




**ULANDSSEKRETARIATET – DTDA**  
DANISH TRADE UNION DEVELOPMENT AGENCY



# LABOUR MARKET PROFILE

**2016**

**Tunisia**



Danish Trade Union Development Agency,  
Analytical Unit  
Copenhagen, Denmark



## PREFACE

The Danish Trade Union Development Agency (DTDA) presents this Labour Market Profile as a yearly updated report that provides a comprehensive overview of the labour market's situation.

The report is divided in eleven thematic sections including: trade unions, employers' organizations, tripartite structures, national labour legislation, violations of trade union rights, working conditions, situation of the workforce (with subsections such as unemployment, sectoral employment, migration, informal economy, child labour, gender, and youth), education (with subsection vocational training), social protection, general economic performance, and trade. Additionally, Appendix presents new approved labour market related legislations and status of ratification of International Labour Organization (ILO) Conventions.

Estimations are based on data from international databanks (e.g. ILO's Key Indicators of the Labour Market (KILM) and NATLEX as well as the World Bank's World Development Indicators), national statistical institutions and ministries. Information is also collected from the International Trade Union Confederation (ITUC), U.S. Department of State, media sources (e.g. LabourStart, The Guardian, national news, etc.) along with trade unions centers, employers' organizations, NGOs, among others.

Several indexes such as the Global Rights Index, the Doing Business Index, the Governance Indicators, and the Human Development Index are used as proxy indicators of the labour market's environment. The indexes' methodologies and the data quality can be followed by the sources websites.

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## ACKNOWLEDGMENT

The DTDA is the Danish trade union council for international development co-operation. It was established, under a slightly different name, in 1987 by the two largest Danish confederations: the Danish Federation of Trade Unions (LO) and the Danish Confederation of Salaried Employees and Civil Servants (FTF). The organization activities are related to: i) to support democratic development of the trade union movements in Africa, Middle East, Asia and Latin America; and ii) to contribute to democratic development in the societies in which the unions operate.

This Labour Market Profile is prepared by the DTDA's Analytical Unit in Copenhagen with support from our sub-Regional Office in Tunisia as well as our local partners in terms of data collection of trade union membership.

All other labour market profiles of the countries where DTDA operates are available at our website: <http://www.ulandssekretariatet.dk/content/landeanalyser>

Should you have questions about the profiles you can contact Kasper Andersen ([kan@dtdda.dk](mailto:kan@dtdda.dk)), Manager of the Analytical Unit.

Cover Photo: Carsten Snejbjerg



## EXECUTIVE SUMMARY

The Republic of Tunisia had a fragile economic performance in recent years. The real economic growth was declining. Fiscal deficit reached record levels. Wage bill climbed to one of the highest in the world. Ranking on doing business and human development indexes were dropping. Labour productivity lost its tempo. Even a double higher economic growth will remain too low to significantly reduce unemployment, especially among the youth. On this background, the government launched the 2016-2020 Development Plan as well as a civil service reform to curb the economic downturn. The latter reform has created concerns among the trade union movement in terms of dismissals of workers in the public sector and possible cuts of pensions, among others.

Limited new labour related legislations and/or amendments were approved from 2015 to 2016. Existing laws have flaws of protecting workers rights just as the labour market environment is confronting systematic violations of trade union rights in practice. The often application of fixed-term contracts, which is not prohibited, has eased the hiring regulations that place many workers in vulnerable situations.

Several tripartite social dialogue institutions have improved. But the Tunisian General Labour Union (UGTT) and the Union of Industry, Commerce and Artisans (UTICA) have still harsh disagreements over private sector salary increases and government policy. By the same token, collective bargaining agreements are confronting weaknesses from the legislation and many workers are often not aware of how their wages are agreed.

Wages have been on a upswing. There are remarkable differences in earnings between men and women in the private sector just as the government is not adequately enforcing the minimum wage law.

The number of employees was on a rise, peaking at 72% of the total employment in 2015. The above mentioned civil service reform will most likely stall this trend. The unemployment rates (total and youth) were falling since 2011, staying on a flat rate since 2013. These rates stay high, especially among youth, though. Not to mention, the high unemployment has been related to a relatively generous public unemployment benefit schemes in comparison with many other countries in Africa.

Employment in the private sector is decreasing due to the economic downturn, institutional weaknesses such as excessive regulations in starting a business and protecting minority investors as well as frail political stability. Activities in the informal economy are increasing. Workers from the informal economy are often not covered by health social protection and pension schemes, not paying taxes and not applying minimum wage regulations.

During the last two decades, Tunisia experienced some structural transformation in the employment per sector: The employment shift moved from the agricultural sector to the service sector; the industry sector stayed on a flat growth. The public sector continues with the largest employment share (24%) of at least 800,000 workers. This latter segment has a relatively small GDP share of US\$4,982 per worker per year.

The migration flows are challenging Tunisia's labour market. First of all, the high unemployment rate has triggered many Tunisians leaving the country. Today, remittances received have become an important part of the economy. Secondly, the country has turned into an important migration transit hub from other African countries. Thirdly, the Libyan civil war has created from 600,000 to 1 million refugees that have exacerbated the unemployment problem in Tunisia.

Labour market is confronting patriarchal prejudice and rooted gender family roles. This has limited women's active participation on the labour market. Among youth, there is a high rate mismatch between the number of graduates and the number of suitable jobs. Especially Tunisian women have very high enrolment in tertiary school but this group has the highest unemployment of 42%. Also the Vocational Education and Training (VET) system is confronting difficulties and the enrolment in vocational training is plummeted. On the positive side, the VET system is under reforms.

New trade unions and federations were created in the beginning of the 2010s. Trade union members experienced a high growth with an estimated trade union density of 26% of total labour force in 2016 with a relatively narrow gender gap. Bargaining power remains within Tunisian General Labour Union, though. Since members are concentrated in the public sector, the civil service reform will most likely affect negatively the trade union membership upsurge.



## COUNTRY MAP



Source: Google



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## TRADE UNIONS

The Labour Code provides workers with the right to organize, to form and join unions, and protects the right to bargain collectively. The right to strike extended to civil servants with some exceptions. However, the Code has some flaws that complicated the workers' rights in practice (see also the section: National Labour Legislations).

There are registered 64 trade unions with an estimated total 1.1 million members in 2016. The trade union density in terms of wage and salaried workers was assessed of 42%; of the total labour force of 26%. These are relatively high rates in comparison with many other North Africa countries. Around 56% of the members are women (Table 1). The trade union membership is very concentrated in the public sector. In contrast, the trade unionization in private sector was estimated at about 15%.<sup>1</sup>

**Table 1: Trade unions' status in Tunisia, 2016**

Number of trade unions	64
Dues (standard)	N/A
Members of trade unions	1.080,000
Trade union members share of labour force	26 %
Trade union members to waged workers	42 %
Women member share of trade unions (2014)	56 %
Members of affiliated trade unions from the informal economy	N/A

Source: UGTT; [Tunisia Human Rights Report](#); and [Statistiques Tunisie](#)

Based on the most available updated official data, the trade union membership was on a fast rise in the beginning of the 2010s. It was especially an impact of the Tunisia Revolution in 2011. Several facts are noteworthy: first, since 2008, women trade union membership grew higher than men with a widening gender gap. Second, the total membership increased dramatically by 33% from 2010 to 2011. This upsurge peaked in 2012 by 692,000 members. This is interpreted as freedom of association was recognized and applied. The trend entered a declining phase afterwards (Figure 1). However, based on the new updated data from 2015-2016 suggest that trade union membership entered an increase in the period from 2014 to 2016. This has been related to campaigns against subcontracting labors has increased the number of union members (see also the section: Working Conditions).

**Figure 1: Trade union membership in Tunisia 2006-2014**



Note: The national statistical institute

Source: [Statistiques Tunisie](#)

There are four trade union centres in Tunisia: the *Union Générale Tunisienne du Travail* (UGTT), the *Confédération Générale Tunisienne du Travail* (CGTT), the *Union des travailleurs tunisiens* (UTT) and the *Organisation tunisienne du travail* (OTT). UGTT is without a doubt the largest trade union centre that covers 64% of the total estimated members; CGTT of 2.8%, UTT of 14% and OTT of 19% (Table 2). These numbers are based on trade union centres own estimations. As already indicated, the data appear diverging significantly from the official membership trend on Figure 1.

**Table 2: Trade Union Centre in Tunisia**

Trade Union Centre	Total Members	Women Members
UGTT - Union Générale Tunisienne du Travail	700,000 *	47%
CGTT - Confédération Générale Tunisienne du Travail	30,000 **	-
UTT - Union des travailleurs tunisiens	150,000 ***	-
OTT - Organisation tunisienne du travail	200,000 ***	-

\* Estimation from 2016. \*\* Estimation from 2013; thus, underestimations the updated number. \*\*\* Estimations from 2015.

Source: UGTT and [Tunisia Human Rights Report](#), [WFTU](#), and [Jadaliyya](#)

It has been noted that the government holds organized collective social negotiations only with the UGTT. Representatives from CGTT and UTT have complained that their labour organizations are ignored and excluded from tripartite negotiations.

### Tunisian General Labour Union (UGTT)<sup>2</sup>

UGTT was established in 1946 and participated in the fight for independence from France. The organization is a strong organization in the Tunisian society, being the only civil society body with a significant presence in all the regions of the country. The organization represents workers and retired workers in 24 regional unions, 19



sectoral federations and 21 general unions. The UGTT is affiliated with the International Trade Union Confederation (ITUC) and the International Confederation of Arab Trade Unions (ICATU).

UGTT members are drawn predominantly from the public sector. It gained around 200,000 new members after the Tunisia Revolution of 2011.<sup>3</sup> Not to mentioned, there other sources that even estimated up to 850,000 members. A civil service reform strategy to curb the public financial deficit has been initiated and will challenge the trade union membership in the public sector (see also the section: Working Conditions).

After the political turmoil in 2011, the UGTT went through a process of internal reform. A new Executive Board of UGTT officially took office in January 2017, selecting Mr. Nouredine Taboubi as secretary-general. It was noted that one woman was included in the board's management for the first time since the country's independence.

UGTT initiated the national council in July 2015 to debate future policy in a changed political landscape. Some of the key issues were the upsurge of 'wildcat' strikes that ignore the usual procedure for strikes endorsed by the UGTT hierarchy. It has questioned if the organization's historical legitimacy has been weakened. Moreover, the transparency of UGTT's funding sources has been recommended to be revised.<sup>4</sup>

#### **Tunisian General Confederation of Labour (CGTT)**

CGTT was awaiting registration since 2006. It was launched in 2011. The organization experienced fast growth of members reached an estimated 30,000 in the end of 2013 (Table 2). GCTT advocates trade union pluralism. The general secretary is former leaders of the UGTT.

According to ITUC, CGTT experienced internal divisions.<sup>5</sup> In June 2015, the administrative court ruled to allow the CGTT to deduct earnings from paychecks for dues, a labour right that previously was allowed only to UGTT. The decision could be interpreted as an affirmation of union pluralism in the country.

#### **Tunisian Workers' Union (UTT)**

UTT was launched in 2011. At the beginning of 2013, the organization had around 10,000 members. It grew rapidly reaching 50,000 in the end of 2013. Some sources argue even up to 150,000 members today.<sup>6</sup>

The organization advocates trade union pluralism. The general secretary is former leader of the UGTT. The second national congress of UTT is planned to be held on May 19-21, 2017.

#### **Tunisian Labour Organization (OTT)**

On August 26, 2013, a fourth trade union center was established, the pro-Islamist OTT. Part of the new trade union center was a UGTT-dissident group. The new center partially justified its establishment as a counterpoint to UGTT. This was criticized for not serving the country's interests and for lack of transparency. The organization claimed around 200,000 members in 2015.<sup>7</sup>

## **EMPLOYERS' ORGANISATIONS**

#### **Union of Industry, Commerce and Artisans (UTICA)**

The main representative of the private sector and employers' organisation in Tunisia is UTICA (officially known *Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat*). The organization is structured in 17 federations, 24 regional unions, 216 local unions, 370 national union chambers and 1,700 regional union chambers.<sup>8</sup> According to UTICA, 120,000 companies are members. In practice, the number might be lower which are related to many companies do not pay membership fees and affiliation varies in accordance with election cycles. Other sources suggest that UTICA has between 6,000-7,000 members mainly large companies to 30,000 companies.<sup>9</sup> The members are estimated to account for about 70% to 80% of private sector employment.

