquaculture(38).

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25. GDP growth (annual %) - Tunisia. The World Bank.
26. O'Neill, Aaron. Tunisia: Trade balance from 2010 to 2020. Statista, 2020.
27. Saleh, Mariam. Number of people living below the national poverty line in Tunisia from 2018 to 2021. Statista, 2021.
28. O'Neill, Aaron. Tunisia: Inflation rate from 1986 to 2026. Statista, 2021.
29. O'Neill, Aaron. Tunisia: Share of economic sectors in gross domestic product (GDP) from 2010 to 2020. Statista, 2021
30. O'Neill, Aaron. Tunisia: Distribution of employment by economic sector from 2009 to 2019. Statista, 2021.
31. Country Profile Tunisia. International Trade Centre, 2011.
32. Tunisia - Country Commercial Guide. Department of Commerce, International Trade Administration, 2021.
33. Ibid
34. Ibid
35. Tunisia's organic farming attracting government and foreign interest after experiencing rapid growth. Oxford Business Group, 2018.
36. Ibid
37. Ibid
38. Ibid

Exports and Imports

This section presents main exports and imports in the agri-food sector emphasizing on manufactured food rather than agricultural crops. By analysing export and import trends, prominent products can be identified for highlighting potential business opportunities. Tunisia is active on the international market and largely fulfils its agri-food export potential—something which is enabled by its free trade agreement with the European Union and by its status as a beneficiary of the Generalized System of Preferences (GSP)(39). Additionally, Tunisia has a significant competitive advantage in being the only African country granted the European Commission certificate of conformity to international standards for organics(40). As such, Tunisia has become the second largest African exporter of organic products, with 80 percent of its organic products being sold on the international market—most of which is comprised of olive oil (74 percent) and dates (22 percent)(41). Figure (1) illustrates the country's organic export volumes.

Figure 1 : Export flows of agricultural organic products, in 1000 metric tons. (42)

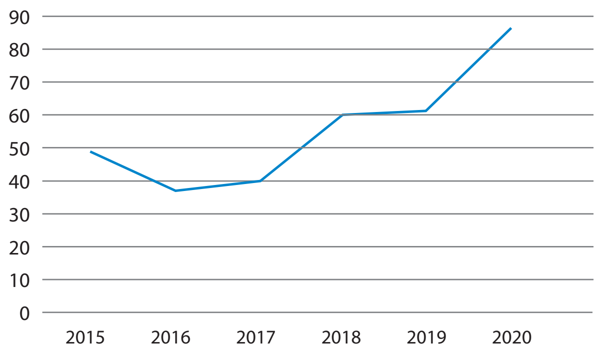
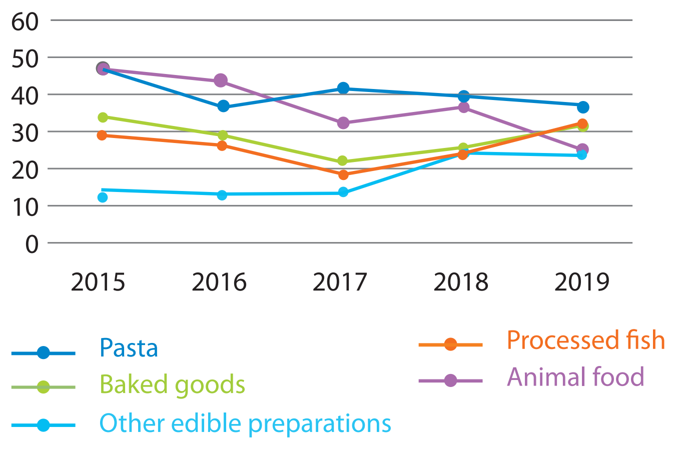


Figure 2: Tunisia's top agri-food exports, in USD millions.



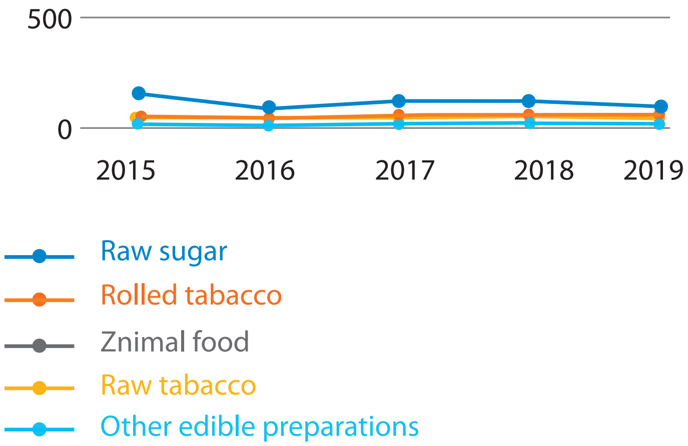
Moreover, international demand on Tunisian olive oil is high, and the nation—for the most part—is able to fulfil it, making Tunisia the second-largest producer in the world, after Spain(43). According to the Tunisian Agriculture Ministry, the olive oil industry is responsible for half the country's agricultural exports and employs nearly 10 percent of its workforce(44).

39. Tunisia - Country Commercial Guide. Department of Commerce, International Trade Administration, 2021.
40. Tunisia's organic farming attracting government and foreign interest after experiencing rapid growth. Oxford Business Group, 2018.
41. Ibid
42. Source: Statista
43. Parker, Claire. Tunisia Is One of the World's Top Olive Oil Producers. But now, It's Facing a Crisis of Too Much. The Washington Post, 2020.
44. Ibid

Figure (2)[45] llustrates the main exports in the agri-food sector, where pasta is shown to be the highest exported product in Tunisia. According to the Observatory of Economic Complex (OEC), France, Italy, and Germany are the largest customers of Tunisia's agri-food products

On the other hand, raw sugar occupies a huge portion of the country's imports, however, it declined drastically in 2016, and has been fluctuating since. This could be further capitalized on by local producers to satisfy Tunisian demand [46].

