

The World and Tunisia Need Africa

Abdoul Salam Bello

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Her Excellency Madam Ambassador Hanene Tajouri Bessassi, Tunisian Ambassador to the United States

Excellencies, Honorable guests,

Ladies and Gentlemen,

Dear participants

(Disclaimer: I am not speaking on behalf of the WBG or the WBG Board of Executive Directors. My points are not at any case a reflection of any position of the institution and its executive board).

It is an honor and a real pleasure for me to make my modest contribution to this forum by introducing the debate on the subject untitled “-The World and Tunisia Need Africa”

When Professor **Anne Moisan** asked me to speak to you today on this very important topic, I had to scratch my head.

The World and Tunisia need Africa? What is the link between Tunisia and Africa? Tunisia and Africa? Should we go back to history, Tunisia and Africa are the same thing. In the early centuries of the Islamic period, Tunisia used to be called **Ifriqiyyah**.

My presentation will be broken down in two parts. I will first focus on historical aspects of the relationship between Tunisia and Africa and in a second part I will examine economic and trade aspects of this relationship and link it to the opportunities that arise from for both parties.

First, the history of the relationship between Tunisia and South Saharan Africa

That name **Ifriqiyyah** , comes from the Roman word for Africa and the name also given by the Romans to their first African presence following the **Punic Wars** against the Carthaginians in 264–146 BCE.

As you know, one of the main characters of the **Punic Wars** was Hannibal, an important figure of Tunisian History. Let us move to closer period of time. Speaking of Hannibal, I want to link with someone who had put Hannibal’s Bust in the cabinet meeting office in Tunis in the 60’s. I call President Habib Bourguiba.

The father of the of Tunisian independence developed strong relations with African countries, particularly French-speaking ones. In 1970, President Bourguiba, along with Presidents of Niger (Diori Hamani), President of Senegal (Léopold Sédar

Senghor) and Prince Norodom Sihanouk created the institution known today as la Francophonie, an organization that gathers 88 States and Governments and 300 million people. Tunisia will host the Francophonie Summit this year in November.

People do not know that, but President Habib Bourguiba was a strong defender of African liberation movements. In January 1960, he held an All-African People Conference which was attended by Nelson Mandela (South Africa) and Patrice Lumumba (Congo). President Bourguiba sent over 500 soldiers to the United Nations Operation in the Congo in 1960 under the command of Colonel Lasmar Bouzaïane¹. In 1963, President Bourguiba was among the 30 African HoS who attended the very first Summit of the Organization of the African Unity in Addis Ababa, Ethiopia and signed the charter creating the OAU.

President Bourguiba forged personal relations with the Presidents of Senegal, Cameroon, Mali, Togo for instance. He also played important roles in mediation/good offices services in the conflict between Mauritania and Morocco in 1964 or the one between Ethiopia and Somalia in 1965.

So, for those who might have a doubt. Tunisia is rooted in Africa!

After the departure of President Bourguiba from office in 1987, there was a long silence of about 20 years on Tunisia relations with sub-Saharan Africa. This period was also characterized by several political crisis and civil wars in SSA. You may remember that in 2000, The Economist referred to Africa as the **Hopeless Continent** basing its cover title on the challenges related to poverty, disease, cycles of conflict, military and dictatorial one-party states, etc. This disengagement was marked by the derisory figures of the trade balance with African countries, closures of Tunisian embassies, lack of representation of Tunisia at a high level at African conferences and summits.

After the Arab Spring, that occurred in early 2010s, President Moncef Marzouki tried to reconnect Tunisia with Africa. However, the intentions have not been translated into national strategy or special plan of action. What did African leaders notice? President of Tunisia did not attend the 50th anniversary of the creation of the Organization of African Unity in 2013.