UTICA operates with a broad mandate of social affairs involved in economic development, trade and trade relations. This includes promoting vocational training, collective bargaining, services for members, national negotiations and interest representation. It is worth mentioning that after the Tunisia Revolution 2011, UTICA was going through an internal reform process. With the emergence of previously mentioned "labour union pluralism" during last years, employers complained that negotiating bargaining agreements had become more complicated (see also the sub-section: Collective Bargaining Agreement). The organization operates with a strategy, clear lobbying and an advocacy agenda along with the Vision 2020.<sup>10</sup>

During 2016 UTICA argued that illegal vendors were destroying their members' businesses and promoted initiatives to stop these stalls. Even the government launched a crackdown in October 2016 to removal of





the scourge of illegal vendors from Tunis' traffic streets. However, the stalls returned rapidly. In addition, in December 2016 UTICA participated in the third round of social negotiations for the private sector along with UGTT (see more on section: Central Tripartite Structures).

### **Confederation of Tunisian Citizen Enterprises (CONECT)**

CONECT (officially known *Confédération des Entreprises Citoyennes de Tunisie*) was launched in September 2011. The organization is in progress of building a federal and regional structure. It promotes itself as an entrepreneurial partner that supports constructive initiatives for social and economic progress. By the same token, it is active in the field of Corporate Social Responsibility (CSR).

CONECT has participated in meetings with CGTT which is related to support common demands for recognition and participation in the national crafted social dialogue institutions, alongside the traditional partners: UTICA and UGTT.

The organization in collaboration with the Tunisian Entrepreneurship Network (TEN), the Tunisian Solidarity Bank and the Bank of Financing Small and Medium Sized Enterprises (BFPME) signed a co-operation agreement in November 2015 as part of a project funded by the Qatari Friendship Fund (QFF) called 'Thniti'. This agreement aims to facilitate granting of funds and mentoring of young entrepreneurs, besides the creation of an efficient system to increase the success rate of projects.

## **CENTRAL TRIPARTITE STRUCTURES**

### **Mediation and Arbitration<sup>11</sup>**

Individual labour disputes are handled by industrial tribunals. Collective labour disputes are first handled by a Consultative Commission. If that fails it is attempted to be conciliated. Depending on the geographical extend of the dispute, a regional or central tripartite Arbitration Board will then decide on the case if the disputes is agreed to be arbitrated. During 2016 representatives from the Ministry of Social Affairs, UGTT, and UTICA formed tripartite regional commissions to arbitrate disputes. According to sources, conciliation panels with equal labour and management representation settle many labour disputes.<sup>12</sup>

An estimated total 256 strikes were registered in 2016.<sup>13</sup> 'Wildcat' strikes (i.e. not authorized by union

management) occurred throughout the year but it reduced from previous years. Even if not authorized, the Ministry of Interior tolerated many strikes if confined to a limited area, according to sources.<sup>14</sup> Four strikes were recorded in public industrial and commercial establishments in the period from November 2015 to November 2016. It is interesting to observe that the number of working days lost due to strikes decreased by 82% compared to November 2015. On the other hand, strikes turnout increased from 57% in November 2015 to 66% in the same period in 2016.<sup>15</sup>

### **Affairs in social dialogue**

Eight tripartite bodies are established by the Labour Code.<sup>16</sup> These institutions functions regulate and give advice on a wide range of subjects such as labour policy, minimum wages, occupational safety and health and social dialogue:

- Council for Vocational Training (*Conseil de la formation professionnelle*).
- High Committee for Employment (*Comité supérieur de l'emploi*).
- Labour Committee (*Comité du travail*).
- Occupational Safety and Health Committee (*Comité de santé et de sécurité au travail*).
- National Commission on Social Dialogue (*Commission nationale du dialogue social*).
- Regional or Central Commission for Control of Dismissals (*Commission régionale ou à la commission centrale de contrôle du licenciement*).
- Consultative Commission on Collective Bargaining Agreements (*Commission consultative des conventions collectives*).
- Central or Local Commission for Salaries (*Commission centrale des salaires et des commissions locales de salaires*).

According to sources, social dialogue has a close links with the political environment in Tunisia. This explains the legal reforms in the social dialogue in the aftermath of Tunisia Revolution 2011 (see also the section: National Labour Legislation). The social dialogue is quite tripartite oriented at national and lower levels just as centralism goes hand in hand with tripartism.<sup>17</sup> As part of the upsurge of trade unions' and employers organizations' members are confronting the traditionally more centralized method, which, for example, is exemplified by the previously mentioned social tensions and 'wildcat' strikes.



## Social Contract<sup>18</sup>

After seven months of negotiations, the Government, UGTT and UTICA signed a Social Contract in January 2013 on the second anniversary of Ben Ali's resignation. The Social Contract includes statements of intent to improve the country's situation. The initiative was supported by the Tunisian National Dialogue Quartet, which consists of UGTT, UTICA, the Tunisian Human Rights League and the Tunisian Order of Lawyers. Initially its implementation had a slow pace. This was related to the establishment of new institutions.

The establishment of the National Council for Social Dialogue was initiated. Tripartite subcommittees were officially launched in April 2014 following four areas: i) the economic growth and regional development, ii) the employment policies and vocational training system, iii) professional relations and decent work, and iv) social protection. Several are progressing, including a decentralization social dialogue process towards municipalities. It has created a significant improvement in letting peoples voice and accountability heard by the authorities (see also Table 25). The mutual trust between the civil society and the state has still demonstrated some weaknesses; and stakeholders have been suspicious of each other. A tripartite meeting was organized in November 2016 to adopt a work plan for the execution of the Social Contract's aspects in terms of dialogue essential for reform of insurance scheme.

A draft law on the National Council of Social Dialogue was launched in July 2015. The council consists of a tripartite entity designed to bring together the government, labour in the form of UGTT, and private sector via UTICA. As a platform, it aims to advance the social and economic front. During 2016, the draft bill was elaborated upon and interpreted as a big step towards a perpetuation of social dialogue.<sup>19</sup> The bill was expected to be negotiated in the parliament during May 2017.

Despite the improvements on the national dialogue structures in Tunisia, it has still many pending issues. Among others, financial deficits of the social funds continue to increase and this constitutes a significant challenge of their financial sustainability (see also the sections: Social Protection and General Economic Performance).

## Other bi/tripartite organs

- Board of the Tunisian National Social Security Fund (*Caisse Nationale de Sécurité Sociale*, CNSS)

- Board of the National Health Insurance Fund (*Caisse Nationale d'Assurance Maladie*, CNAM)
- Board of the National Pension and Social Providence Fund (*Caisse nationale de retraite et de prévoyance sociale*, CNRPS).

## Collective Bargaining Agreements (CBAs)

The application of CBAs is an institution that is used widely in Tunisia. In practice, wages and working conditions are established through triennial Collective Bargaining Agreement Wage (CBAW) between the UGTT, UTICA and the government. These tripartite agreements set industry standards and generally apply to about 80% of the private sector labour force. Often is the CBAW's negotiated wage higher than the the minimum guaranteed wage (see also the section: Working Conditions).

Some key issues of the right of collective bargaining are confronting flaws on the legislation. It has been observed that CBAs articles are often not applied and the degree of compliance is different from one company to another. In the event that many workers are often not aware of how their wages are calculated or the wages are paid later than legally specified.

In Tunisia a total 55 CBAs were registered in 2016 by the Official Journal (Table 3). Data is not available of the total CBA coverage among the salaried workers. Other sources argued that CBA coverage in the textile/garment industry applies to around 20% of the workers.

**Table 3: Collective Bargaining Agreements in Tunisia, 2016**

Number of CBAs	55
Workers covered by CBAs (textile/garment industry, 2014)	20 %
Share of workers covered by CBA	N/a

Source: [Journal Officiel de la République Tunisienne](#) and [Fair Wear Foundation, Tunisia Country Study 2015](#)

In November 2015 UGTT and the Tunisian Union for Agriculture and Fisheries (UTAP) signed a collective agreement framework governing labour relations in the agricultural sector. This was interpreted as a breakthrough after 43 years where labour relations in the agricultural sector were only governed by the Labour Code. This has opened agricultural workers to craft CBAs that protects them.

Another issue is that CGTT and UTT still have less bargaining power than UGTT in terms of crafting CVAs in negotiations with employers' organizations.<sup>20</sup>



A study argued that employment relations in the garment industry are governed by both the Labour Code and the garment CBA.<sup>21</sup> To push a more flexible employment and avoiding the CBA regulations, employers often hire workers through short-term contracts in this sector.

## NATIONAL LABOUR LEGISLATION

### Constitution

After the fall of the ex-president Ben Ali in January 2011, drafting of a new constitution was a milestone in Tunisia's democratic transition. A National Constitution Assembly (ANC) was elected in November 2011. After two years of debate between Islamists and secularists, the parliament adopted a new constitution in January 2014. Amongst others, the new constitution protects: the right to organize and to strike, equality of women, and freedom of expression.

International bodies and heads of state have praised the completion of the new constitution. Among these, the International Trade Union Confederation's (ITUC) General Secretary has called the adoption of the new Constitution as a "historic moment for the country and the region as a whole."<sup>22</sup> The Nobel Peace Prize for 2015 was awarded to the Tunisian National Dialogue Quartet for its decisive contribution to the building of a pluralistic democracy in Tunisia in the wake of Tunisia Revolution of 2011.

Despite the new constitution is applauded by many, the final result has also many critics. For example, some are disappointed that the Islamic-oriented majority of ANC did not secure a more Islamic-oriented constitution, while others criticize the constitution for being too Islamic-oriented, including ambiguous and contradictory paragraphs, leaving too much leeway for the interpretation.

### Labour Code<sup>23</sup>

The Labour Code from 1966 with several amending regulates working hours, overtime, leave, salary, occupational safety and health, foreign employees, vocational training, apprenticeships, and protection of women workers. It also prohibits child labour, and subterranean and night work for workers under 18 years.

The Code establishes an employment agency, the labour inspectorate and industrial tribunals. And it regulates strikes, lock-outs, trade unions, individual and

collective labour disputes. Strikes must be approved by the central trade union, i.e. UGTT. Although the labour code covers temporary workers, enforcement efforts are weaker than for permanent workers.

The International Labour Organization's (ILO) Committee of Experts has pointed out that the minimum age for joining a trade union should be the same as the age for admission to employment as determined in the Labour Code and that there should be no requirement for authorization by parents or guardians. Thus, the Government was requested to amend section 242 of the Labour Code to that effect.<sup>24</sup>

### Other labour related legislations

Several other legislations exist that regulate and set standards as well as restrictions for the labour market.<sup>25</sup> ILO has registered a total 1,040 national labour, social security and human rights related legislations in March 2017. Sixteen new legal pieces were approved in 2014, one in 2015 and none in 2016 (Table 4 & Appendix Table 27):

**Table 4: Number of approved national labour, social security and human rights related legislations in Tunisia**

	2014	2015	2016
Number of new legislations	16	1	0

Source: [ILO, NATLEX, Tunisia](#)

### Observations on the labour legislation

As previously mentioned, the legislations have flaws in terms of protecting the trade union rights. The International Trade Union Confederation (ITUC) registered, among others:<sup>26</sup>

- Power to refuse official registration on arbitrary, unjustified or ambiguous grounds.
- Sanctions imposed for organizing or joining an organization not officially recognized.
- Restrictions on trade unions' right to establish branches, federation and confederation or to affiliate with national and international organizations.
- Restrictions on the right to elect representatives and self-administer in full freedom.
- Previous authorization or approval by authorities required to bargain collectively.
- Absence of criteria or discretionary, unclear or unreasonable criteria for determining representative organizations.



- Prohibition or limitation of collective bargaining at a certain level (local, regional, territorial, national; enterprise, industry, sector or general).
- Authorities' or employers' power to unilaterally annul, modify or extend content and scope of collective agreements.
- Authorities' approval of freely concluded collective agreements.
- Previous authorization or approval by authorities required to hold a lawful strike.
- Restrictions with respect to type of strike action (e.g. pickets, wild-cat, working to rule, sit-down, go-slow).
- Excessive civil or penal sanctions for workers and unions involved in non-authorized strike actions.
- Discretionary determination or excessively long list of "essential services" in which the right to strike is prohibited or severely restricted.

