

Framework of the trade relationship between the EU and Tunisia

Background:

The European Union's guidelines for the international relations with Tunisia are included under the umbrella of the European Neighbourhood Policy (south). This policy's objectives are both i) political association and ii) economic integration. In order to achieve them, the EU treaties allow the use of instruments (international agreements) containing reciprocal rights and obligations as well as the possibility of undertaking activities jointly.

Cooperation:

Economic relations between the EU and Tunisia go back to the [EEC - Tunisia Cooperation Agreement](#) of 1978. It established a "wide-ranging cooperation" between signatories to contribute towards the economic and social development of Tunisia through measures and provisions in "the field of economic, technical and financial cooperation, and in the trade and social fields".

In this sense, and regarding to Trade Cooperation, its aim was to ensure a better balance in the trade of the parties, with a view to increase the rate of growth of Tunisia's trade and improve the conditions of **access for its products to the Community market**. In fact, **all products originating in Tunisia** other than those covered by the common agricultural policy were given free access to the Community market, being exempt from customs duties and not subject to quantitative restrictions. Refined petroleum products obtained from Tunisian crude oil was also given originating status in 1979. On the other hand, **Tunisia was required to apply the most-favoured-nation clause to the Community**, but not reciprocity. The Cooperation Agreement also established a Cooperation Council with powers (decisional and consultative) to attain the agreement's objectives and functioning.

Association

'Cooperation' with Tunisia was replaced by 'association', following the entering into force of the first [Euro-Mediterranean Agreement of Association](#) – EMAA, that is **currently in force**. The Agreement establishes a Free Trade Area under which all two-way trade in **industrial products takes place free of any trade tariffs** (full liberalisation), the first ever between the EU and a Mediterranean partner. As regards to **agricultural, agro-food and fisheries products**, the EU and Tunisia agreed to a **progressive opening** of their respective markets for selected products.

There are also provisions on the use of non-tariff based trade measures such as quotas and product standards, on a **general right to establish businesses and provide services in the other territory**, on to **allow for current payments and movements of capital and on to have common rules on competition and intellectual property**. It also introduced the **respect for human rights and democratic principles** as the base of the regular political dialogue.

The EMAA also established an association for political dialogue and for promoting trade and economic and social relations and cooperation.

Other

Moreover, in 2009, the EU and Tunisia also signed a [Protocol on Dispute Settlement Mechanism](#) of trade disputes related to the EMAA, which improved its application.

Furthermore, as from 2012, a multilateral agreement has established the **application of identical rules of origin for goods** traded across the [pan-Euro-Mediterranean cumulation zone](#), which includes the European Union, the EFTA States (Iceland, Norway, Switzerland, Liechtenstein), the participants in the Barcelona Process (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, **Tunisia**, Turkey, Palestine) and the Faroe Islands as well as Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Kosovo.

Tunisia within the EU Single Market? The sought future

A **Deep and Comprehensive Free Trade Area (DCFTA)** is currently under negotiations, which started in 2015 following a Sustainability Impact Assessment (SIA) on the DCFTA with Tunisia, [published](#) in 2013.

The overall goal of these negotiations is to create new trade and investment opportunities and **bring about the integration of Tunisia's economy into the EU single market**. The DCFTA is also to support economic reforms in Tunisia and bring Tunisian legislation closer to that of the EU in trade-related areas.

The agreement will build on the existing free trade area established by the EMAA, which mainly emphasises on free trade in goods, but will also include liberalisation of two-way trade in agriculture and fisheries. It will include provisions on regulatory areas of mutual interest (such as trade facilitation, technical barriers to trade, sanitary and phytosanitary measures, investment protection, public procurement, competition policy and trade and sustainable development). Liberalisation of trade in services and investment will also be covered.

In 2015, the EU Commission's **proposed text presented** to the negotiation table contained these areas:

1. General approach: Transition period of up to 10 years, no preferential rights, negative list approach of sensitive products (*liste négative*) and protection of geographical indications of origin.
2. **Trade in agricultural and fishery products:** Negotiation of non-tariff barriers (sanitary and Phyto-sanitary barriers) and other trade obstacles.
3. **Sanitary and phyto-sanitary measures:** Guaranteeing transparency of applicable measures, approximation of Tunisia's rules to the those of the EU, establishing a mechanism of recognition of equivalences,
4. **Technical barriers to trade:** Elaboration and application of technical regulations and rules of procedure; transparency; and labelling and branding.
5. **Trade and Sustainable development:** Maintaining and guaranteeing minimum common standards of labour force and environmental protection, specifically biological diversity, durable management of forest and wood trade, fishing and maritime resources, supervision mechanisms, forum with civil society, consultations and expert groups.
6. **Trade in services and investment:** Protection of intellectual property: promotion of production of innovative and creative products as well as an adequate and effective level of protection in regards with Intellectual Property.
7. **Trade defence instruments:** transparency, antidumping, compensatory measures, state aid and consideration of the public interest and the smaller extent right.
8. **Public procurement:** public tenders at all levels of government without discrimination and transparency of business opportunities.
9. **Rules on competition and state aid:** free competition, elimination of State monopoly position.
10. **Customs procedures:** more simple and effective regulations, transparent customs procedures.
11. **Transparency rules:** publication and easy availability of rules, information points available, applications of information, appealing of decisions and good administrative behaviour code.

On this basis, the European Commission is currently running an open consultation which aims to gather detailed views on the trade, investment and broader economic relationship between the EU and Tunisia, available [online](#) until the 22nd February 2017.