Figure 3: Tunisia's top agri-food imports, in USD millions.

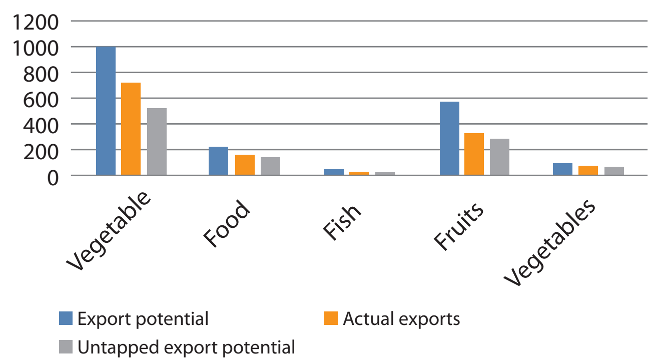


Export Potential

While actual exports show certain products to rank highest in terms of value, this section presents other products that may not be highly exported but rather have high potential to be exported.

Figure 4 shows the untapped export potential for the main food products in Tunisia[47], while also highlighting the actual exports versus the untapped potential[48]. As illustrated, the top five food products, in terms of untapped export potential, are vegetable oils and fats, fruits, and food products (n.e.s.).

Figure 4: Untapped export potential across Tunisian agri-food commodities, in USD million



Attached in Market opportunities section is a table that elaborates more on the potential of these products by clarifying values of the untapped export potential for the top food sub-products, as well as the main potential export markets for those sub-products..

45. Source: OEC
46. Figure 3 : Source: OEC.
47. Trade Map
48. Difference between export potential and untapped export potential: In the calculations that aggregate untapped potential at the region or sector level, Trade Map does not allow a negative gap between actual exports and export potential (actual exports > export potential) in one product, market, or supplier to cancel out a positive gap (actual exports < export potential) in another. They preserve the individual untapped potential levels and sum them. For this reason, the remaining untapped potential to a group of countries (or products) aggregates only those values where the actual export value remains below the potential value.

Main Sectoral opportunities and challenges

Tunisia's agricultural sector agri-food sector has been historically politically sensitive and heavily regulated due to its strategic position and importance. The sector is highly supported by the government and trade deals, especially in the case of organic products—most prominent and strategic of which is olive oil. Despite its strength and importance, like other sectors within the country, the agri-food sector has been suffering in the past years due to political instability and uncertainty. Additionally, and like the rest of the world, the country has been feeling the impact of global warming, and as a result, harvests and prices have been unpredictable. Based on the Tunisia Ready to Eat Food Market (2020-2026) report published by 6Wresearch, as well as the analysis above and IDIs, this table (2) shows SWOT analysis to be considered by policy makers and support organizations as summarized in the table[49].

Table 2: SWOT analysis of the agri-food sector in Algeria

Strengths	Weaknesses
• Strategic position as a gateway to Europe, enabling it to establish direct links with Africa and the Middle East. • Seven different bio-climates in Tunisia, with each region developing its own specific produce • Preferences granted by the European Union to Tunisia (free-trade agreement since 1998) • Involvement of the State in the promotion and development of exports and existence of incentive policies	• The policies governing the sector are focused on exports, and not on the improvement of productivity of production. • Knowledge of technical (quality and international standards) and scientific information is not present in all links of the chain. • Lack of investment in technology, which necessary for the improvement of productivity • Absence of quality labels and limited initiatives for the improvement of the traceability and product valorisation • Weak integration of adaptation to climate change in the development actions of the development of the agri-food sector
Opportunities	**Threats**
• High value-added processing of fresh tomatoes. • Processed foods and fisheries industries offer opportunities: the consumption of basic commodities (pasta, couscous) is increasing, and the biscuit sector is on an upward trend. • Upmarket fish products also offer plenty of possibilities (smoking, fish fillets, recovery of by-products for animal feed). • The halal niche is growing fast due to increased demand from European and Asian markets. • Increasing date production and exports	• Global warming causing increased unpredictability in harvest and production, and therefore prices

49. Tunisia Ready to Eat Food Market (2020-2026). 6Wresearch, 2020

Demand trends

The lifestyle of Tunisians has changed considerably in recent years, as indicated by a study conducted by the National Institute of Consumption (NIC). It indicates **that today 55 percent of Tunisians take their breakfast outside the home**, which is not a choice but rather a reflection of new constraints (extended travel time between home and work). In addition, the **quality of the food eaten is seeming to decrease** with 62 percent of the study's population declaring to opt for prepared meals at lunchtime. Further, while snacking, junk food and obesity are increasingly affecting children and adolescents, there is also a growing interest in organic and natural food products, which is consistent with a global trend towards a healthier and environmentally conscious lifestyle. This is also seen in the increase in demand for local Tunisian dishes particularly Harissa, and what is referred to as grilled salad- both of which have become main items for Tunisian students who are looking for healthy and price-friendly food choices. To add, as healthy dietary considerations started to play a large role in the purchasing patterns of Tunisians, so have price-sensitivity considerations a well. With the recent deterioration in Tunisia's economic conditions, promotions became a main driver of purchasing decisions, with second-tier products becoming a common alternative for higher-quality products for many.