Other sources have mentioned that UGTT alleged antiunion practices among private-sector employers, including firing union activists and using temporary workers to deter unionization.<sup>27</sup>

### Ratified ILO Conventions

In Tunisia a total 62 of the International Labour Organization's (ILO) Conventions of international labour standards are ratified (see also Appendix Table 28);<sup>28</sup>

- Fundamental Conventions: 8 of 8.
- Governance Conventions (Priority): 3 of 4
- Technical Conventions: 51 of 177.
- Out of 62 Conventions and 1 Protocol ratified by Tunisia, of which 56 are in force, 7 Convention and 0 Protocol have been denounced; none has been ratified in the past 12 months.

It is the ILO Governance Convention 129 concerning Labour Inspection (Agriculture) Convention that not yet has been ratified. The latest ratified Convention was the Convention 185, Seafarers' Identity Documents Convention, in May 2016.

## TRADE UNION RIGHTS VIOLATIONS

Tunisia was ranked 4 out of 5 on ITUC's Global Rights Index since 2015 and registered with 'systematic violations of rights' (Table 5). This is interpreted as workers in countries with the rating 4 have reported the government and/or companies are engaged in serious

efforts to crush the collective voice of workers putting fundamental rights under threat.<sup>29</sup>

**Table 5: Global Rights Index, Tunisia, 2014-2016**

	2014	2015	2016
Ranking on the Global Rights Index	2	4	4

*Note: Five clusters in total with ratings from 1 to 5. A country is assigned the rating 5+ by default, if the rule of law has completely broken down.*

*Source: ITUC, Global Rights Index*

ITUC registered 4 cases on the systematic violations of rights' in 2015 none in 2016. These cases were related to: i) Nobel Peace Prize against backdrop of severe social and economic crisis; ii) Oppressive antiterrorist decree; iii) Journalists faced with precarious employment and threats; and iv) UGTT and its leadership under constant attack.<sup>30</sup>

Other sources noted that UGTT alleged antiunion practices among private-sector employers, including firing union activists and using temporary workers to deter unionization.<sup>31</sup>

Tunisia has two confidential active Freedom of Association cases within ILO's Complaints Procedure. The first was from June 2014 with complaints from Tunisian Labour Organization (OTT). The second was from August 2016 with complaints from Union of Tunisian's workers (UTT) (Table 6). The follow-up case from June 2012 has complaints from CGTT with reference to acts of interference in its internal affairs, the withholding of the dues paid by its members and its exclusion from tripartite consultations held with a view to drawing up a national social contract.

**Table 6: Freedom of Association cases in Tunisia, 2016**

ILO Complaints Procedure	Number of cases
Active	2
Follow-up	1
Closed	5

*Source: ILO, NORMLEX, International Labour Standards country profile, Tunisia*

## WORKING CONDITIONS

A series of minimum wages are regulated. Despite Tunisia is under pressure from international lenders to reduce public spending and cut the deficit to help economic growth, there have been negotiations of a public sector wage hike during 2015. And in November 2015 the government announced a new monthly minimum wage for a 40-hour workweek for non-



agricultural workers of 290 dinars (US\$135), and a daily minimum wage for agricultural-sector workers of 13 dinars (US\$6.6).<sup>32</sup> By the same token, in January 2016, tripartite negotiations led to an agreement on wages in the private sector, which included a 6% general wage increase, a 10-dinar increase (US\$4.50) in the travel allowance, and a three dinar (US\$1.30) increase for work attendance (see also Table 7).

**Table 7: Wages and earnings in Tunisia**  
Minimum Wage, Growth Trends in Wages

	Current Dinar	Current US\$
Minimum wage Non- agriculture (2015-2016)	290	135
Minimum wage Private sector (2016)	338	157
Minimum wage Agricultural-sector workers per day (2015-2016)	13	6.6
Ratio of minimum wage to value added per worker (2016) *	0.5	
Growth of real wage (2007-2015)	1.6 %	
Growth of real minimum wage (2007-2016)	35 %	

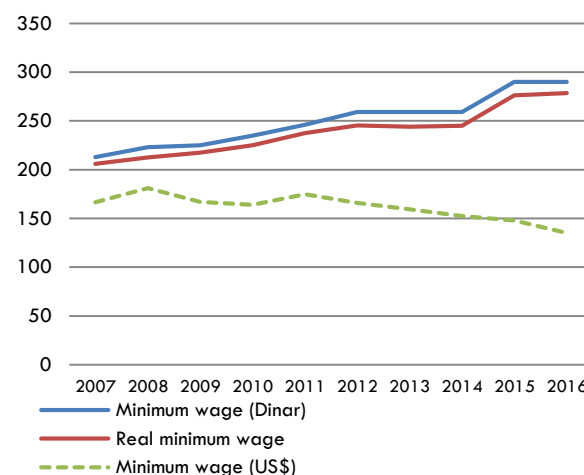
\* Ratio of minimum wage to value added per worker denotes the minimum wage share of labour productivity. Reported as ratio of minimum wage to value added per worker in the Doing Business Report.

Source: [U.S. Department of State, Annual Country Reports on Human Rights Practices, 2016](#); [Reuters](#); [IFC & World Bank, Doing Business 2017, Tunisia](#); and [ILO, Global Wage Database](#)

Research has demonstrated a remarkable difference in earnings between men and women in the private sector, particularly as salaries increase.<sup>33</sup> Not to mention, according to sources, the government does not adequately enforced the minimum wage law, particularly in nonunionized sectors of the economy. In addition, the prohibition against excessive compulsory overtime is not always enforced.<sup>34</sup>

Overall, the real minimum wage increased by 35% during the last decade. The inflation in consumer prices created a narrow gap between the nominal and real minimum wage that slightly affect the wage purchasing power. In US Dollar terms, the minimum wage value dropped steady as an impact of decreasing exchange reserves (Figure 2).

**Figure 2: Minimum wage trend in Tunisia**  
2007-2016, Dinar and US\$



Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#) and [Reuters](#).

In negotiations between the government and the International Monetary Fund (IMF) it was agreed in March 2017 to launch a civil service reform strategy that puts the wage bill on a sustainable trajectory, reducing energy subsidies, and covering the immediate liquidity deficits in the social security system (see also the section: General Economic Performance).<sup>35</sup> ITUC raised their concerns that the agreement suspending payments, dismissals in the public sector as well as sales of government assets and possible cuts to pensions.<sup>36</sup>

The Ministry of Social Affairs is responsible for enforcing health and safety standards in workplaces. Under the law all workers, including those in the informal economy, are covered by the same occupational safety and health protections. Enforcement of these measures is often inadequate, though.

The number of labour inspectors peaked in 2014 by around 500 inspectors. According to data, it suggests it dropped to 347 labour inspectors in 2016.<sup>37</sup> The latter equals 1 per 11,960 workers in the labour force and 1 per 10,222 of the employed workers. The ILO recommends 1 inspector per 10,000 workers in industrial market economies and 1 per 20,000 workers in transition economies.<sup>38</sup>

The labour market operated by eased hiring regulations. First of all, a study detected a dichotomy between fixed-term and open-ended contracts in Tunisia. The using of fixed-term contracts became a standard mechanism to hire workers. This gave rigidities with open-ended contracts and promoting unnecessary labour turn-over. Secondly, in terms of the Labor Code, the fixed-term contract can be concluded upon





agreement between employer and employee, providing that its duration does not exceed four years including renewals. In order to keep the staff beyond four years, firms need to enter into an open-ended contract. This causes significant firing rigidity. In order to avoid cumbersome and expensive procedures on layoffs, many employers thus hire workers only on fixed-term contracts. Lay-off the workers and hire new workers prior to the expiry of the cumulative four-year limit, promoting unnecessary job turn-over and giving wrong incentives to convert workers into open-ended contracts.<sup>39</sup> Many temporary contract laborers are not receiving the same protections as permanent employees, though.

These contractual controversies has affected negatively the job quality by large-scale usage of more flexible temporary contracts, with more informality, lower salaries, and little or no social security and job insecurity. A study showed a significant increase of these more flexible conditions during the 2000s.<sup>40</sup> With this in mind, temporary contract laborers complained not accorded to the same protections as permanent employees. Efforts to end subcontracting concluded with success in terms of banning subcontracting agencies and subcontracted workers in the public sector in 2013. Around 60,000 workers were able to move into standard employment. Many of the subcontracted workers were women and the UGTT's National Women's Committee played an important role in the organization that makes strides to equalize pay. Similarly campaigns also led to a drop in temporary contract laborers in the private sector, but it is still not benefitting fully from modifications. Notwithstanding, many still complain they are not afforded the same protections as permanent employees.

An overview of the working conditions in Tunisia is available on Table 8.

**Table 8: Working Conditions in Tunisia, 2012**

Normal weekly hours limit	48 hours
Overtime limit	60 hours per week (including overtime)
Maximum weekly hours limit	60 hours
Minimum mandatory overtime premium/time off in lieu of overtime wages	75% increase (48 hours wprkweek); no universal natonal entitlement to compensatory time off
Minimum annual leave	12 days
Duration of Maternity Leave	30 days
Amount of maternity leave benefits	66% of daily wage

Source of maternity leave benefits	Social insurance
Fixed-term contracts prohibited for permanent tasks?	No

Source: [ILO, Working Conditions, Laws Report 2012, 2013](#) and [World Bank & IFC, Ease of Doing Business 2016/2017 in Tunisia](#)

## WORKFORCE

The total population in Tunisia is 11.1 million people out of which 3.6 million workers are in employment with an estimated employment-to-population ratio at 41% in 2016. There are similar rates on the employment-to-population ratio in comparison with the North Africa averages, except Tunisian youth women (15-24 years old) have a significant higher employment-to-population ratio than the region average. In the country men have a much higher employment-to-population ratio at 62% while it is 20% among women. This ratio's low youth employment is especially related to that many are in education or in inactivity.

**Table 9: Employment-to-population ratio in Tunisia and North Africa, 2016**

Total and by age and sex distribution

Sex	Age	Tunisia	North Africa
Men & Women	Total 15+	41 %	40 %
	Youth 15-24	23 %	20 %
Men	Total 15+	62 %	64 %
	Youth 15-24	31 %	32 %
Women	Total 15+	20 %	16 %
	Youth 15-24	15 %	7.2 %

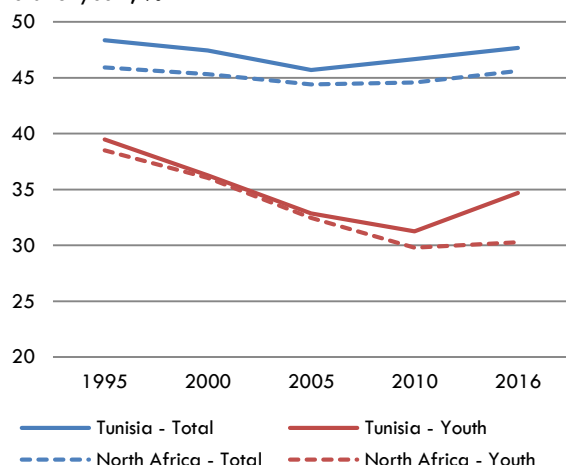
Note: Estimations based on Upper-middle income level.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#).

Based on estimations, the total labour force participation rate in Tunisia has experienced a flat growth in the period from 1995 to 2016 at 48%. There was a marginal declining change during the 2000s, but it reverted during the 2010s, so far. Data also show that the youth participation rate was on a declining trend since the 1990s but the growth rebounded again in the 2010s. It remains lower than the youth participation rate in the 1990s. Notwithstanding, this has been related to as an impact of the Tunisia Revolution in 2011. Equally important, Tunisia has higher participation rates than the region averages (Figure 3).



**Figure 3: Labour force participation rate, 1995-2016**  
Total & youth, %

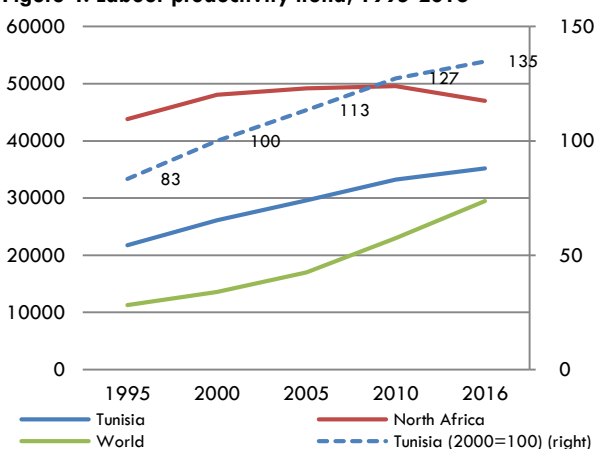


Note: Estimations based on Upper-middle income level.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#).