Of course, over the last decade, Tunisia has been quite busy on domestic issues (and immediate neighboring context) to really have time to focus on the design and implementation of a shift on strategy. Meanwhile, some statistics can show a kind of optimism. Let us look at the figures of Tunisian National Statistics. Those show that over the period 2011-2019, the share of Africa in Tunisian exports was about

¹ https://www.diplomatie.gov.tn/presse/actualites/detail/etranger/ambassade-de-tunisie-a-bamako-mali/?tx_news_pi1%5Bnews%5D=305&cHash=5e77a53eca8f086e9264bc354823c118

10-12% vs about 76-80% for Europe during the same period². Meanwhile we can see an increase of Africa share in the Tunisian import from 4% to 10%.

Now let's turn to the economic aspect of the relationship

In 2019, Tunisia exported a total of USD 16.6B, making it the number 77 exporter in the world. During the last five reported years the exports of Tunisia have changed by -USD 1.68B from USD 18.3B in 2014 to USD 16.6B in 2019.

The most recent exports are led by Insulated Wire (USD 1.99B), Non-Knit Men's Suits (USD 881M), Crude Oil (USD 653M), Non-Knit Women's Suits (USD 517M), and Pure Olive Oil (USD 502M). The most common destination for the exports of Tunisia are France (USD 4.82B), Italy (USD 2.74B), Germany (USD 2.1B), Spain (USD 686M), and Libya (USD 539M).

Over the last couple of years, Tunisia has taken steps to (re)connect with Africa. As a matter of fact, in 2019, Tunisia's Parliament ratified the country's official accession to the Common Market for Eastern and Southern Africa. The country is a signatory of the African Continental Free Trade Area (AfCFTA) and is willing to be part of the Economic Community of West African States (ECOWAS).

Today, the Continent is on the path to be a key player in global affairs. African demography should be seen as an opportunity. Africa's population will almost certainly double by 2050, giving it more than a quarter of the world's total. I will shock you here, but the movement of people (yes, migration) will also enrich the continent with FDI (remittances are higher than ODA), skills and innovation.

According to the IMF, sub-Saharan Africa is set to grow by 3.7 percent in 2021 and 3.8 percent in 2022. The recovery is supported by rising commodity prices, improving global trade and financial conditions.

The figures from the Tunisia National Statistics show the overreliance of Tunisia on Europe. Turning to SSA, will also help Tunisia diversify its economy. And the country has comparative advantages that should help increase its business footprint.

Thanks to its business with Europe, Tunisia has developed experience and expertise in the field of services (education, training, transport, health, engineering, etc.) that it could market on the continent by becoming the leader. Of course, some competitors are already on the ground. Operators from Countries like Morocco are already taking opportunity of privileged partnership niches. Morocco invested heavily in finance and telecoms. Tunisia has the opportunity to invest in services.

² <http://www.ins.tn/statistiques/54#>

Tunisian banks have the opportunity to expand their footprint in SSA and support the expansion of Tunisian businesses. For instance, the Société Tunisienne de Banque (STB) has equity participations in some banks in SSA. I can mention that STB owns 25% of the capital of one of the main Bank in Niger.

Thanks to the public-private partnership, Tunisia should be able to (re)find a place of choice in SSA. However, much work remains to be done at the cultural and educational level, in order to contribute to changing mentalities.

Earlier in my statement, I have mentioned that the Economist labeled Africa as the hopeless continent. In 2011, they labelled the continent as “Inspiring Africa”.

In the longer term, it is the demographic explosion that holds the attention. Over the next three decades, the global population is set to increase by about 2 billion. Half of that growth will take place in sub-Sahara Africa, as the region’s population is projected to double from about 1 billion to 2 billion. This makes the region potentially one of the world’s most dynamic economies, and one of its most important markets. As a result, infrastructure, education, health, transport, communication, housing, will largely have to grow, especially in cities. These are great opportunities for Tunisian companies!

Technology

Over the past ten years, the establishment of the Internet network has experienced spectacular growth in Africa. The arrival of smartphones at increasingly lower prices has put the internet and computing power in the hands of Africans.

