

# TUNISIA

Tunisia's economic freedom score is 54.2, making its economy the 128th freest in the 2022 *Index*. Tunisia is ranked 10th among 14 countries in the Middle East and North Africa region, and its overall score is below the regional and world averages.

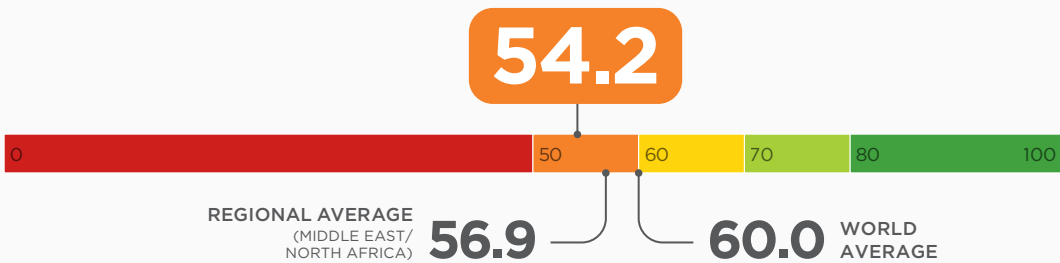
The Tunisian economy began to slow in 2019 and contracted in 2020. Growth recovered in 2021. Economic freedom has stagnated over the past five years. With significant deterioration in **fiscal health** and **business freedom** outweighing some improvements in scores for rule of law, Tunisia has recorded a 1.5-point overall loss of economic freedom since 2017 and has fallen from the top half to the lower half of the "Mostly Unfree" category. Property rights and **trade freedom** are somewhat strong, but **financial freedom** is extremely weak.

**IMPACT OF COVID-19:** As of December 1, 2021, 25,376 deaths had been attributed to the pandemic in Tunisia, and the government's response to the crisis ranked 160th among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.8 percent in 2020.

WORLD RANK: **128** | REGIONAL RANK: **10**

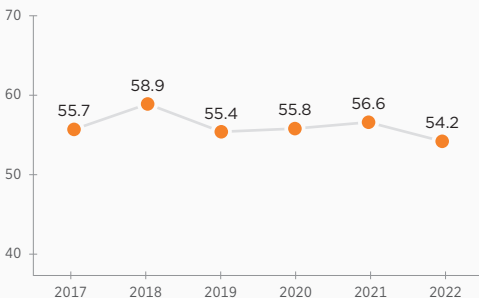
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -9.2

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
11.8 million

**GDP (PPP):**  
\$120.5 billion  
-8.8% growth in 2020  
5-year compound annual growth -0.4%  
\$10,120 per capita

**UNEMPLOYMENT:**  
16.7%

**INFLATION (CPI):**  
5.7%

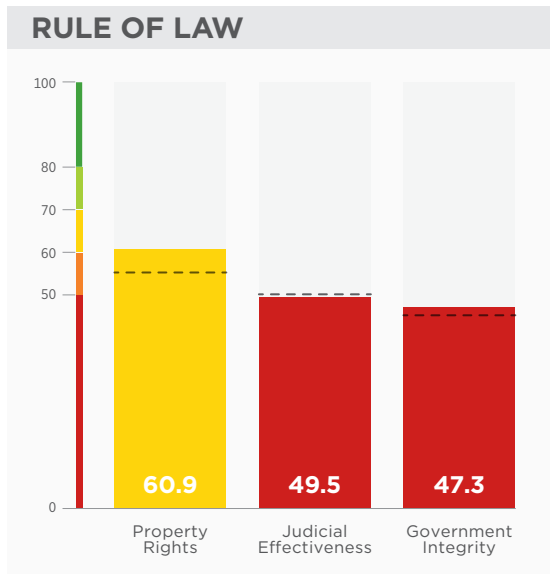
**FDI INFLOW:**  
\$652.0 million

**PUBLIC DEBT:**  
87.6% of GDP

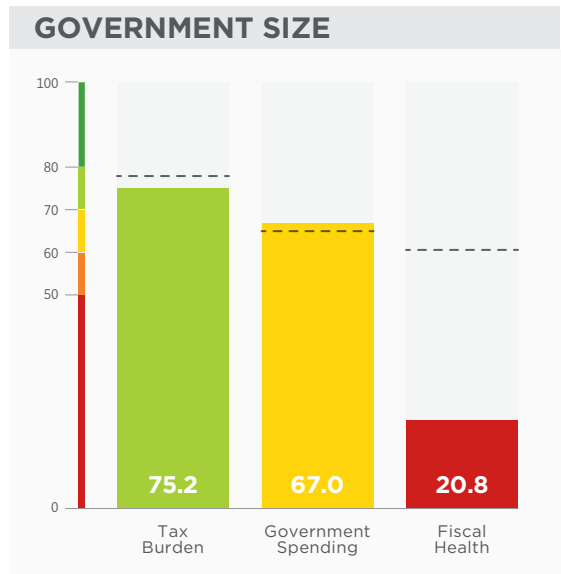
2020 data unless otherwise noted. Data compiled as of September 2021