Tunisia's labour productivity is relatively high in comparison with the World average. It is lower than the North Africa average, though. The country did not experience a similar labour productivity drop as in the region since 2010, but it slowed slightly (Table 8).

**Figure 4: Labour productivity trend, 1995-2016**



Note: Labour productivity is defined as output per worker (i.e. GDP constant 2011 international US\$ in Purchasing Power Parity (PPP)); and indexed year 2000 (=100).

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

Looking towards the status of employment, it is interesting to observe that during the 2000s there was an upsurge of employers (i.e. wage and salaried workers). The number of employees basically did not change and remained the largest segment. Based on estimations, employees increased from 64% in 2010 to 72% in 2015 while both own-account workers and contributing family workers dropped. The employers mostly stayed on a flat growth in that period (Figure 5). More workers moving towards employees could be interpreted as a more formalization of the working

conditions and fewer workers are operating in vulnerable employment (i.e. own-account workers and contributing family workers).

**Figure 5: Status of employment in Tunisia, 2000-2015, %**



Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Another issue is that job seekers prioritize the public sector due to access to higher average wages and fringe benefits than in the private sector. For example, estimations suggest that within the public sector a worker with secondary education earns around 50% more in the public sector than in the private sector. University graduates earn, on average, 30% more. Benefits such as pensions and other entitlements are also considerably more generous in the public sector.

Skill mismatches between job requirements and qualifications is confronting some challenges on the labour market in Tunisia. This is mainly related to that skill mismatches are mainly affected by 33% incidence of under-education. This estimation illustrated some gender gaps: women had a higher incidence (40%) than men's (31%). Over-education is less present, but should not be underestimated (Table 10).

**Table 10: Skills mismatches between job requirements and qualifications in Tunisia, 2013**

By sex and age group 15-29 years old, %

	Total	Men	Women
Incidence of over-education	16 %	17 %	14 %
Incidence of under-education	33 %	31 %	40 %

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

### Inactivity on the labour market

One out of two (52%) of the working age population (WAP, 15+) and two out of three (65%) of the youth population (15-24 years old) remain inactive on the labour market. There are vast gender gaps between men and women (Table 11). Another key point is that both total and youth inactive women have very high rates at 75% and 78%, respectively. This suggests that



a majority of women do not enter on the labour market despite the relatively high school enrolment on all levels (see also the Figure 12).

**Table 11: Inactivity rate in Tunisia, 2016**

	Total	Men	Women
Inactivity Rate	52 %	29 %	75 %
Inactivity Rate, youth	65 %	54 %	78 %

Note: Inactivity is measured as the proportion of a country's working-age population that is not engaged actively in the labour market, either by working or looking for work.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#).

## Unemployment

An estimated 603,000 people were unemployed in Tunisia in 2016, which equals 15% of the labour force. Around 204,000 youth are unemployed with a youth unemployment rate at 34%. In order to keep the unemployment rate at current levels, 60,000 new private sector jobs must be created each year. There is a slightly gender gap in total unemployment while basically non among youth unemployment. In comparison with the North Africa averages, Tunisia's total unemployment is somewhat higher of 15% vs. 12%, respectively. There are less unemployed men than women. Not to mention, women youth unemployment is significantly lower than the region average at 35% and 48%, respectively (Table 12). The estimation of the total unemployment rate in Tunisia is quite close with the National Institute of Statistics that also measured a total unemployment rate at 15% in 2016.<sup>41</sup>

**Table 12: Total and Youth Unemployment Rate, Tunisia and North Africa, 2016, %**

		Tunisia	North Africa
Unemployment	Total	15 %	12 %
	Men	13 %	10 %
	Women	19 %	19 %
Youth Unemployment (15-24 years old)	Total	34 %	34 %
	Men	34 %	30 %
	Women	35 %	48 %

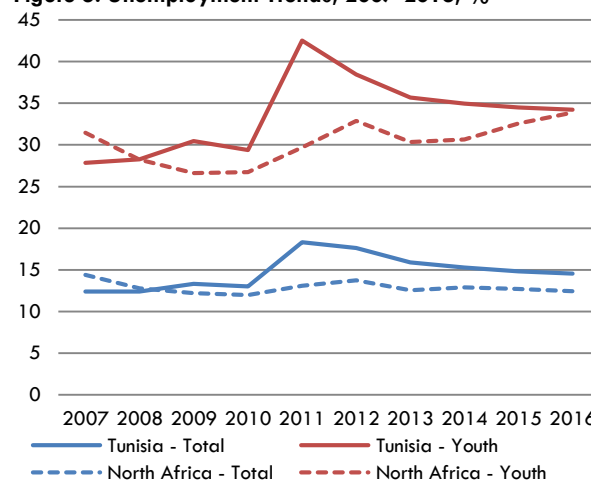
Note: Estimations based on Upper-middle income level.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#).

Total unemployment rate has been relatively high, above 10% during the last decade. It peaked at 18% in 2011-2012 and has afterwards steadily decreased to 15% in 2016. It remained hovering above the region average. The youth unemployment was standing around 30% in 2000s, but it exploded in 2011 peaking at

43%. It started to drop after that and has reached the region average (Figure 6). This unemployment in Tunisia has largely been mitigated by many new jobs to the public sector. However, this has placed immense, unsustainable pressure on the national budget (see also the section: Social Protection).<sup>42</sup>

**Figure 6: Unemployment Trends, 2007-2016, %**



Note: Estimations based on Upper-middle income level.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#)

Another character of the unemployment in Tunisia is that unemployment hits harder the higher educated persons than the lower educated persons. Especially women within the tertiary education level are confronting an unemployment rate at 42% (Table 13). This higher share of unemployment among persons with higher education could indicate a lack of sufficient professional and high-level technical jobs. Stated differently, the labour market confronts a mismatch between the demand for labour, tilted toward the unskilled, and a growing supply of skilled labour.

**Table 13: Unemployment by level of educational attainment, 2011**

	Total	Men	Women
No Schooling	8.0 %	5.3 %	14 %
Primary	12 %	11 %	19 %
Secondary Education	21 %	20 %	24 %
Tertiary education	29 %	19 %	42 %

Note: Estimations based on Upper-middle income level.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#)

The high presence of unemployment was a major cause of the Arab Spring wave of 2011. The protesters were often young and highly educated citizens who lack a job that were primarily affected by the weak economic development, low private sector investment that faced a weak business environment.

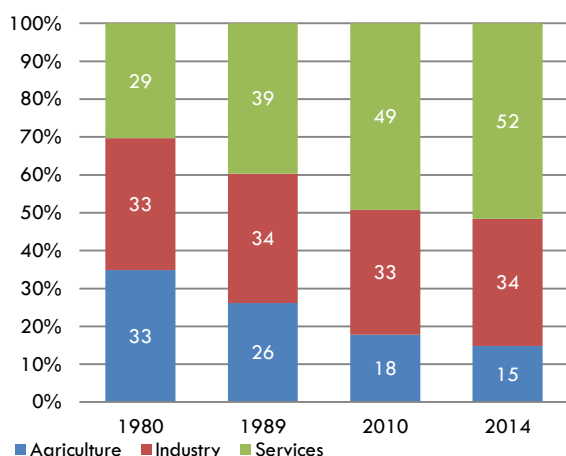


As mentioned, there has been an expansion of public recruitment programs. To some extent this is reflected by the demonstrated decreasing unemployment rates. To point out, there has been an inflated wage bill and swelling budget deficit. To implement the policies and control the pressing macro-economic unbalance, Tunisia signed a Stand-By Arrangement (SBA) with the International Monetary Fund (IMF) in 2013. Based on the SBA there have been introduced scale-back public employment expansions and froze public sector wages.<sup>43</sup> But, as already mentioned, Tunisia agreed public sector wage hike on 2015.

### Sectoral Employment

Employment in Tunisia went through structural changes during the last three decades. First of all, the agricultural sector dropped from 33% in 1980 to 15% in 2014. Instead the service sector increased significantly from 29% to 52%. The industry sector basically stayed on a flat growth at 34% (Figure 7).

**Figure 7: Employment by aggregate sector in Tunisia, 1980-2014**



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

Total employment consisted of 3.4 million workers in 2014. It increased by 10% since 2007. There are no data on gender sector employment. The public sector has the highest employment share 24% of total employment which equals 802,900 workers. The next highest sector share is in manufacturing that was estimated at 19% followed by trade, hotel and restaurants sector at 17%. All sector experienced a growing employment in the period from 2007 to 2014, except the agricultural sector dropped by 11%. However, the latter sector has still a relatively high employment share of 15% (see more on Table 14).

**Table 14: Employment distribution in Tunisia, 2014**

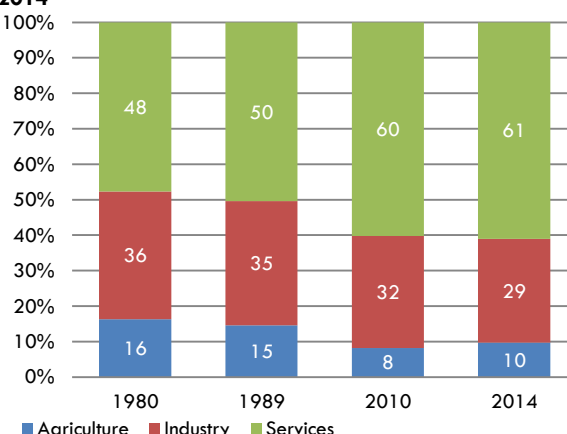
Sector	Total sector employment	Employment share	Employment change, 2007-2014
Agriculture	504,700	15%	-11%
Mining & quarrying	41,300	1.2%	20%
Manufacturing	644,500	19%	11%
Electricity, gas & water	N/a	N/a	N/a
Construction	453,000	13%	20%
Trade, restaurants & hotels	569,000	17%	20%
Transport, storage & communication	197,700	5.8%	12%
Finance, real estate & business services	181,600	5.3%	32%
Public administration, education and health	802,900	24%	14%
Not classifiable by economic activity	7,200	0.2%	-75%
Total	3,401,900	100%	10%

\* Not classifiable by economic activity

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

Just as the employment structure changed, the sector's value added of Gross Domestic Product (GDP) transformed. These changes in the economy were particularly during the 2000s; i.e. service sector increased while agricultural and industry sector dropped. Today, service sector has the largest GDP share of 61%, industry sector of 29% and agricultural sector of 10% (Figure 8).

**Figure 8: Tunisia sectors' value added, % of GDP, 1980-2014**



Source: [World Bank, World Development Indicators](#)

During the 2010s, so far, employment share in agricultural sector fell while it increased in this sector's value added. This was related to good harvests and/or



improved labour productivity. In the service sector, the employment rose slightly but it decreased in the GDP value added. Among others, the economy struggling to curb the declining export sector along with capital formation and foreign direct investment deteriorating (see also the sections: General Economic Performance and Trade). Service sector's value added basically stayed flat while the employment increased higher. Stated differently, the service sector's labour productivity is falling. This is explained by a growing informal economy in the service sector (Figure 7 and Figure 8) (see also the sub-section: Informal Economy).

Lowest GDP share by sector per workers is in the construction sector followed by the public sector. In most other countries in Africa the agricultural sector has the lowest GDP share by sector per workers. This point towards that the agricultural sector is relatively productive in Tunisia. Mining and quarrying has the highest share per worker, which is related to very capital intensive production (see more sector details on Table 15).

**Table 15: GDP share by sector (2015) and GDP per worker (2014) in Tunisia**

Sector	GDP share by sector, %	GDP share by sector per worker, US\$
Agriculture	9.7%	8,267
Mining & quarrying	6.3%	65,616
Manufacturing	17%	11,213
Electricity, gas & water	1.5%	N/a
Construction	4.7%	4,463
Trade, restaurants & hotels	14%	10,810
Transport, storage & communication	12%	26,980
Finance, real estate & business services	15%	35,530
Public administration, education and health	9.3%	4,982
Not classifiable by economic activity /other services	10%	N/a *
Total / average	100%	12,657

Note: GDP share by sector per worker is calculated by the total GDP (current US\$) divided by GDP share per sector origin which then is divided in number of workers per sector.

\* It is not possible to compare data from not classifiable by economic activity /other services.

Source: Estimations based on data from [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#) and [AfDB, OECD & UNDP, African Economic Outlook 2016, Tunisia](#)

## Migration

According to estimations of net migration rate, a total 6,588 inhabitants leaved than arrived per year in Tunisia. The country has a slightly lower net migration to the population than the Middle East & North Africa (MENA) average. On the other hand, remittances play a more important role in the country's economy, double as high as MENA average (Table 16).

