

SUMMARY

Priority sectors for coproduction in Tunisia

IPEMED and IPEMED Tunisia wanted to collaborate to provide a prospective vision of the Tunisian industry’s future, by identifying promising sectors that can benefit from Euro-Mediterranean coproduction. This study follows the work initiated by IPEMED and its partners in the framework of the Coproduction Observatory and of the programme dedicated to North Africa’s industrialisation.

This study enabled to make several structuring observations that will enlighten European manufacturers and investors who are looking for innovative business models to meet their industrial transformation needs, on the one hand, and for a better position on emerging markets, and especially African ones, on the other hand.

1. The Tunisian industry - Great potential and innovation perspectives

Among Mediterranean “emerging” countries, Tunisia is the one that has experienced the highest growth in terms of industrial activities over the last few years, even though it has slowed since the Revolution of 2011 and maybe even before. This growth can be explained by several structural assets, such as:

- Its geographic location;
- Its legal and regulatory schemes to encourage and support industrial investments;
- The quality of its education and training system;
- The qualification and the competitiveness of its workforce.

The Tunisian economy is competitive. It boasts recognised expertise in several sectors and it has been welcoming FDIs for several decades. The 3,350 foreign companies established in the country are now part of the Tunisian economy’s network.

Besides, Tunisia benefits from a strong industrial foundation that is favourable to the development of coproduction. A rise in the range is also possible since each key sector has efficient and innovative companies. Therefore, we can imagine a future industrial network based on:

- **Growth** which, in the long term, must lead to twice more exportations from traditional sectors;
- **Manufactured products of higher quality**, which is the only way to make them compete with that of new competitors - especially Asian ones - which also benefit from rather low production costs;
- **Diversification**, in order to develop high-added-value sectors (electronics, automotive, technical plastics, ICTs, etc.);
- **Fertilisation**, with the rise of new activities, born from the crossing of several industrial sectors. Thus, some sectors can give rise to other innovative activities and favour industrialisation.



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2. Coproduction, a tool to strengthen promising sectors in Tunisia

The new strategic position proposed above must take into account the strengths and opportunities of each Tunisian industrial sector.

This is why this study particularly focuses on sectors with a high technological evolution potential:

- Mechanical, electrical and electronics industries, a historical and dynamic sector that is boosted by mechatronics, automotive and aeronautics, and by investments made in high-added-value niches;
- Textile, clothing, leather and shoes sector, mostly focused on exports. In order to go beyond low-cost sub-contracting, this sector should move towards innovation, operational excellence and integrate more the upstream (R&D and design) and downstream (distribution) parameters of the sector;
- Chemical industry sectors (industrial chemistry, plastics processes, pharmaceuticals). Specialisation and R&D are the two main development levers of this “young” industry with a strong growth potential;
- Agri-business industry, which has a crucial socio-economic importance in Tunisia, but which performances will only improve through the implementation of integrated, territorialised and sustainable agricultural and agri-business sectors;
- Digital sector, a national priority both for its direct and indirect impacts on the production of goods and services. Its development would enable to make of Tunisia “the digital hub and the leader of nearshoring in the Mediterranean basin”;
- Energy sector, the security of energy supplies being a prerequisite for the country’s industrialisation. The revival of the Tunisian national production, the development of renewable energies and of energy efficiency represent opportunities for foreign investors.

Yet, the analysis of these various sectors unveils a major challenge: that of going beyond the traditional model of isolated and often family-run exporting companies in favour of sectors and ecosystems that combine Tunisian companies, Northern and Southern Mediterranean companies, as well as German ones. This North/South industrial interdependency - which is sometimes obvious in some sectors in view of some isolated experiences - must be encouraged. This will facilitate a strong integration of value chains, job creation, the rise in the range of the Tunisian industry in terms of quality and innovation, and finally it will enable the country to diversify its exportations and to become a real platform between Europe and Sub-Saharan Africa.

With Tunisia’s historic partners (France, Germany, Italy and Spain), the conditions are particularly favourable to promote a real “win-win” economic cooperation model based on the sharing of added value, technologies and innovation. This coproduction potential is all the more so high that Tunisia is progressively implementing the tools to modernise its industrial network and transform its industry, as shows the new institutional framework of investment, that became effective in 2017.