A New Google-IFC report estimates Africa’s Internet economy could be worth \$180 billion by 2025. This report estimates that Africa's Internet economy has the potential to reach 5.2% of the continent's gross domestic product (GDP) by 2025, contributing nearly \$180 billion to its economy. The projected potential contribution could reach \$712 billion by 2050. Driving this growth is a combination of increased access to faster and better-quality Internet connectivity, a rapidly expanding urban population, a growing tech talent pool, a vibrant startup ecosystem, and Africa's commitment to creating the world's largest single market under the African Continental Free Trade Area. Currently, Africa is home to 700,000 developers and venture capital funding for startups has increased year-on-year for the past five years, with a record \$2.02 billion in equity funding raised in 2019, according to Partech Ventures Africa.

More than 70 companies engaged in Tunisia in the area of exporting technological services out of which about 20 foreign companies are exporting their services to the

African market. Tunisia can thus become a portal for global companies in the field of ICT on the African market.

Google is launching the “Equiano”, a subsea cable from Portugal to South Africa, that will bring increased bandwidth, improve high-speed and affordable internet access in the continent. In west Africa, the cable would have about 20 times more network capacity than a previous cable built to serve this region. This is not happening in vacuum. The first connecting country was Togo, just couple of days ago. Togo is becoming an important technological hub in the region. MDBs, such as the World Bank Group are also supporting the continent digital agenda through reforms, capacity building and budget support. Last year, the WB put additional USD 11 million to help Togo develop its digital economy.

ICT can be a niche for Tunisian investors to look at. For Tunisian and global investors, there is an opportunity to look the ICT and SMEs in Africa. Indeed, access to African private sector can be made in the form of group of small businesses in order to guarantee cooperation and strengthen the competitiveness of Tunisian enterprises with a view to exporting technological services, particularly in the fields of energy, health and education.

Over a short period, digital payments, e-commerce and remote learning will become the norm in Africa – not the reserve of a privileged elite – and by removing numerous market barriers they will unleash the entrepreneurial potential of millions of African SMEs. Tunisia should be there to exploit those opportunities of business and cultural connections with SSA.

Energy

On the energy side, one can also tap into the population growth rate. And this can be linked to the technology.

As of today, over 600 million Africans are still without access to electricity. Evidently, due to the high cost of extending transmission lines into remote areas, the relatively low income of off-grid consumers and the difficulties that power companies have in collecting fees for the power they supply, many such connections are simply not profitable. This means many peripheral and rural communities are unlikely ever to be connected to the national grid. This leaves huge potential for off-grid solutions coupled with renewable energy.

Tunisian companies should consider the commercial opportunity to deploy solar fintech. As per a study made by a UK consulting firm, given an average of five people per African household, there are currently 120 million homes without power.

With each household spending an average of USD 200 per year on power, this represents a commercial opportunity of USD 24 billion per year.

Think about it!

Agribusiness

Then agribusiness. With more than 60% of arable land uncultivated in the world and an abundant workforce, sub-Saharan Africa could largely feed itself, or even export part of its production. However, each year, Africa imports more than 70% of the wheat it consumes, for example. Why not seize this chance and see the opportunities that arise locally in this area? Investing in agribusiness in Africa would be a great initiative for Tunisian companies. Indeed, it is a growing sector, and the continent could become one of the most important exporters of food products in the world. Abundant labor, fertile and cultivable land stretching over thousands of kilometers, especially in West Africa, are opportunities for sustainable development in this sector.

Housing

And of course, we must not forget that the opportunities to invest in real estate in Africa are numerous. The African continent has vast expanses of exploitable land to create new modern cities. With tourism occupying a prominent place in the economy of African countries, the establishment of hotel infrastructure and new accommodation on the outskirts of existing cities is booming.

Admittedly, in its new approach policy, Tunisia will use the legacy of sympathy capital built by Bourguiba in sub-Saharan Africa, but it will above all define an appropriate strategy where the State and the private sector will act hand in hand.