COVID-19 impact on the sector and consumer behaviour

In 2020, Tunisia's agri-food sector continued to maintain a high level of activity(50), despite somewhat slowing down. According to a ministry of agriculture official, demand on organics is growing as a result of the exceptionally high concern with health and nutrition. Another outcome of this concern is that consumers are more cautious about buying unpackaged products—a behaviour which was quite uncommon previously.

A study conducted by Cate Tunisia and Prodata, the majority of Tunisians have cooked their meals during the confinement period(51). Although cooking has become more common, researchers don't believe that it will replace dining out and ordering. The study finds that consumers are likely to use food delivery (51 percent), and many willing to do so online; however, the sector is ill-equipped to meet the change(52). On top of the delivery list are savoury and sweet groceries (39 percent), cheeses (32.4 percent), and meats (18 percent)(53). These are significant increases compared to 28.8 percent, 24.5 percent, and 10.8 percent, respectively, pre-confinement(54). Moreover, a survey by the Tunisian National Institute of Statistics reveals that part of the population has changed its eating habits by **reducing the quantities consumed** or eating foods that are not normally appreciated. Additionally, according to African Manager, the confinements of the pandemic have resulted in the stockpiling of food and staples. This, coupled with the increase in home cooking, have given a **big boost to two wheat products in particular: pasta and durum wheat**.

High Demand Products

Upon assessing which subsectors have potential for growth or a competitive advantage to capitalize on, data has identified dates, organic products, and olive oil—namely, organic olive oil—as the main sub-sectors with market opportunities. The table below summarizes the appeal of the products.

50. Tunisie : Les secteurs agricole et agro-industriel font preuve de résilience face à la crise économique et sanitaire. Business France, 2020.
51. Etude : Les opportunités de relance et de sauvetage du secteur de la restauration en Tunisie. Cate Tunisia; Prodata, 2020
52. Ibid
53. Ibid
54. Ibid

Table 3: Products with market opportunities

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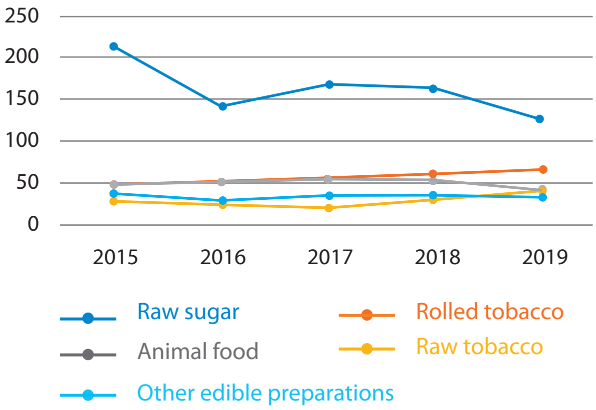
Strengths	• International demand on Tunisian olive oil has been incredibly higher for years. The trend is continuing, as people are becoming more health conscious, especially with the pandemic's effect.
Dates	• The fruit is one of Tunisia's most exported and has significant export potential—the highest of all fruit products. Additionally, it is a common healthy sweetener—something that is in high demand as consumers are making healthier food choices.
Organic products	• International demand on organic and health products is increasing as consumers are concerned with the nutritional content and cleanliness of the food they consume.

Domestic demand

Domestic demand trends relevant to the agri-food industry can be extrapolated from the most imported agri-food products, demonstrated in figure (5)[55].

As shown, raw sugar is the highest imported commodity. This could be to the high cost of locally produced sugar from sugar beet in comparison to imported raw sugar. The local agri-food industry can likely tap into the local market by tuning production and prices to suit local consumers.

Figure 5 Tunisia's top agri-food imports, in USD millions



There is thus a strong opportunity in producing natural sugars from dates as well as from carob, both of which are planted in large volumes in Tunisia. Further, with the shift towards a healthier lifestyle as previously mentioned, sugars produced from dates or carob can be a potentially long-term plan to replace the imported raw sugar. The main identified local potential market opportunities include:

- Production of dates' by-products including dates syrup/molasses and date sugar
- Production of carob's by-products including carob syrup/molasses, carob sugar, in addition to its use as a biological food additive
- Differentiated harissa products
- Sun-dried tomatoes
- Locally-made chips
- Organic jam
- Readily packaged spices
- Differentiated "bsisa" products
- Energy foods such as peanut butter and oats

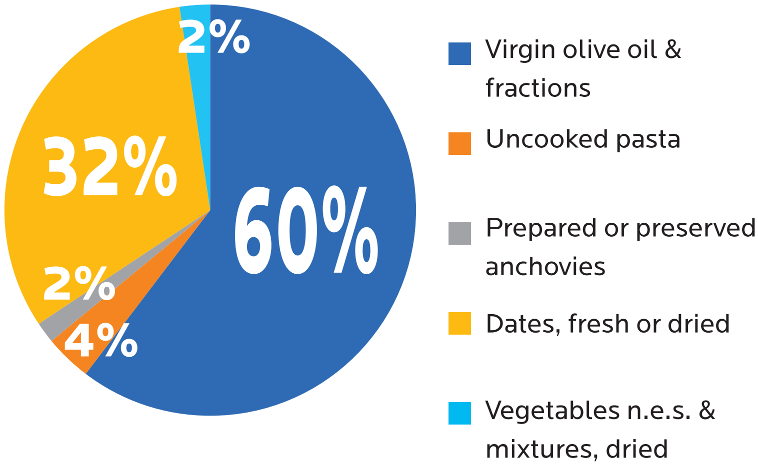
55. Source: OEC

International demand

International demand trends can be inferred through actual exports, but even they're even more clearly demonstrated through the sector's untapped export potential, which figure 6 illustrates..