**Table 16: Status of Migration in Tunisia and Middle East & North Africa (MENA)**

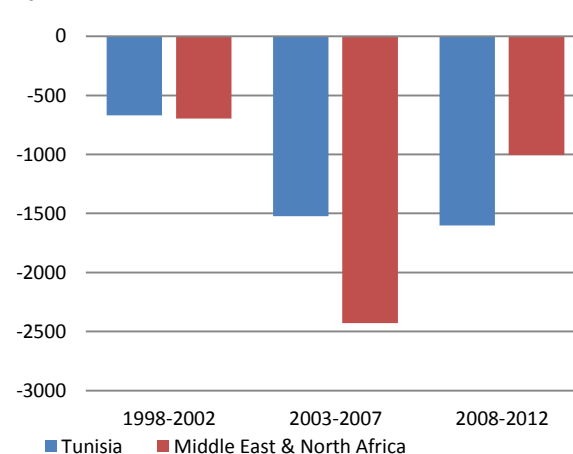
	Net Migration (2008-2012)	Net migration to average population (2008-2012)	Remittances received, % of GDP (2012-2015, average)
Tunisia	- 32,941	-1 : 1,602 Inhabitants	4.9 %
MENA	-213,002	-1 : 1,005 Inhabitants	1.8 %

Note: Net migration is the rate of people moving into a country less the number of people moving out of the same country.

Source: [World Bank, World Development Indicators](#)

Around 11% of Tunisia's population (1.2 million Tunisian) is living abroad, up from 8% (794,000) of the population in 2002. Thus, the country is considered a prime emigration country in the Mediterranean region just as an important transit country for mostly irregular migrants from Sub-Saharan Africa to Europe.<sup>44</sup> The Tunisian Revolution in 2011 increased without a doubt emigration flows. In addition, after the Libyan civil war in 2011, Tunisia had a large influx of an estimated from 600,000 to 1 million refugees, a third being returning Tunisians.<sup>45</sup> This has only exacerbated the unemployment problem in Tunisia which creates strong push factors for Tunisian emigration. These recent change has not yet been registered in the migration databank (Figure 9).

**Figure 9: Net migration to average population trend, 1998-2012**



Source: [World Bank, World Development Indicators](#)





Other registered changes on the emigration flow structure were that during the 1990s, Tunisian emigrants were mostly low- or semi-skilled workers or family members. Despite encouraging emigration, the Tunisian state also sought to control its citizens abroad. Among others, the emigrated workers were particularly prevented to involvement in labour unions or political activities. Not to mention, during the 2000s and 2010s, so far, high unemployment was increased among university graduates. This was related to an expansion of migration opportunities for high-skilled workers in Europe and North America.<sup>46</sup>

The internal migration in the country from low-earnings regions to higher-earnings regions are not common, i.e. only 2% of workers in the south-west region and 5% from the southeast region move to Grand Tunis each year.<sup>47</sup>

### Informal Economy

The informal economy produces an estimated from 30% to 40% of GDP in Tunisia and employed around 54% of the total workforce, more than half of which were women.<sup>48</sup> This is a reflection of a dualism of the labour market, e.g. labour related regulations are not fully applied, including minimum wage. Labour violations of workers' rights are also more prevalent in the informal economy than in the formal sector.

A report argued that the informal economy is actually growing. Based on the available data, Tunisia's informal economy increased from 30% in 2010 to 38% at the end of 2013. These numbers diverge from the abovementioned employment in the informal economy due to methodical differences. The latter report outlined a widening gap in terms of income generated from the formal sector and informal economy. The upsurge of informal workers had a negative impact with an annual 7% fiscal loss to the Tunisian national budget and hindering the expansion of worker economic and social rights.<sup>49</sup> The upsurge of the workers in the informal economy has been related to economic downturn that affected the employment in the private sector. By the same token, the country confronts institutional weaknesses such as excessive regulations in starting a business and protecting minority investors as well as weak political stability (see also the section: General Economic Performance). Also the high youth unemployment push many people into the informal economy to gain some income.

Another survey of the informal workers from 2013 showed that only 5.2% of informal employees have a different vocational activity. And even 98% of the informal employees lack an employment contract and 80% are not informed about social security. Even though nearly 12% of workers are aware of the procedures and steps to join the social security program only 7% of informal workers have a national health care card ('white' card). And those who have insurance through the National Fund for Health (CNAM) (with a yellow/private card) represent 10%.<sup>50</sup>

In case the enterprise that operate in the informal economy in Tunisia, and wish to formalization; it is noteworthy to mention that it is still somewhat cumbersome of 'starting a business'. On the positive side, it is relatively easier to initiate the procedures in Tunisia than the Middle East and North Africa average (see also Table 24).

### Child Labour

Children younger than 16 years old are generally prohibited in employment by law. Persons under 18 are prohibited from working in jobs that present serious threats to their health, security, or morality. The minimum age for light work in the nonindustrial and agricultural sectors during non-school hours is 13.<sup>51</sup> The minimum age protection does not apply to children who are engaged in work in the informal economy, though. It is worth mentioning that in collaboration between UGTT and the Ministry of Education some labour inspectors of spot checks were implemented in 2016.<sup>52</sup>

There are limited data of child labour in Tunisia. The government planned to implement a national child labour survey during 2017. Based on a study from 2013 it was estimated 2.6% of children under the age of 15 worked. This figure was excluding children who worked in the informal economy, though. The latter segment is often the worst forms of child labour as street vendors, beggars, handicraft workers, or seasonal agricultural labour.

Despite insufficient statistics, the problem of child labour in Tunisia appears to become more pervasive and visible in the aftermath of the Tunisian Revolution in 2011. This is related to that child labour law enforcement was deteriorating.<sup>53</sup> In the beginning of 2017, the government identified a pressing need to establish adequate policies to guarantee that children go to school until they are at least 16 years old.<sup>54</sup>



## Gender

The country is known for its modern legislation on women's rights. Tunisia's long featured activism among women that fight for equal rights in Tunisian society has inspired other countries in the region. Despite progress in legislation to reduce gender inequality, Tunisia's women still have a quite low labour force participation rate and higher unemployment rate than men (Table 17). In contrast, three out of four women are registered as inactive on the labour market. This does often not mean they are not working. They fall instead doing domestic work, which is statistically not recognized as labour participation.

**Table 17: Gender gaps among workers in Tunisia, 2016**

% in total labour force and gender percentile gap

	Men	Women	Men/women, percentage point
Participation rate	71 %	25 %	46 %
Unemployment rate	13 %	19 %	- 6 %

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#)

Both men and women have higher unemployment rates among the better educated population, but women are particularly hard hit, i.e. 42% of women with tertiary or university education are unemployed. Previously women had lower levels of education, but the education system has worked like a 'sponge' absorbing the women youth, especially secondary and tertiary school enrolment have increased drastically for women over the last decade, and vastly outpaced men's (see also Figure 12).

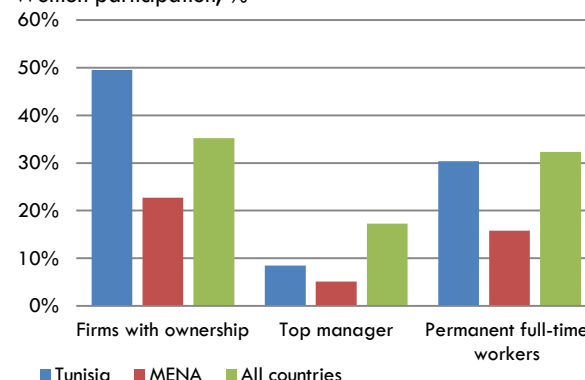
Deeply entrenched patriarchal prejudice and rooted discrimination gender roles within the family have affected women's labour market participation. First of all, married young women participate significantly less in the labour market than single women. As just mentioned, Tunisian women take more responsibility in the household and have a greater workload than men regardless of their professional situation. Secondly, there is also a lack in social services, making women strongly attached to their traditional domestic roles.<sup>55</sup> Thirdly, Tunisian women earn 16% less than men counterparts.

With reference to the most recent Enterprise Survey from 2013, Tunisia has a relatively high rate of firms with women ownership in comparison with MENA and all countries' average. The country remains to have higher participation in terms of top management and permanent full-time workers in comparison with MENA,

but is ended lower than all countries' average (Figure 10).

**Figure 10: Enterprise Survey in Tunisia, 2013**

Women participation, %



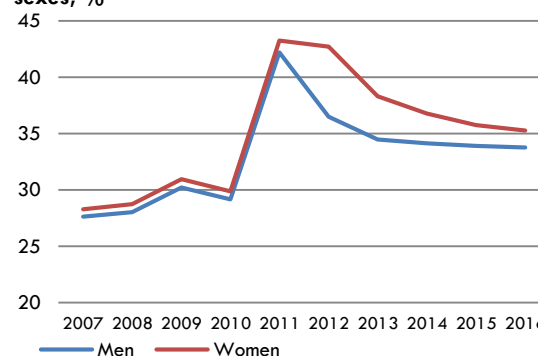
Source: [World Bank, Tunisia Enterprise Survey, 2013](#)

## Youth

It was the younger generation that sparked changes in Tunisia as well as across the Middle East and North Africa Region in 2011. Aspirations remain unmet. Many youth think they have been unable to secure a role in decision-making and feel that they are not consulted on issues that directly affect them.

The youth unemployment rate faced an upward trend higher than what the North Africa's average held. In 2011, youth unemployment rates skyrocketed for both sexes, primarily as an impact of the Tunisia Revolution of 2011. Afterwards, youth unemployment dropped but remains on high rates for both young men and women on a relatively narrow gap (Figure 11 & Table 18).

**Figure 11: Youth unemployment in Tunisia, 2007-2016, by sexes, %**



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#)

Equally important, among women youth more are unemployed than participating on the labour market, which is a rare and grave situation. This is less stark among youth men; they have a higher participating rate than the unemployment rate, which is related to a



significant higher ratio of men to women in participation on the labour market. By the same token, the proportion of youth not in employment, education or training (i.e. NEET rate) is relatively high for both men and women with a gap of 9 percentage points (Table 18).

**Table 18: Youth gender labour gaps among workers in Tunisia, 2016**

% in youth labour force (aged 15 to 24) and gender percentile gap

	Men	Women	Men/wome, percentage point
Participation rate	46 %	22 %	24 %
Unemployment rate	34 %	35 %	- 1 %
NEET *	21 %	30 %	- 9 %

\* The proportion of youth not in employment, education or training (i.e. NEET rate).

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#)

NEET rates display also regional disparities: in rural areas more than two out of five youth are NEET, compared with almost one in three in urban Tunisia. In addition, more than four out of five rural and one out of two urban young people do not complete secondary schooling. It is this group that comprises the bulk of NEETs.<sup>56</sup>

In March 2016, the United Nations Secretary-General Ban Ki-moon, outlined two issues that are important in Tunisia. First of all, there is a mismatch between the number of graduates and the number of suitable jobs. But the country has no national youth policy. There is a clear need for targeted policies to help young people building careers as well as investment in new businesses with a particularly increase in women's participation in the labour force. Secondly, it was identified to funding active labour market programs directed towards young graduates. Mr. Ki-moon argued that trade unions, employers' organizations and the private sector can help by empowering young people and engaging with youth-led organizations.<sup>57</sup>

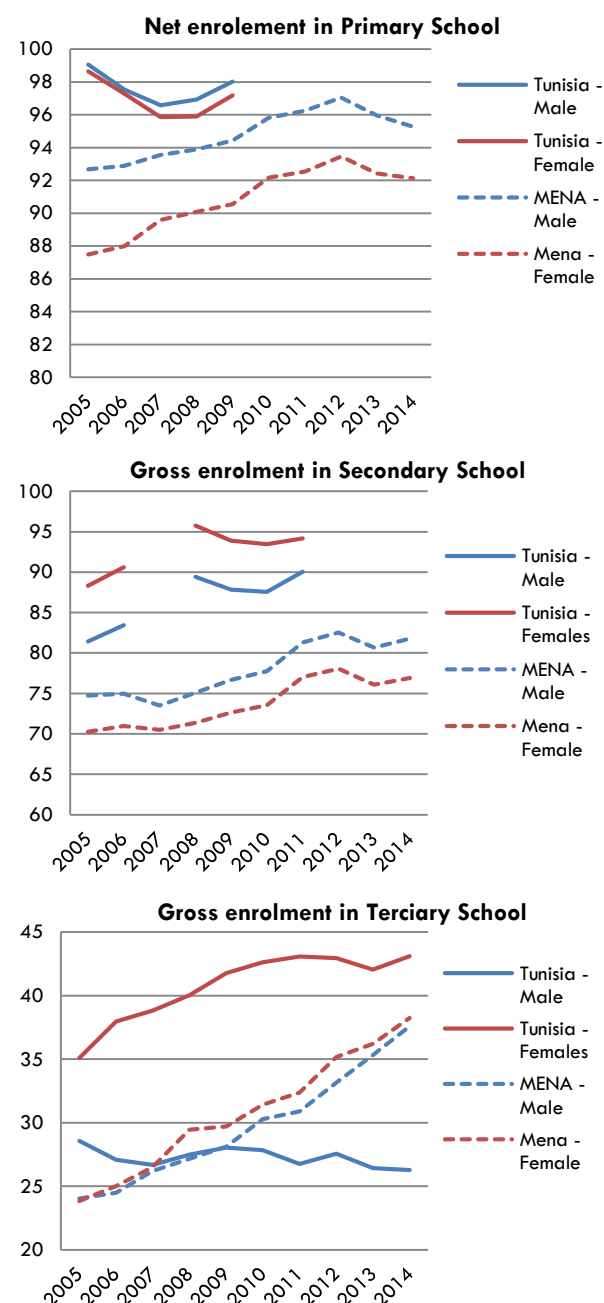
## EDUCATION

Enrolment rates into schools are relatively high in Tunisia than MENA average on all levels. First of all, net enrolment in primary education is close to 100% with a narrow gender gap based on the latest estimation from 2009. Following the region trend, the net enrolment in primary education might have decreased in recent years. Secondly, in gross enrolment in secondary education remains significant higher than the region average and wide gender gap that favour females.

