

AmCham Tunisia Debates

U.S.-Tunisia Relations: Building a New Framework

Policy Note No. 3 | September 2015



This policy note is part of the AmCham Tunisia Policy Notes series. This policy note was prepared by MNJ CONSULTING

American Chamber of Commerce in Tunisia

American Chamber of Commerce in Tunisia (AmCham Tunisia) is a nonprofit organization that aims to represent and promote members' business interests and develop economic relations between Tunisia, the United States, and the region. AmCham Tunisia pursues these goals by providing insights, advocacy, networking, and discussions.

MNJ CONSULTING

MNJ CONSULTING is a strategy and management consulting firm that serves governments, corporations, institutions, and organizations. The skills and expertise of MNJ CONSULTING cover a wide array of sectors, businesses, and functional capabilities.

Published 2015 by American Chamber of Commerce in Tunisia
10 Rue Ahmed Ben Ali
El Manar III, 2092 Tunis, Tunisia
Tel: +216 71 883 226

Designed by MNJ CONSULTING
67 Rue Alain Savary, Les Jardins II, B26
1002 Tunis, Tunisia
Tel: +216 71 814 309

AmCham Tunisia's Message

- AmCham Tunisia applauds the actions of the Tunisian and U.S. governments in increasing cooperation and developing partnerships. AmCham Tunisia also acknowledges the commitment of both countries to a strategic partnership based on shared values and interests.
- While moving in the right direction, trends of cooperation and partnership between Tunisia and the United States are mixed. The level of cooperation and exchange shows that the relationship is far from its full potential.
- At a time of political, economic, and complex security challenges, Tunisia needs a strong partnership with the United States, and greater support and commitment from its international partners.
- An ambitious, structured, and comprehensive approach to the U.S.-Tunisia relations as well as bold initiatives and decisions are essential to deliver the conditions for tangible and sustainable results and to create opportunities for the long term in the following key areas: People, Security,, Governance, Economic Development, Knowledge and Innovation, Education and Culture, Infrastructure, Trade and Investment, Private Sector Development.



Treaties and Agreements

- Income Tax Convention, 1985
- Bilateral Investment Treaty, 1990
- Trade and Investment Framework Agreement, 2002
- Investment Incentive Agreement, 2004
- Agreement on Science and Technology Cooperation, 2004
- Establishment of the U.S.-Tunisia Strategic Dialogue, 2014
- Designation of Tunisia as a Major Non-NATO Ally, 2015



U.S. Government Foreign Assistance in Tunisia

Key Areas of Support

- Peace and Security
- Democracy, Human Rights, and Governance
- Economic Stabilization and Opportunity



U.S. Government Foreign Assistance in Tunisia

Funding

\$Million

	06-10	2011	2012	2013	2014	2015	2016
Approbations/Request	69.2	25.7	189.3	47.2	57.8	66.0	134.4
Disbursements	0.0	46.7	245.0	33.6	66.3	5.1	0.0
Peace and Security	-	46.7	54.7	6.3	8.0	0.2	-
Democracy, H.R., Governance	-	-	-	0.9	3.6	4.8	-
Health and Social Assistance	-	-	-	-	50.0	-	-
Economic Development	-	-	-	24.6	1.7	-	-
Program Management	-	-	190.3	1.5	-	0.1	-
Unspecified	-	-	-	0.3	-	-	-
Disbursements / Tunisia External Financing Requirements (%)	0.0	0.4	2.4	0.3	0.6	0.1	0.0

Sources: U.S. Department of States, National Institute of Statistics (Tunisia), Central Bank of Tunisia, International Monetary Fund



U.S. Government Foreign Assistance in Selected Countries

Funding

\$Billion

	2010	2011	2012	2013	2014	2015	2016
Worldwide	40.7	47.6	39.8	43.6	37.2	35.3	33.7
Tunisia	0.022	0.026	0.189	0.047	0.058	0.066	0.134
Egypt	1.556	1.654	1.656	1.484	1.508	1.506	1.456
Jordan	0.843	0.678	0.776	0.903	1.011	0.671	1.000
Kenya	0.798	0.798	0.508	0.593	0.559	0.553	0.630
Morocco	0.035	0.034	0.041	0.031	0.034	0.031	0.032
Nigeria	0.616	0.633	0.650	0.700	0.703	0.721	0.607
Pakistan	1.912	2.345	1.823	1.146	0.829	0.882	0.804
Ukraine	0.118	0.196	0.161	0.125	0.086	0.139	0.514