As the data shows, Virgin olive oil and dates are the Tunisian products with the highest untapped export potential, indicating high untapped international demand on both products. This demand is mainly by European Union countries.

Figure 6 Untapped export potential across Tunisian agri-food commodities. *Source: Trade Map.*



II. Textile

The Textile and Clothing Industries sector has long been considered strategic for Tunisia. The sector is one of the leading drivers of economic growth, holding the third share largest of contribution to GDP—26.6 percent(56). Additionally, it is developmentally important as, according to the Danish Trade Union Development Agency, women participate heavily in the Tunisian textile sector: of the 200,000 workers the sector employs, 80 percent are women(57). Despite its high contribution to GDP, employment, and exports, the sector has relatively few players and is small in size: in 2018, the industry housed 1,590 enterprises and employed 159,720 employees, representing about 31.18 percent of the total industrial labour force(58). Additionally, and according to the Agence de Promotion de L'Industrie et de L'Innivation (APII), around 1,537 companies with 10 or more workers operate in the sector in Tunisia, most of which are specialized in warp and weft making(59).

Exports and Imports

The textile sector is **the third largest export sector in Tunisia**(60), with exports likely increasing significantly as the country entered into the medical textile sector to combat, as well as realize opportunities that the corona virus presents. **Despite the textile industries' minimal market shares in the local market, the sector is considered too more active**

56. Textile : Le comportement du consommateur étranger décidera du repositionnement dans l'après-crise (Boufaden). Gnet News, 2020.
57. Labour Market Profile Tunisia – 2020/2021. Danish Trade Union Development Agency, 2020.
58. Ibid
59. Les industries du textile et de l'habillement demeurent un secteur clé de l'économie tunisienne. Agence de promotion de l'industrie et de l'innovation, 2017.
60. Workwear made in Tunisia: Labour rights violations in factories producing for European brands. Femnet, 2020

internationally. The industrial textile, clothing, and leather sector contributed about EUR 2.3 million to Tunisian exports in 2016—20 percent of the total value of Tunisian exports—and contributed USD 4,203.8 million, approximately 18,25 percent, to industrial GDP in the same year[61].

Figure 7 illustrates the exports of Tunisia's textile industry[62]. The data shows that Non-Knit Men's suits are the most exported products, with a growth rate of 3.9 percent recorded between 2015 and 2019 for Non-Knit Men's suits exportations.

Additionally, trousers and jeans are high export items[63]. According to Tunisie Numerique, Tunisian exports of jeans to the European continent amounted to about USD 4,376.6 million by the end of 2018, making Tunisia the largest supplier of the garment to the Italian market and the fourth largest supplier to the French market. That said, the industry also imports large amounts of textiles as Tunisian textiles available to the local market are not of high quality. Moreover, there are not many local brands to supply the market with clothing and apparel, and hence, most ready-to-wear clothes are imported.

Figure (8) illustrates the sector's import flows and shows light rubberized knitted fabric as the highest imported product. Across the subsectors, they have been more or less the same since 2015 till 2019[65].

Figure 7 Tunisia's top textile exports, in USD millions.

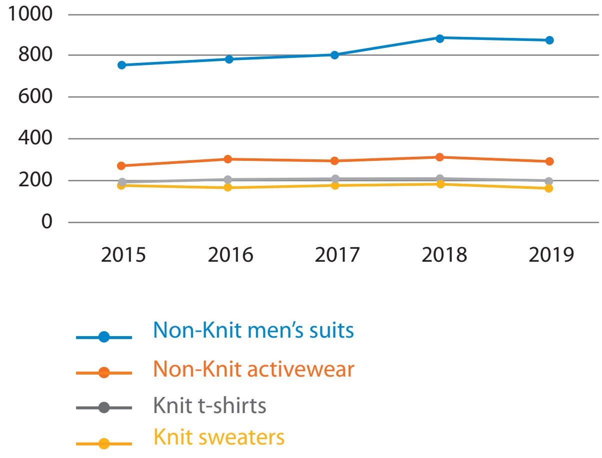
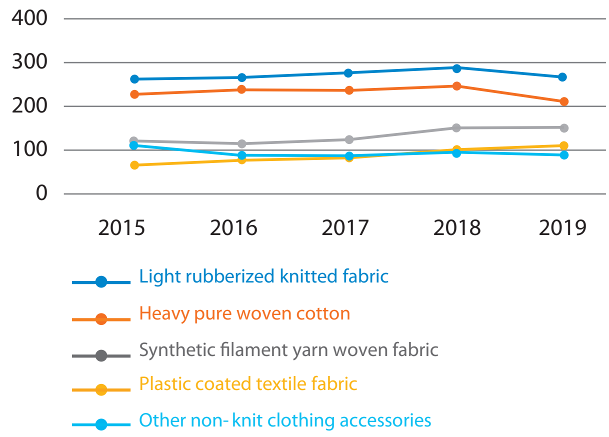


Figure 8 Tunisia's top textile imports, in USD millions[64].