Thirdly, gross enrolment in tertiary education has stayed flat among males, which was superseded by the region average since 2009. It increased among females in Tunisia that remains hovering above the region average. Not to mention, there is a wide gender gap on this level (Figure 12).

**Figure 12: Enrolment in Primary, Secondary and Tertiary schools, 2005-2014**

Male & Female, Tunisia & MENA, %



Note: Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age.

Source: [World Bank, DataBank, Education Indicators](#)



Still the education system is confronting a wide range of challenges. First of all, the dropout rate is high, estimated 130,000 students annually. Second, the country ranks in the bottom five among 65 countries assessed for the quality of their education systems and students' academic competencies.<sup>58</sup> As already demonstrated in Table 13, the unemployment by level of educational attainment is higher among the secondary and tertiary educated population.

School-to-work transition is difficult. And it has been especially hard for university graduates. According to estimations it takes an average of six years for university graduates to find a stable job.<sup>59</sup> Notwithstanding, results from a study of Tunisian men suggest that education increases employment, but that this increase is concentrated either in relatively low skill white collar occupations or in managerial jobs in the public sector. And clientelism is prevalent as often as the only realistic alternative may be an inefficient and unequitable allocation of jobs based on patronage.<sup>60</sup>

In 2016 there were some steps towards an improved social dialogue between the government and students through formal meetings. The aim was to discuss the education system and gearing it better towards job opportunities. However, recent terrorist attacks in Tunisia stalled the initiative.

### Vocational training

The Vocational Education and Training (VET) system is controlled by centralized government agencies that manage the system without the involvement of social partners. While the funding of the VET centers predominantly occurs via public budget allocations, student fees are usually limited and only cover administrative costs.<sup>61</sup>

VET includes three levels: i) *Certificat d'aptitude professionnelle* (CAP), ii) *Brevet de technicien professionnel* (BTP), and iii) *Brevet de technicien supérieur* (BTS). There are 136 Vocational Education & Training (VET) centers. The Social Contract from 2013 covers employment and vocational training policy.

VET in Tunisia is confronting challenges: Pupils are leaving the system; ratio of female vocational pupils in secondary education dropped from 39% in 2006 to 32% in 2011; and the country has lower rates than MENA (see more on Table 19).

**Table 19: Vocational Training facts**

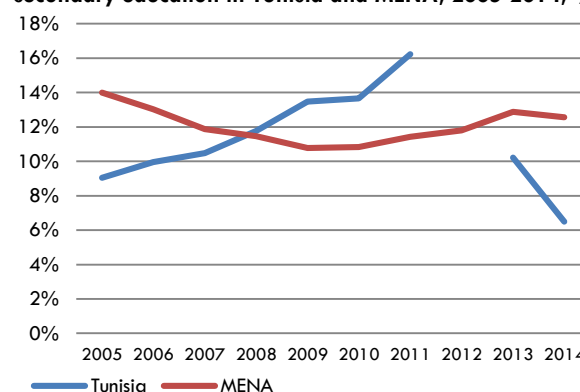
Tunisia	2011	2014
Pupils in Vocational Training	160,841	62,221
Enrolment in secondary vocational, women *	49,929	52,217
Ratio of teachers in secondary vocational education to pupils in VET **	25	24
Comparative estimations	Country/region	%
Secondary education, vocational pupils (% women) (2011)	Tunisia	32 %
	MENA	39 %
Ratio of pupils in vocational student to all pupils in secondary education (2013-2014, average)	Tunisia	8.4 %
	MENA	13 %
Ratio of pupils in vocational training out of 15-24 year olds (2014)	Tunisia	4.3 %
	MENA	10 %

\* Covers the years 2009 and 2011. \*\* Covers the years 2007 and 2008.

Source: [World Bank, Education Statistics](#)

According to the available data, Tunisia experienced actually a very steep decline with pupils in vocational training from a peaking 16% of pupils in vocational training to all pupils in secondary education in 2011 to 6% in 2014. The country has now a lower ratio than MENA average.

**Figure 13: Pupils in vocational training to all pupils in secondary education in Tunisia and MENA, 2005-2014, %**



Source: [World Bank, DataBank, Education Indicators](#)

The government launched a VET reform planned for the years 2014-2018. Some concrete measures have been implemented: i) an inter-institutional body to coordinate VET with general education and higher education to be set up by the end of 2014; ii) the law on qualifications framework from 2008 has been put in practice creating first pathways between vocational and higher education; and iii) training centres are to be equipped with observatories of local labour market to respond better to local needs.



Before the Arab Spring in 2011, Tunisia was infamous of not being willing to evaluate public policies. Recently there have been some improvements. A recent impact study of Tunisian vocational training programs on employment and wages estimated that vocational training in Tunisia has a positive treatment effect on the probability of employment and on wage. Results showed that assignment to the programs depended on both observable and unobservable characteristics of the individual, e.g. due to individual and family obstacles, the individual perseveres to get a job and works hard to improve wage.<sup>62</sup>

The private sector also plays a role in supporting the vocational training system, mostly for entrepreneurship. Many of the training centers teach with a system that provides training to students directly in companies. The private sector also has a role in providing training and support services where the market demands them.

However, the private sector and the education sector tend to operate in isolation with the VET. An issue is that the education and training system lacks the information necessary to become responsive to the needs of the private sector, just as the private sector lacks knowledge and clarification of its role in a demand-driven skill development system. This is a barrier to expanding business in Tunisia and ensuring that the skills acquired are relevant for access to the labor market.<sup>63</sup>

## SOCIAL PROTECTION

Tunisia is known as good example of how social protection was universalized by extending social security coverage to all occupations, which includes unemployed. The system has some flaws, e.g. coverage of pension schemes is not universalized in practice. Social protection programs have poor targeting of benefits: Based on the latest estimates only 40% of all Tunisia's social safety net beneficiaries are officially people living below the national poverty line.<sup>64</sup>

The government runs most social security systems in Tunisia. The two main contributory social security schemes are: i) the National Social Security Fund (*Caisse Nationale de Sécurité Sociale*, CNSS) for the private sector, and ii) the National Pension and Social Contingency Fund (*Caisse Nationale de Retraite et de Prévoyance Sociale*, CNRPS) for the public sector.<sup>65</sup> The two schemes provide family allowances, family supplements and nursery school subsidy, pensions for old age, disability and survivors, as well as benefits for sickness and maternity leave. In addition, the National

Medical Insurance Fund (*Caisse Nationale d'Assurance Maladie*, CNAM) provides medical insurance.

A vast majority of the working population in employment are covered by the CNSS: Around 80% of the population has health coverage, which is particular high for a middle-income country and among other North African countries. Several groups of workers are not covered, though, such as casual and seasonal agricultural workers, workers on construction sites, household workers, religious officials and the unemployed. Self-employed are neither covered by the CNSS. Some of these have alternative means of protection.<sup>66</sup> Not to mention, the government expenditure in health has experienced a growing trend at 4.5 percent per year in the period 2007-2011 (see more on Table 20).

**Table 20: Social protection facts in Tunisia, 2011**

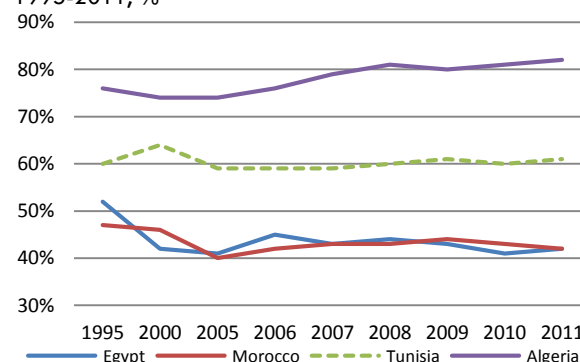
Indicator	Measure	Tunisia	North Africa
Total social protection expenditure	% of GDP	10 %	10 %
Public health care expenditure	% of GDP	1.5 %	3.2 %
Health social protection coverage	% of total population	80 %	25 %*
Trends in government expenditure in health	% change per year	4.5 %	N/a

\* The average covers the entire Africa region.

Source: [ILO, Social Protection, Statistics and indicators](#)

Figure 14 below shows that the total health-care expenditure not financed by private household's out-of-pocket payments has stayed flat at around 60% in the period from 2005 to 2011. It hovers above the Egypt and Morocco's payments, but significant lower than the Algeria average.

**Figure 14: Total health-care expenditure not financed by private household's out-of-pocket payments 1995-2011, %**



Source: [ILO, Addressing the Global Health Crisis: Universal Health Protection Policies, Social Protection Policy Papers, Paper 13, 2014](#)





The pensionable (60+) age receiving an old age pension was estimated at 69% while the active contributors to a pension scheme at 41%. The latter is almost double as high as the North Africa average (see more on Table 21). Most workers from the informal economy work without the security of having a prospect of receiving a pension. A key point is related to social security and labour regulations have a bias favouring public sector employment.

**Table 21: Benefits, coverage and contributions to pension schemes, 2011**

Theme	Measure	Tunisia	North Africa
Social benefits for active age	% of GDP	3.4 %	1.1 %
Pensionable age receiving an old age pension (age 60+) (2006)	Proportion of total	69 %	22 % *
Active contributors to a pension scheme	15+	79 %	47 %
Active contributors to a pension scheme	15-64 years	41 %	24 %

\* The average covers the entire Africa region.

Source: [ILO, Social Protection, Statistics and indicators](#)

An unemployment law was established in 1997 and covers non-agricultural salaried employees. As already indicated, unemployment benefits are at a maximum of the national minimum wage, paid for up to a year. There is also a temporary scheme, where recent graduates can receive unemployment benefits. Employers and employees pay different contributions depending on the benefit type. The Ministry of Vocational Training and Employment promotes eight programs of employment.<sup>67</sup> Among others, an active policy of employment is geared of enrolment and integration programs for youth. The Government also promotes pilot Active Labour Market Programs (ALMPs), which includes a consolidation process to establish a unified social protection information system.<sup>68</sup>

Some central challenges with the social insurance system - pensions, health and unemployment - are ad-hoc financing mechanisms and redistributive arrangements that increase labour costs. This is notably through a high tax wedge, which is the difference between the total cost of labour, take-home pay, and the valuation of social insurance benefits. On this background, the system has become financially unsustainable and inequitable.<sup>69</sup>

The trade union movement has raised concerns about an impact of social protection due to the previously mentioned massive expansion of casual employment.

This is related to precarious employment not only weakens the interests of the workers and the financial equilibrium of the social security system. It also undermines the whole national economy, e.g. weakening of solvent domestic demand and absence of productivity gains.<sup>70</sup>

## GENERAL ECONOMIC PERFORMANCE

Tunisia real economic growth was estimated at 1.0% in 2015 and 3.5% on average over the last decade. Thus, the economy is on a downturn. The economy is confronting high trade and fiscal deficits, increasing debt, and an economic growth that is too low to reduce unemployment.<sup>71</sup> Doing business and human development is not improving (see more on Table 22).