The African Continental Free Trade Area

The African Continental Free Trade Area (AfCFTA) agreement has created the largest free trade area in the world measured by the number of countries participating. Tunisia is part of this agreement. The CFTA will connect 1.3 billion people across 55 countries with a combined gross domestic product (GDP) valued at US\$3.4 trillion. It has the potential to lift 30 million people out of extreme poverty but achieving its full potential will depend on putting in place significant policy reforms and trade facilitation measures.

Creating a single, continent-wide market for goods and services, business and investment reshapes African economies. The implementation of AfCFTA is a huge

step forward for Africa, demonstrating to the world that it is emerging as a leader on the global trade agenda.

The scope of AfCFTA is large. The agreement will reduce tariffs among member countries and cover policy areas such as trade facilitation and services, as well as regulatory measures such as sanitary standards and technical barriers to trade. Full implementation of AfCFTA will reshape markets and economies across the region and boost output in the services, manufacturing and natural resources sectors.

As the global economy is in turmoil due to the COVID-19 pandemic and is forecasting the effects of the Ukraine crisis on global supply chain, the implementation of the vast AfCFTA regional market is a major opportunity to help African countries diversify their exports, accelerate growth, and attract foreign direct investment.

The African Continental Free Trade Area represents a real opportunity to stimulate growth, reduce poverty and expand economic inclusion in Africa, despite the crisis caused by the coronavirus. Over the past decades, only about 12 per cent of Africa's total trade took place within the continent. One of the major reasons for the weakness in the continent's regional trade performance has been the lack of a private sector that is dynamic and vibrant enough to seize existing opportunities in the trading system. Regional integration can simply not happen without the promotion of local entrepreneurs in all sectors both at country and regional levels. This can be done by building and providing to local private sector adequate supporting institutions, physical infrastructure, competitive markets, business support, financial services, capacity building and more.

The Africa Continental Free Trade Area has designed a Private Sector Investment Financing Framework, which is a private-sector led initiative to boost industry capacity and take advantage of the pan-African market. The initiative is expected to unlock USD 1 trillion in AfCFTA for certified and accelerated investments.

The AfCFTA's potential is huge for Africa's more sophisticated markets, such as those in North Africa including Tunisia.

Obstacles to expanding trade and solution

Beyond the political challenges we mentioned before, there are core obstacles that need to be addressed. First being the geography and logistical pathway (air and sea links). Then comes the logistics chain and the port infrastructure in particular, which are often lacking. For example, the port of Radès which capacity to process freight and commercial traffic does not allow effective shipments to African destinations. Some tunisian shipments must pass through intermediate ports, such as Tanger Med which adds to operational costs and erodes competitive advantage. Among other constraints, the Tunisian African Business Council reveals difficulties in financing

exports as well as the scarcity of export insurance companies. In this regard, IFC and MIGA which are parts of the World Bank Group are designed to provide de-risking instruments that can be helpful to Tunisian companies wanting to operate in Africa.

Conclusion

Tunisia's Government has already some thought on how to better engage with Africa and connect with the global markets. Looking at the Foreign Ministry portal, we can see some prospects such as :

1. The promotion and attraction of Foreign Direct Investments or trilateral investments (triangular cooperation);
2. The growth of exports, in particular by opening up to new markets, diversifying Tunisian production and promoting the creation of added value.
3. The use of Tunisian skills, qualifications and expertise in foreign countries (teachers, doctors, paramedical staff, engineers and others).
5. Attracting more tourists to the country, opening up to new markets and promoting Tunisia as a diversified tourist destination.
6. The promotion of Tunisia among future students and technicians (higher education and professional training), in particular for nationals of sub-Saharan African countries³.
7. The promotion of Tunisia as a health destination (therapeutic, hospital and/or aesthetic care) as well as medical evacuation.

Those objectives toward SSA will be dependent on concerted efforts, a shared vision and synergies between all the stakeholders in the country's economic activity who must be involved in.

Thank you and bon appétit!

³ With a view to reaching 20,000 students by 2025