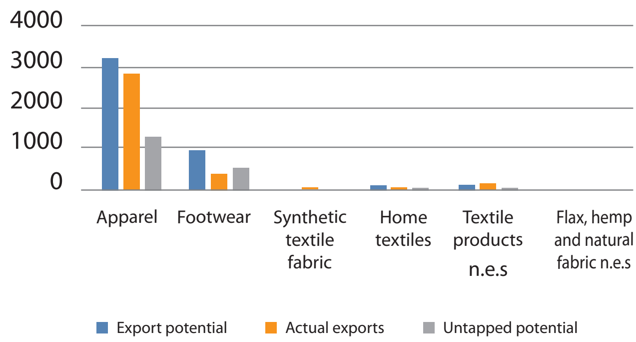
61. Ibid
62. the Observatory of Economic Complex (OEC)
63. Workwear made in Tunisia: Labour rights violations in factories producing for European brands. Femnet, 2020
64. the Observatory of Economic Complex (OEC)
65. The Observatory of Economic Complex (OEC)

Export Potential

While actual exports show certain products to rank highest in terms of value, this section presents other products that may not be highly exported but rather have high potential to be exported.

Figure 9 shows the untapped export potential for the main textile products in Tunisia[66], while also highlighting the actual exports versus the untapped potential[67]. As illustrated, apparel and footwear and the products with the highest untapped potential.

Figure 9 Untapped export potential across Tunisian textile commodities, in USD million



Attached in market opportunities section is a table that elaborates more on the potential of these products by clarifying values of the untapped export potential for the top textile sub products, as well as the main potential export markets for those sub-products.

Main Sectoral opportunities and challenges

Table 3: SWOT analysis of the textile sector in Algeria

Strengths	Weaknesses
• Real know-how in the high value-added sectors (jeans, lingerie, and swimwear) • The sector is demonstrating market growth worldwide, which is more stable than that of other markets • Geographical proximity to trade partners and high potential marker • Sophisticated infrastructure/logistics	• Less competitive than Asian countries • Lack of access to raw materials in Tunisia (mainly woven and non-woven and composite materials) is the main obstacle that negatively affects the development of technical textiles • Difficulty for Tunisian companies to access the American market. • Lack of wide adherence ethical textile production standards
Opportunities	**Threats**
• Automation and circular economy based on the resale of products, renovation, recycling • Business lines with strong growth are mainly the non-woven branch, which are soft fabric surfaces made of natural or synthetic fibres (safety clothing) followed by the composite materials branch (glass fibre, carbon fibre)	• Offshoring • Smuggling and informal markets • Importation of second-hand clothing and certain textile and clothing products containing materials that may be harmful to the health of the consumer

66. Trade Map
67. Difference between export potential and untapped export potential: In the calculations that aggregate untapped potential at the region or sector level, Trade Map does not allow a negative gap between actual exports and export potential (actual exports > export potential) in one product, market, or supplier to cancel out a positive gap (actual exports < export potential) in another. They preserve the individual untapped potential levels and sum them. For this reason, the remaining untapped potential to a group of countries (or products) aggregates only those values where the actual export value remains below the potential value.

• Access new markets in third countries, especially in the Middle East and Africa • Second-hand processing • Eco-friendly clothing • Sportswear/athleisure manufacturing • Dyeing of polyester fabrics used in athleisure and imported from Asia, using a cutting-edge technology that is very environmentally friendly, which can dye textiles without water using CO2 • Work clothes, specifically high-end manufacturing (denim pants, new washing techniques, knitwear, seamless clothing, workwear with high protection against chemicals, flames, etc..).	• Stagnation of market access and negotiations between Tunisia and the United States regarding textiles and clothing.

Demand trends

According to interviews with actors within the sector, Tunisians are keen on having unique clothing, and hence often go to weavers and small boutiques to customize their attire, especially for events, weddings, and other special occasions. Moreover, there is considerable interest in second-hand clothing among Tunisians, with up to 70 percent relying on them[68], in addition to the existence of markets dedicated to selling them, such as the famous "fripes". This propensity towards second-hand clothing has translated into the creation of online platforms, such as Dabchy, which specializes in the sale of second-hand clothing. Moreover, as there is a general trend towards sustainable and environmentally conscious consumption, as well as a preference for athleisure and comfortable clothing, some brands have been established to serve such needs. For example, FIERCE, which is a 100 percent locally produced and eco-friendly sports and active wear, became established in 2019 to cater for those preferences. Such shifts in trends which have increased attention to the ethical consumption were also translated into the European Union's plan (The Fashion pact launched in 2019), where textiles will be a key element of their "priority product category for the circular economy plan in future decades"[69]. As such, investors now want to ensure that their products have been designed and manufactured in factories that respect working conditions, social and environmental regulations—energy saving, renewable energies, water recycling, waste treatment—which should change the way Tunisian companies and factories produce their textiles.

COVID-19 Impact on the sector and consumer behaviour

The closure of stores in Europe in March/June 2020 has affected the exports of Tunisian companies as Europe is the largest international market for Tunisian exports. As such, European imports of clothing have exhibited **a decline of 25 percent during the first six months of 2020** and European imports of textiles have shown **a reduction of 35 percent during the same period**. According to the International Trade Centre, **87 percent of the sector has managed to stay in business**, and with technical support from ITC's GTEX/MENATEX, **60 percent of companies have converted to the production of personal protective equipment**[70]. Tunisia was the first to respond to the European demand for protective masks. During the first half of 2020, Tunisia was ranked **4th supplier of the European Union in washable masks**[71]. With the government's encouragement, Tunisia became the fourth largest supplier of Personal Protective Equipment to

68. Brown, Erin. Digging for fashion finds in Tunisia's famous 'fripes'. The National News, 2021.
69. À Propos du Fashion Pact. The Fashion Pact, 2019.
70. Story: Tomorrow is already here: The Tunisian textile and clothing sector is ready for the post-COVID reality. ITC News, 2021.
71. Ibid

Europe, according to an announcement by Nafaa Ennaifer, President of the Tunisian Federation of Textiles and Clothing, on 27 October 2020 that[72].