**BACKGROUND:** Tunisia was the birthplace of the Arab Spring protests, which in 2011 ousted President Zine al-Abidine Ben Ali. Kaïs Saïed, a center-left constitutional lawyer, was elected president in a 2019 landslide that highlighted a strong anti-establishment sentiment, particularly among younger voters. The moderately Islamist Hizb al-Nahda won the most parliamentary seats. Despite notable progress in democratization and reform, Tunisia's transformation to a more market-oriented economy has been slowed by political instability and violent protests against austerity measures. Key exports include textiles and apparel, food products, petroleum products, chemicals, and phosphates with about 80 percent of exports bound for Tunisia's principal trading partner, the European Union.

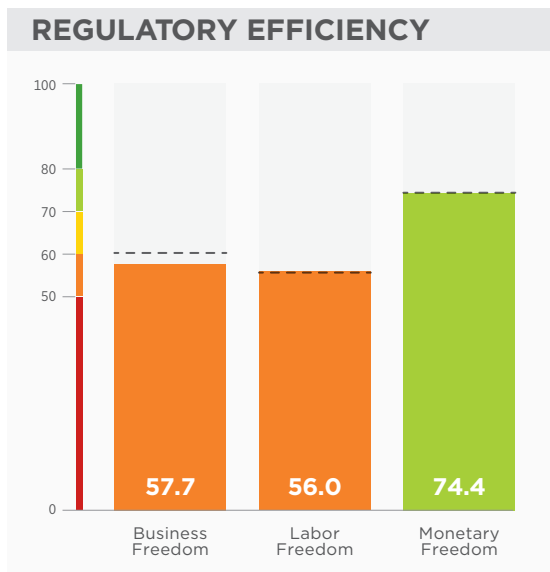
# 12 ECONOMIC FREEDOMS | TUNISIA



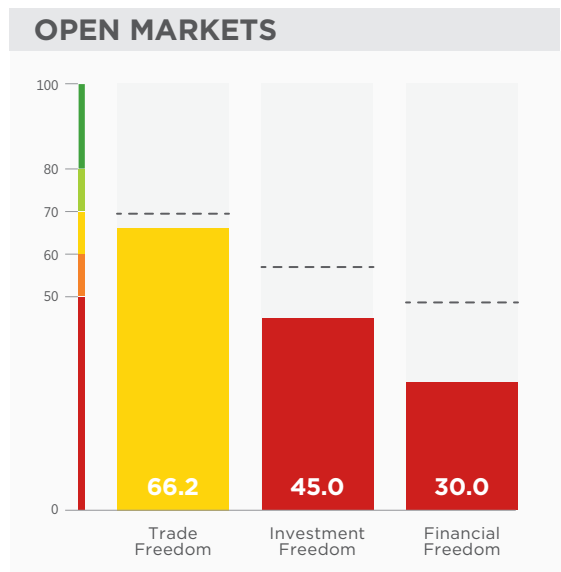
Secured interests in property are enforced, but protection of property rights is vulnerable to corruption. The clarity of titles is poor, and the lack of titles for large portions of privately held and agricultural land is the cause of many disputes. The judiciary is generally independent, but reforms have stalled. Despite some progress on anticorruption legislation, corruption remains endemic and has been exacerbated by the pandemic.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 15 percent. Other taxes include value-added and property transfer taxes. The overall tax burden equals 32.1 percent of total domestic income. Government spending has amounted to 33.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.3 percent of GDP. Public debt is equivalent to 87.6 percent of GDP.



A law adopted in 2019 has simplified the business start-up process, changed corporate governance, and allowed for new financing methods, among other things. Only basic labor statistics are reported, but 74 percent of the labor force is reportedly male. The government intends to make reforms in taxation and energy subsidies while restructuring some state-owned enterprises.



Tunisia has eight preferential trade agreements in force. The trade-weighted average tariff rate is 9.4 percent, and 13 formal nontariff measures are in effect. The overall benefits of trade remain undercut by other institutional shortcomings. Despite efforts to attract more foreign investment, growth in long-term investment is inhibited by bureaucracy and political uncertainty. The weak financial sector remains fragmented and dominated by the state.