Source: U.S. Department of States



Trade and Investment

\$Million

	2010	2011	2012	2013	2014
Tunisia Exports in Goods	386.9	259.4	328.4	391.9	221.8
<i>% Tunisia Total Exports in Goods</i>	<i>2.4</i>	<i>1.5</i>	<i>1.9</i>	<i>2.3</i>	<i>1.5</i>
Tunisia Imports in Goods	897.2	822.1	798.1	781.0	651.4
<i>% Tunisia Total Imports in Goods</i>	<i>4.1</i>	<i>3.7</i>	<i>3.2</i>	<i>3.3</i>	<i>2.9</i>
U.S. Investment Including Energy	89.0	35.3	40.0	16.8	17.3
<i>% Total Foreign Investment</i>	<i>5.9</i>	<i>3.3</i>	<i>2.4</i>	<i>1.4</i>	<i>1.6</i>

Sources: National Institute of Statistics (Tunisia), Central Bank of Tunisia, Foreign Investment Promotion Agency (Tunisia)



Tunisia Priorities: Challenges and Opportunities

- Ensure Security and Peace
- Promote Transparent and Accountable Governance
- Stabilize and Enhance the Economy
- Engage Appropriate Reforms for Development
- Invest in People
- Invest in High-Priority, High-Return Infrastructure Projects
- Invest in Knowledge and Innovation
- Build trust and Ensure Social peace, Social Stability and Social Progress
- Create a Thriving Environment for Investment and Business
- Enhance Tunisia's International Credibility and Make Tunisia an Attractive Partner



Recommendations: A New Framework for U.S.-Tunisia Relations

1. Establish an ambitious and structured approach to the U.S.-Tunisia Strategic Dialogue and to the relationship between Tunisia and the United States
2. Initiate a regional dialogue with the United States, which would also include the European Union, to provide a framework for discussing and coordinating joint actions and to enhance regional cooperation and integration



Recommendations: Building Economic Partnership

3. Establish a Free Trade Agreement and/or an Economic Partnership Agreement between Tunisia and the United States in order to deepen trade and investment relations and increase market access in both countries - Offer preferential tariffs to goods and services produced in Tunisia pending the signing of the agreement
4. Develop an outreach program, with the U.S. government support, directed to the U.S. private sector to show Tunisia's potential and attractiveness as a leading regional destination for talent and investment and to encourage American investment



Recommendations: Ensuring Knowledge and Technology Transfer

5. Establish large-scale partnerships and joint programs with the United States, including public-private partnership, to support exchange and cooperation in education and skills development, creation of academic and research networks, and transfer of technology and expertise
6. Create a fund for Education, Academic Exchange, and Technology Transfer; increase the number of scholarships to 1000 per year over a 6 year period



Recommendations: Developing Infrastructure

7. Create one or more funds to invest in high-return infrastructure that have impact on growth and employment; market prepare and launch PPP projects



Recommendations: Promoting Investment; Driving Entrepreneurship

8. Reinforce the Tunisian American Enterprise Fund's effectiveness and impact
9. Provide technical assistance and capacity building to support the strengthening of the Tunisian private sector; combine funding and technical assistance; create a program that could be managed by the Tunisian American Enterprise Fund
10. Create the U.S.-Tunisia Leadership Forum of private and public sector leaders from Tunisia and the United States to review the Tunisian-American relations, identify key areas of cooperation and put forward concrete initiatives to advance bilateral relations



Recommendations: Financing Reforms and Development

11. Sign a Memorandum of Understanding on U.S. Assistance to Tunisia to target \$1 Billion of U.S. Government Aid over a period of three years renewable one time in order to support Tunisia's efforts in addressing short-term needs and ensuring long-term development and security
12. Sign loan guarantee agreements for up to \$1 Billion per year over a period of three years in order to support Tunisia's reform efforts



American Chamber of Commerce in Tunisia
10 Rue Ahmed Ben Ali
El Manar III, 2092 Tunis, Tunisia
Tel: +216 71 883 226

www.amchamtunisia.org.tn