High demand products

International demand

Domestic demand trends relevant to the textile industry can be extrapolated from the most imported textile products, demonstrated in figure 10. As shown, light rubberized knitted fabric, heavy pure woven cotton, synthetic filament yarn woven fabric, plastic coated textile fabric, and other non-knit clothing accessories are the highest demanded products from the international market. It is likely that the industry can also cater to the national market.

International demand

International demand trends can be inferred through actual exports, but they are even more clearly demonstrated through the sector's untapped export potential, which figure 11 illustrates. As the data shows, the international market has the highest unfulfilled demand for the Tunisian textile industry's men's cotton trousers and shorts, as well as footwear and footwear-related products. This demand is mainly by European Union countries.

Figure 10 Tunisia's top textile imports, in USD millions.

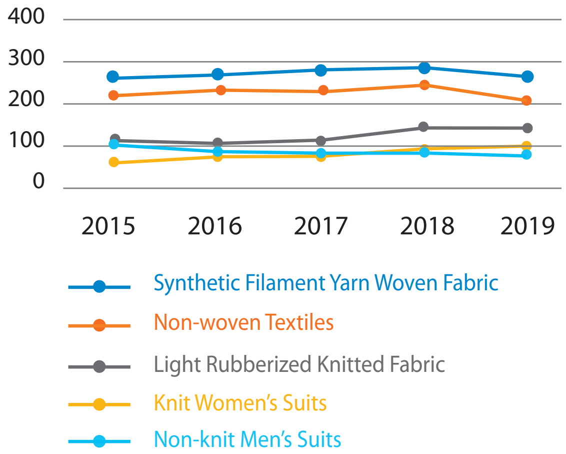
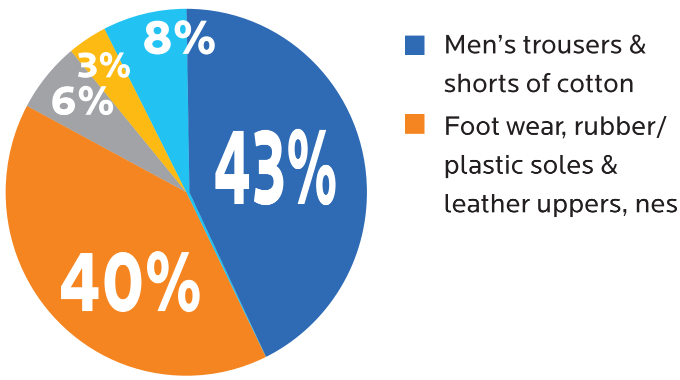


Figure 11 Untapped export potential across Tunisian textile commodities, in USD million



III. ICT

The Tunisian ICT sector is relatively new and small; however, it's growing rapidly. According to the Tunisian Investment Authority, the ICT sector now provides 80 thousand jobs in Tunisia, contributed with 9 percent of the Tunisian GDP in 2017, and has had an annual growth rate of 8 percent from 2015 to 2020. Such growth is expected to continue given the interest the government has on the sector: the ICT sector is one of the priority sectors mentioned in the new investment law which aims at promoting investment, regional development, and innovations. The main sub-sectors of the ICT sector in Tunisia are telecommunication devices, electronic components, and hardware.

72. Ibid

According to the Tunisian National Institute of Statistics, the ICT sector consists of 2,120 private companies, 219 shared service centres, 8 development centres serving multinationals, a telephone density of 98.8 lines/100 inhabitants, and over 4.1 million Internet users. Moreover, the penetration rates of fixed and mobile internet have seen strong growth over the period 2013 - 2019 driven by the democratization of 4G and Data Boxes. The mobile data penetration rate is 75.2% at the end of April 2019. Tunisia has begun work preparation for the launch of 5G at the end of 2021.

Additionally, Tunisia now has three techno parks focused on ICT, the largest Technopark El Ghazala and 18 cyberparks dedicated to training and scientific and technological research. Despite the growing size and usage, some within the sector believe it remains small and under-capitalization limits the development of IT services companies, and hence the companies are highly interested in foreign investment and partnership.

Exports and Imports

ICT exports and imports are largely of telephones, the data for which are demonstrated in figures 12 and 13. As illustrated, both imports and exports of telephones have sharply dropped in 2018, and remained at unprecedented low level since.

Figure 12 ICT Exports

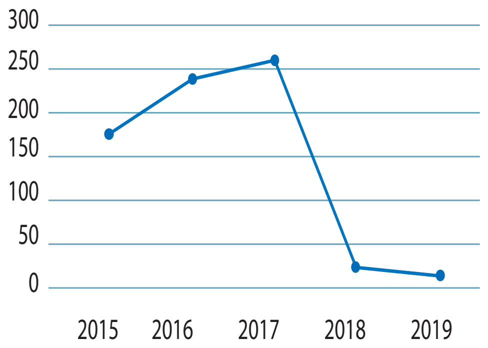
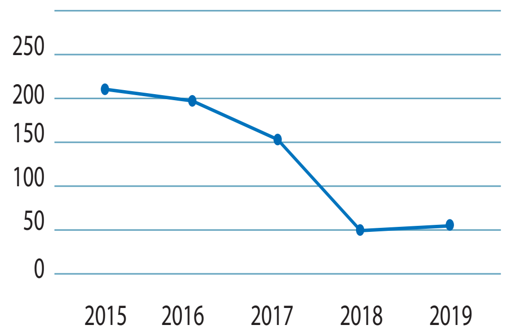