**Table 22: Key Facts on General Economic Performance in Tunisia, 2015**

GDP	US\$43 billion
GDP real growth (2006-2015, av.)	3.5 %
Government budget balance, % of GDP	-4.4 %
Doing Business * (2017)	↓ 2 change in rank 77 of 190 countries
Human Development Index **	↓ 5 change in rank 97 of 188 countries
Gini Index *** (2010)	35.8 63 of 145 countries

\* A high ranking on the Ease of Doing Business Index means the regulatory environment is more conducive to the start-up and operation of a local firm.<sup>72</sup> Doing Business ranking change is in the period 2016-2017.

\*\* The Human Development Index (HDI) measures the average of a long and healthy life, access to knowledge, and a decent standard of living. HDI ranking change is in the period 2010-2015.

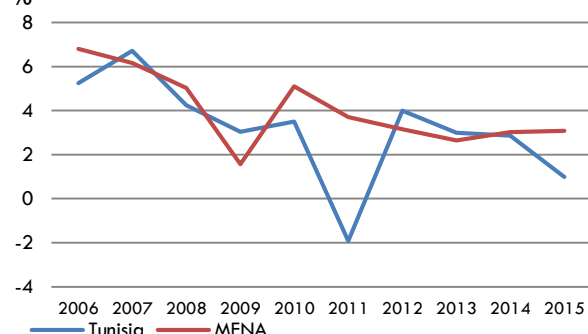
\*\*\* A Gini coefficient of 1 (or 100 percent) expresses maximal inequality among values. This Gini Index ranks the first country with the highest inequality while the number 145 has the highest equality.

Sources: [CIA, The World Factbook, Tunisia](#); [World Bank, World Development Indicators](#); [World Bank & IFC, Ease of Doing Business 2016/2017 in Tunisia](#); and [UNDP, Human Development Index trends](#)

Actually, the economic growth entered a slowdown in 2007, which was related to a global financial crisis. The decline plummeted in 2010 due to political turmoil that ended in the Tunisia Revolution in 2011. During the post-revolutionary period, the economic growth reverted fast but again entering a drop due to social tensions and terrorist attacks in 2015. The country's GDP growth per capita is now lower than MENA region average (Figure 15).



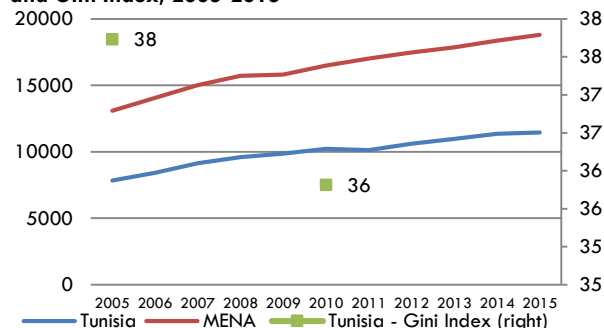
**Figure 15: GDP growth per capita in Tunisia and Middle East & North Africa (MENA), 2006-2015, Annual growth, %**



Source: [World Bank, World Development Indicators](#)

On a different view, Tunisia's GDP per capita measured in Purchasing Power Parity (PPP) is below the MENA average; the country reached a ranking 80 out of 230 countries (1 is highest). Data suggest a widening gap between the country and the region. On the other hand, according to the Gini Index, the inequality in the distribution of family income has experienced a drop from 38% in 2005 to 36% in 2010 (Figure 16 & Table 22). Thus, the country has a relatively high-medium income equality ranking 63 out of 145 countries (1 is highest), ranking next to Mali and Jordan.

**Figure 16: GDP per capita in Purchasing Power Parity (US\$) and Gini Index, 2005-2015**



Source: [World Bank, World Development Indicators](#)

The latest measurements of working poor in Tunisia were from 2010. Data revealed that only 1.4% was 'extremely poor' living with less than US\$1.9 per day and 3.2% were 'moderately poor' living between US\$1.9 and US\$3 per day. Stated differently, 4.6% of the population lives below US\$3 per day. This relatively low poverty rates is an impact of a related high coverage of social protection schemes. In addition, in contrast, 9.0% of the population lives below US\$3 per day in North Africa on average.

In the light of a middle-class it was registered that the 'near poor' dropped significant in the period from 2000 to 2010 by 10 percentage points reaching 8.6%.

The region average is much higher at 20%. In Tunisia, the shift was mainly due to a 'growing developing' middle class that increased by 14 percentage points, peaking at 76% in 2010. In comparison it was 63% in North Africa average. As already indicated, economic and human development has confronted difficulties during recent years. This suggests that the evolution of a growing developing middle class is most likely stalled or maybe even returned among near poor (see more on Table 23). However, based on a broader estimation of poverty incidence, some sources have projected that it declined from 7.6% in 2013 to 7.1% in 2015 using the 2011 PPP US\$3.1 poverty line. This suggests the capacity of the social protection system to protect consumption to some extent and the increasing control over inflation.<sup>73</sup>

**Table 23: Working poor and middle-class trends in Tunisia, 2000-2010**

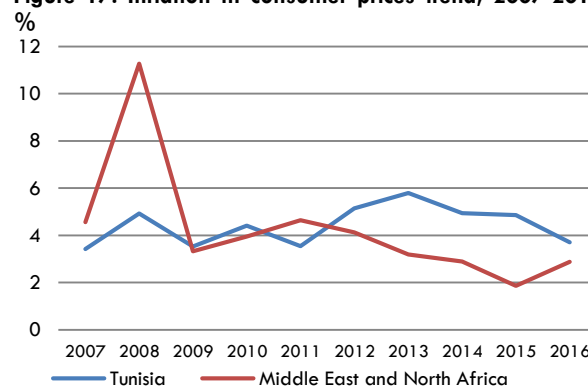
Estimated poverty line	2000	2010	Growth Percentage points 2000-2010
Extremely poor (<US\$1.9 a day)	2.6 %	1.4 %	↓ 1.2 %
Moderately poor (≥US\$1.9 & <US\$3 a day)	7.5 %	3.2 %	↓ 4.3 %
Near poor (≥ US\$3 & <US\$5 a day)	19 %	8.6 %	↓ 10 %
Developing middle class (≥US\$5 & <US\$13 a day)	62 %	76 %	↑ 14 %
Developed middle class and above (≥US\$13 a day)	9 %	10 %	↑ 1.4 %

Note: "Working poor" presents the proportion of persons living with their families below the poverty line.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#)

The inflation in consumer prices has been quite stable during the last decade of 4.4% on average. It has been close to the region average of 4.3% (Figure 17). The inflation stability has been followed by a tight monetary policy since 2012.

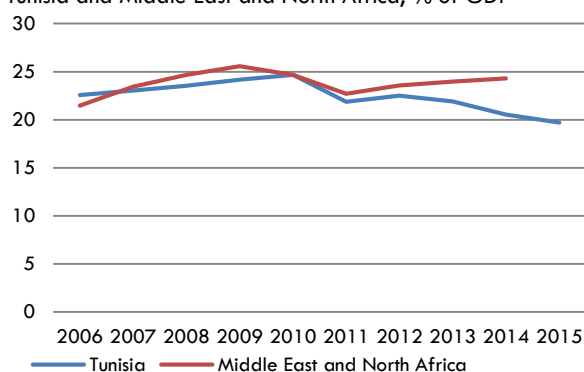
**Figure 17: Inflation in consumer prices trend, 2007-2016, %**



Source: [World Bank, World Development Indicators](#)

Tunisia's capital formation has slowly decreased during recent years placed below the Middle East and North Africa average (Figure 18). This signals how much of the new value added in the economy is invested rather than consumed; therefore, Tunisia is not improving significantly in terms of strengthening its economy and increasing the productivity.

**Figure 18: Gross Fixed Capital Formation trend, 2006-2015**  
Tunisia and Middle East and North Africa, % of GDP



Source: [World Bank, World Development Indicators](#)

The Doing Business indexed Tunisia as 77 out of 190 countries in 2017, fell from a 75 ranking in 2016. The country is scoring better than the Middle East and North Africa average and Egypt (122), but it remains a lower ranking than Morocco's (68). Out of ten indicators, the country still scores quite low on Protecting Minority Investors (118), Paying Taxes (106), Starting a Business (103) and Getting Credit (101). Especially getting credit improved (from 127 to 101) (see more on Table 24).

**Table 24: Tunisia's Ease of Doing Business**

Topics	2017	2016	Change
Starting a Business	103	91	↓ 12
Dealing with Construction Permits	59	57	↓ 2
Getting Electricity	40	38	↓ 2
Registering Property	92	90	↓ 2
Getting Credit	101	127	↑ 26
Protecting Minority Investors	118	112	↓ 6
Paying Taxes	106	103	↓ 3
Trading Across Borders	92	91	↓ 1
Enforcing Contracts	76	76	No change
Resolving Insolvency	58	55	↓ 3

Note: Ease of doing business index (1=most business-friendly regulations). Doing Business 2016/17 indicators are ranking from 1 (top) to 190 (bottom) among other countries. The rankings tell much about the business environment, but do not measure all aspects of the business surroundings that matter to firms and investors or that affect

the competitiveness of the economy. Still, a high ranking does mean that the government has created a regulatory environment conducive to operating a business.

Note: This Doing Business Index has been controversial due to flawed data in some sections, e.g. undervalued paying taxes.<sup>74</sup> However, the table above can still be used as indicative measurement with reservations.

Source: [World Bank & IFC, Ease of Doing Business 2016/2017 in Tunisia](#)

Tunisia's government plans to improving the business climate, which include a follow-up on the 2016-2020 Development Plan (known as: Tunisia 2020 - The Road to Inclusion, Sustainability and Efficiency) that promotes campaigns with international investors and partners.

Another aspect that has impacts on the economy, business and labour market is the governance environment. First of all, an increasing political instability was present during the period from 2010 to 2015. This was related to social unrest and economic turmoil, which has already been explained in this report. In August 2016, Tunisia's new unity government won parliamentary approval. And it is Tunisia's seventh prime minister in less than six years following the toppling of the country's long-time dictator Zine El Abidine Ben Ali. The new government confronts difficulties of implementing the austerity economic program.

Also the government effectiveness and regulatory quality dropped on rankings significantly. Equally important, there were improvements in terms of the voice and accountability (i.e. the country's citizens are able to participate in selecting their government). This is based on the democratic transition that initiated in 2011 where women and youth began to have increasingly voiced over their concerns. And all draft legislation is now subject to a mandatory public consultation procedure (see more on Table 25).

**Table 25: Tunisia's Governance Indicators, 2010-2015**  
Score, Percentiles and Change

Year	Voice & Accountability	Political Stability	Government Effectiveness
2010	-1.37/10%	-0.04/44%	0.24 / 63%
2015	0.19/55%	-0.87/19%	-0.10 / 49%
Year	Regulatory Quality	Rule of Law	Control of Corruption
2010	-0.02/53%	0.12/ 60%	-0.15 / 55%
2015	-0.39/39%	-0.05/ 56%	-0.11 / 55%

Note: The Governance Indicators score from -2.5 to 2.5 while the percentiles rank from 0 (lowest) to 100 (highest).<sup>75</sup>

Source: [World Bank, Worldwide Governance Indicators](#)



## TRADE

Trade is a very important part of Tunisia's economy i.e. export of 41% of GDP and import of 52% in 2015. Thus, a negative trade balance is present. In numbers, the country's imports exceed its exports by an estimated 11 percentage points.

The foreign direct investment (FDI) - which is the sum of equity capital, reinvestment of earnings, and other capital - was low at 2.2% of GDP in 2015 (see more on Table 26 and Figure 19). To point out, direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy. It suggests that there is a limited external control of FDI in Tunisia.

**Table 26: Trade and Foreign Direct Investment (FDI) in Tunisia, 2015**

Exports	US\$18 billion 41 % of GDP
Imports	US\$22 billion 52 % of GDP
FDI Flow	US\$9.7 billion 2.2 % of GDP
FDI Stock (2016)	US\$37 billion 29 % of GDP *

\* FDI stock % of GDP is estimated by purchasing power parity.

Note: FDI data do not give a complete picture of international investment in an economy, e.g. balance of payments data on FDI do not include capital raised locally, an important source of investment financing in some developing countries.