Figure 13 ICT Imports

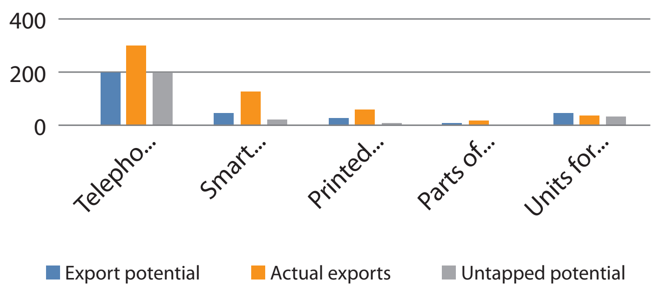


Export potential

While actual exports show certain products to rank highest in terms of value, this section presents other products that may not be highly exported but rather have high potential to be exported.

Figure 14 shows the untapped export potential for the main ICT products in Tunisia[73], while also highlighting the actual exports versus the untapped potential[74].

Figure 14 Untapped export potential across Tunisian ICT products, in USD million



73. Trade Map
74. Difference between export potential and untapped export potential: In the calculations that aggregate untapped potential at the region or sector level, Trade Map does not allow a negative gap between actual exports and export potential (actual exports > export potential) in one product, market, or supplier to cancel out a positive gap (actual exports < export potential) in another. They preserve the individual untapped potential levels and sum them. For this reason, the remaining untapped potential to a group of countries (or products) aggregates only those values where the actual export value remains below the potential value.

As illustrated, the top five ICT products, in terms of untapped export potential, are telephone sets and other voice/image transmission apparatus; and smart cards, electronic integrated circuits, and LED lamps.

Main Sectoral opportunities and challenges

The following table displays a SWOT analysis for the ICT sector in Tunisia:

Table 5 SWOT Analysis for the ICT sector in Tunisia.

Strengths	Weaknesses
• Technological city of communications, Pôle Elgazala, located in the suburb of Tunis providing an innovation environment based on creative intelligence and high technology. It also allows the development of a synergy between education, research, and industry. • Technopole in Sfax, the 2nd economic city of the country, dedicated to computer science and multimedia, presents an opportunity for foreign investment. • Geographical and cultural proximity with the countries of the north of the Mediterranean • Good training of Tunisian engineers • Generally favourable legislation	• Lack of digital culture both among citizens and administrative officers, believing (the latter show some resistance to digitalization). • National Internet penetration rate estimated at 51% considered «insufficient» by the Ministry of Communication Technologies. • Graduates of higher education in the ICT sector are finding it increasingly difficult to find a job according to the recent IACE study (a graduate of the Tunisian university must wait 2 years and 5 months to get his first job in the ICT sector). • Low wages (compared to EU countries) • Small size of companies prevents them from competing with multinational firms, which contributes to the fragility of the sector • Low funding for research and development activities
Opportunities	**Threats**
• In cooperation with China, projects to develop smart cities like Kairouan or Bizerte can be launched. • Tunisian-Chinese project in E-health and development of 5G, the sale of the license at attractive prices to stimulate the interest of operators. • The Tunisian market is a favourable destination for foreign ICT companies to establish themselves and make privileged exchanges. It is an ideal platform to access neighbouring markets such as Algeria or Libya, as well as other African or Middle Eastern markets. Note that since 2017, a dozen Canadian ICT companies have established themselves in Tunisia. - Sportswear/athleisure manufacturing • Dyeing of polyester fabrics used in athleisure and imported from Asia, using a cutting-edge technology that is very environmentally friendly, which can dye textiles without water using CO2 • Work clothes, specifically high-end manufacturing (denim pants, new washing techniques, knitwear, seamless clothing, workwear with high protection against chemicals, flames, etc..).	• In Africa, Rwanda and Uganda are favourite destinations for information and communication technology (ICT) investors. • The departure of Tunisian qualified engineers to the EU

75. Kemp, Simon. Digital 2020: Tunisia. Data Reportal, 2020.

COVID's impact on the sector and consumption behaviour

The ICT sector is one of the sectors that has suffered the least from the sanitary crisis. In fact, it has benefited in terms of the change in people's mindsets and technological engagement as consumers have started to use the internet and gadgets more frequently during isolation, for things that are essential—such as work—as well as things conventionally done in person, such as grocery shopping. Specifically speaking, the number of mobile connections in Tunisia in January 2020 was equivalent to 151 percent of the total population(75), and the number of social media users in Tunisia increased by 473 thousand (and increase of 6.9 percent) between April 2019 and January 2020, with social media penetration standing at 62 percent in January 2020(76).

In 2021, E-commerce is a dynamic industry in Tunisia. The use of e-commerce exploded during the pandemic containment, as Tunisian have started to use online platforms to purchases necessities, such as groceries, and luxuries, such as accessories. Tunisia has about 1,150 e-commerce sites, 7.55 million Internet users, and achieved a turnover of 170 million dinars through electronic transactions(77). The growing penetration of low-cost smartphones and tablets in Tunisia is expected to continue to drive growth in the number of Internet users in the country. On the sectoral level, 83 percent of companies have seen a drop in turnover(78); 63 percent have cash flow problems; 68 percent have seen a decrease in contracts, projects or business; 39 percent have cancelled contracts or sales; and 24 percent have postponed projects.

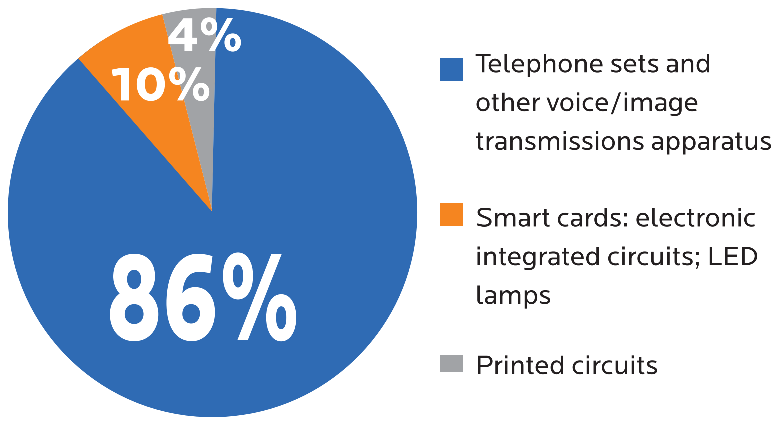
Demand trends

International demand

International demand trends can be inferred through actual exports, but even they're even more clearly demonstrated through the sector's untapped export potential, which figure 15 illustrates.

As the data shows, telephone sets and other voice/image transmissions are the highest demanded Tunisian ICT products by the international market—mainly by European Union countries.

Figure 15 Untapped export potential across Tunisian ICT products, in USD million



Market opportunity resides within products with untapped export potential. Identifying these sub-products and relevant export markets showcase where global demand lies. This could, in turn, be a compass for investors and business owners alike, as to where to invest their efforts. The tables below (tables 6, 7, and 8) highlight the top sub-products in the agri-food, textile, and ICT sectors with their corresponding untapped export potential, as well the main potential export markets for those sub-products:

76. Ibid
77. Ibid
78. Diagnostic et recensement : Quel est l'impact du Covid-19 sur le secteur du numérique en Tunisie ?. Web Manager Center, 2020.

Table 6 Top sub-products in the Tunisian agri-food sector, in USD million

Sub-category with highest untapped export potential	Export potential (mn USD)	Actual exports (mn USD)	Untapped potential (mn USD)	Markets per product group	Comments
Vegetable oils and fats					
Virgin olive oil and fractions	903.1	617.7	466.3	Italy, United States and France	Italy shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth $227.4 mn.
Total	1000	730.6	525.1	Italy, United States and France	
Processed or preserved food products n.e.s					
Uncooked pasta	43.3	30	29.1	Libya, France, and Germany	France shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth $32.3 mn.
Total	219.5	158.6	139.8	France, Libya, and Italy	
Processed fish products					
Prepared or preserved anchovies	19.6	10.3	11.5	Italy, France, and Spain	France shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth $8.3 mn.
Total	42.4	26.2	25.6	Italy, France and Libya	
Fruit					
Dates, fresh or dried	504.4	288.5	247.2	Morocco, France and Germany	France shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth $86.8 mn.
Total	565.7	330.9	289.2	France, Morocco and Germany	
Vegetables					
Tomatoes, fresh	54.3	45.8	28.5	France, Germany and Italy	France shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth $29.1 mn.
Total	99.8	79.5	63.6	France, Germany and Italy	
Spices					
Pepper (Capsicum of Pimenta), dried, crushed or ground	18.6	15	5.2	Libya, France and Algeria	United States shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth $2.3 mn.
Cereals					
Groats & meal of wheat	11.9	8	6.6	Ivory Coast, France and Senegal	France shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth $1.5 mn.

Table 7 Top sub-products in the Tunisian textile sector, in USD million

Sub-category with highest untapped export potential	Export potential (mn USD)	Actual exports (mn USD)	Untapped potential (mn USD)	Markets per product group	Comments
Apparel					
Men's cotton trou-ser and shorts	762.1	620.2	240	France, Germany, and Italy	France shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth $267.9 mn.
Total	3200	2800	1300	France, Germany, and Italy	
Footwear					
Rubber/plastic soles and leather .uppers, n.e.s	412.8	190.3	226.9	France, Germany, and Italy	France shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth $190.0 mn.
Total	980	418.2	541.9	Italy, France, and Germany	
Textile fabric n.e.s.					
Sets of woven fabric/yarn for retail	2.1	1.1	1.4	France, Senegal, Italy	France shows the largest absolute difference1.3 mn.
Flax, hemp, and natural fabric					
Single flax yarn	13.7	20.3	24.6	Italy, France, and Belgium	France shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth $8.0 mn.
Total	17	25.1	30.2	Italy, France, and Belgium	
Cotton (fabric)					
Denim, >=85% cotton, >=200g/m2, of different colours	4.6	2.3	5.2	Bangladesh, Turkey and Egypt	
Skin, leather, and products thereof					
Articles of leather, n.e.s	58.4	42.7	36.7	France, Italy and Morocco	

Table 8 Top sub-products in the Tunisian ICT sector, in USD million

Sub-category with highest untapped export potential	Export potential (mn USD)	Actual exports (mn USD)	Untapped potential (mn USD)	Markets per product group	Comments
Electronic equipment	315.4	800	585.8	France, Germany and Italy	Italy shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth $53.7 mn.
Telephone sets & other voice/image transmission apparatus	199.7	300	199.4	Germany, France and United States	

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