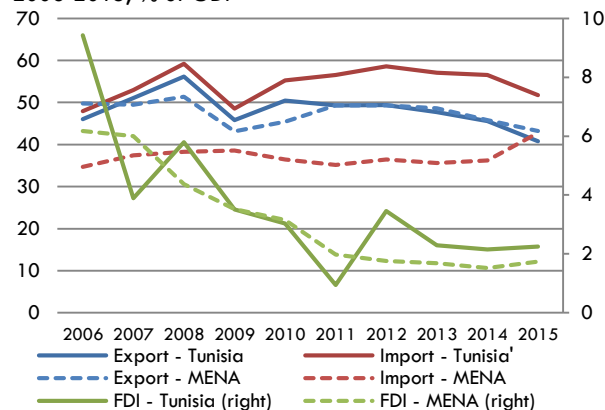
Source: [CIA, The World Factbook, Tunisia](#); [World Bank, World Development Indicators](#)

The flow of trade in Tunisia deteriorated during the last decade, especially during the global financial crisis in 2008 and in the aftermath of the Tunisia Revolution in 2011. This was exemplified by a fall in the share of exports in GDP from 56% in 2008 to 41% in 2015 and imports from 60% to 52%, respectively. In the export sector it was especially oil and gas sector as well as manufacturing that experienced stagnation during the last decade.<sup>76</sup> The export followed the region average trend while import remains hovering above but on contrasting trends (Figure 19). Overall, the trends suggest that reforms are needed to revive the competitiveness of Tunisian enterprises linked up to the 2016-2020 Development Plan.

Since a strong industrial sector has been an important factor for FDI among bigger companies in the country, it was noted that the share of investment (from 9.4% of

GDP in 2006 to 2.2% in 2015) in the context of persistent political uncertainty. Net FDI flows were staying low but stable since 2013.

**Figure 19: Trade and Foreign Direct Investment trends 2006-2015, % of GDP**

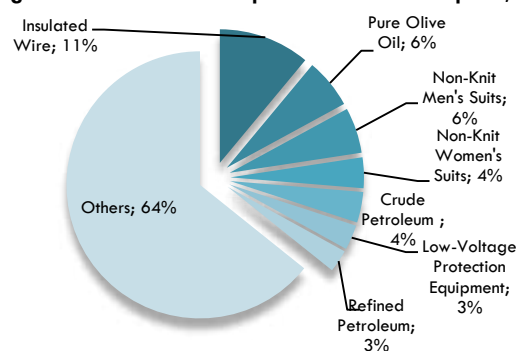


Source: [World Bank, World Development Indicators](#)

A broad arrange of regulations relating to foreign currency exchange, banking domiciliation, repatriation of export earnings, tax or financial incentives and import procedures is affecting many export companies. On the positive side, Tunisia's export sector is relatively well diversified into different products, making it less vulnerable to global changes in demand (Figure 20). The export productions also have a good composition of skill requirements that make it more possible for skilled labour to be used in new sectors.

Smuggling in Tunisia has become an endemic problem that affects the economy. Among others, there is a wide variety of illegally imported products, e.g. televisions, food products, cigarettes and gasoline. With high cost of living, more and more people are consuming smuggled products. Estimations suggest that the losses incurred by the Tunisian state due to the parallel trade amounted to US\$650 million, of which an estimated US\$271 million were lost in customs duties.<sup>77</sup>

**Figure 20: Tunisia's main products share of exports, 2014**

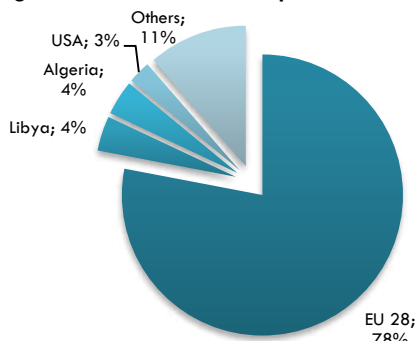


Source: [MIT, The Observatory of Economic complexity, What does Tunisia export](#)



Tunisia's main export market is the European Union (EU) (see more on Figure 21).

**Figure 21: Tunisia's main export markets, 2015**



Source: [European Commission, DG TRADE, Bilateral Relations, Statistics](#)

### Trade Agreements

Tunisia has bilateral trade agreements with approximately 81 countries, which includes Libya, Algeria, Morocco, Jordan, Egypt, Mauritania, and Turkey.<sup>78</sup>

As shown, most of Tunisia's exports and imports are directly from the European Union (EU), particularly France and Spain. Negotiations for a Deep and Comprehensive Free Trade Area (DCFTA) between the EU and Tunisia were launched in October 2015. One negotiating round took place in April 2016, so far. The DCFTA aims building on the current EU-Tunisia Association Agreement, which entered into force in 1998 and created a Free Trade Area between the EU and Tunisia. The DCFTA targets at supporting on-going economic reforms in Tunisia and bringing the Tunisian legislation closer to that of the EU in trade-related areas. On this background, Tunisia is a partner of the Euro-Mediterranean Partnership (Euromed). This initiative is part of the EU's European Neighbourhood Policy, offering its neighbours a privileged relationship.

It is a long term policy of tying these countries closer to the EU. This includes supporting business developments and civil society organizations. These are coupled with financial support with projects coordinated through the European Neighbourhood Partnership Instrument.<sup>79</sup> It also offers trade benefits with the goal of establishing a free trade area.<sup>80</sup> The cooperation is being expanded with an action plan for 2013-2017.<sup>81</sup>

Tunisia benefits from the United States' Generalised System of Preferences (GSP). These are unilateral trade benefits from the U.S. government, allowing duty and quota free access for some product. A country can be removed if it is violating or do not take steps to uphold the ILO Core Labour Standards. Each country is reviewed annually, by the U.S. government.<sup>82</sup>

Part of the Greater Arab Free Trade, Tunisia became associated to them in 1998. It includes 16 other member states of the Arab League.

### Free Trade Zones (FTZ)

Tunisia has FTZs (officially known *Parcs d'Activités Economiques*) in Bizerte and in Zarzis. A private company manages the zones. Companies in FTZ are exempt from taxes and customs duties and benefit from unrestricted foreign exchange transactions. Inputs enjoy limited duty-free entry into Tunisia for transformation and re-export.

FTZs are employing around 260,000 workers and export comprising 52% of total exports.<sup>83</sup> The FTZ programs are frequently cited as examples of robust, job-creating programs that have remained enclaves with few linkages to their host economies. The FTZ share of manufactured exports has more than doubled since 1990.<sup>84</sup> Another key point, workers in FTZs are excluded from the right to bargain collectively.<sup>85</sup>





## APPENDIX: ADDITIONAL DATA

**Table 27: List of approved labour related legislations in Tunisia, 2014-2016**

Type of legislation	Legislation
<b>2014</b>	
General provisions	Loi n° 2014-46 du 24 juillet 2014, modifiant le décret-loi n° 2011-117 du 5 novembre 2011, portant organisation de l'activité des institutions de micro finance
	Constitution du 27 janvier 2014
Labour administration	Décret n° 2014-4238 du 27 novembre 2014, fixant le statut particulier du corps de l'inspection médicale du travail
	Décret n° 2014-2861 du 15 juillet 2014, fixant le statut particulier aux membres du comité général d'inspection du travail et d'administration des conflits du travail du ministère des affaires sociales
Employment policy, promotion of employment and employment services	Décret n° 2014-2901 du 30 juillet 2014, modifiant et complétant le décret n° 2012-2369 du 16 octobre 2012, fixant les programmes du Fonds national de l'emploi, les conditions et les modalités de leur bénéfice
Conditions of employment	Décret n° 2014-2906 du 11 août 2014, fixant l'indemnité de transport pour les salariés payés au salaire minimum interprofessionnel garanti dans les secteurs non agricoles régis par le Code du travail
	Décret n° 2014-2907 du 11 août 2014, fixant le salaire minimum interprofessionnel garanti dans les secteurs non agricoles régis par le Code du travail
	Décret n° 2014-2908 du 11 août 2014, fixant le salaire minimum agricole garanti
Occupational safety and health	Décret n° 2014-4238 du 27 novembre 2014, fixant le statut particulier du corps de l'inspection médicale du travail
Social security (general standards)	Arrêté du ministre de la santé du 6 juin 2014, portant création de la commission technique du dialogue national sur les politiques, les stratégies et les plans nationaux de la santé, fixant ses attributions, sa composition et les modalités de son fonctionnement
	Arrêté du ministre des affaires sociales du 30 avril 2014, relatif à la fixation du barème d'actualisation des salaires pris en compte dans le calcul des pensions de vieillesse, d'invalidité et de survivants
	Décret n° 2014-60 du 16 janvier 2014, complétant le décret n° 85-1025 du 29 août 1985, fixant la liste des établissements publics à caractère industriel et commercial et des sociétés nationales dont les personnels sont affiliés à la caisse nationale de retraite et de prévoyance sociale
Migrant workers	Décret n° 2014-1930 du 30 avril 2014, portant création de l'Observatoire national de la migration et fixant son organisation administrative et financière
Specific categories of workers	Décret n° 2014-4030 du 3 octobre 2014, portant approbation du code de conduite et de déontologie de l'agent public
	Décret n° 2014-2906 du 11 août 2014, fixant l'indemnité de transport pour les salariés payés au salaire minimum interprofessionnel garanti dans les secteurs non agricoles régis par le Code du travail
	Décret n° 2014-2908 du 11 août 2014, fixant le salaire minimum agricole garanti
<b>2015</b>	
General provisions	Décret n° 2015-51 du 13 janvier 2015, relatif à la fixation des modalités d'organisation, de fonctionnement et des méthodes d'intervention du Fonds de soutien des petites et moyennes entreprises
<b>2016</b>	
N/a	N/a

Source: [ILO, NATLEX, Tunisia](#)



**Table 28: Ratified ILO Conventions in Tunisia**

Subject and/or right	Convention	Ratification date
<b>Fundamental Conventions</b>		
Freedom of association and collective bargaining	C087 - Freedom of Association and Protection of the Right to Organise, 1948	1957
	C098 - Right to Organise and Collective Bargaining Convention, 1949	1957
Elimination of all forms of forced labour	C029 - Forced Labour Convention, 1930	1962
	C105 - Abolition of Forced Labour Convention, 1957	1959
Effective abolition of child labour	C138 - Minimum Age Convention, 1973	1995
	C182 - Worst Forms of Child Labour Convention, 1999	2000
Elimination of discrimination in employment	C100 - Equal Remuneration Convention, 1951	1968
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1959
<b>Governance Conventions</b>		
Labour inspection	C081 - Labour Inspection Convention, 1947	1957
	C129 - Labour Inspection (Agriculture) Convention, 1969	Not ratified
Employment policy	C122 - Employment Policy Convention, 1964	1966
Tripartism	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	2014
<b>Up-to-date Conventions</b>		
Protection of children and young persons	C077 - Medical Examination of Young Persons (Industry) Convention, 1946	1970
	C124 - Medical Examination of Young Persons (Underground Work) Convention, 1965	1967
Wages	C095 - Protection of Wages Convention, 1949	1958
Working time	C106 - Weekly Rest (Commerce and Offices) Convention, 1957	1958
Social Security	C118 - Equality of Treatment (Social Security) Convention, 1962	1965
OSH	C120 - Hygiene (Commerce and Offices) Convention, 1964	1970
Industrial Relations	C135 - Workers' Representatives Convention, 1971	2007
	C151 - Labour Relations (Public Service) Convention, 1978	2014
	C154 - Collective Bargaining Convention, 1981	2014
Vocational Training	C142 - Human Resources Development Convention, 1975	1989
Labour Administration	C150 - Labour Administration Convention, 1978	1988
Employment policy and promotion	C159 - Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983	1989
Seafarers	C185 - Seafarers' Identity Documents Convention (revised), 2003	2016

*Note: Fundamental Conventions are the eight most important ILO conventions that cover four fundamental principles and rights at work. Equivalent to basic human rights at work.*

*Governance Conventions are four conventions that the ILO has designated as important to building national institutions and capacities that serve to promote employment. In other words, conventions that promotes a well-regulated and well-functioning labour market.*

*In addition, there are 71 conventions, which ILO considers "up-to-date" and actively promotes.*

*Out of 61 Conventions ratified by Tunisia, 53 conventions are in force, 6 conventions have been denounced; and 3 have been ratified in the past 12 months.*

Source: [ILO, NORMLEX, Country Profiles](#)



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