WORLD RANK: **128**

REGIONAL RANK: **10**

ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

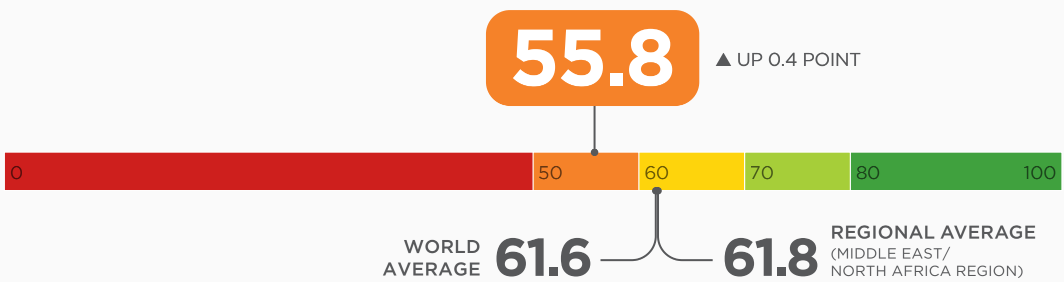
TUNISIA

Tunisia's economic freedom score is 55.8, making its economy the 128th freest in the 2020 *Index*. Its overall score has increased by 0.4 point due to an improvement in **property rights** and other rule-of-law indicators. Tunisia is ranked 10th among 14 countries in the Middle East and North Africa region, and its overall score is well below the regional and world averages.

The Tunisian economy has been in the ranks of the mostly unfree for more than a decade, belying the hopes of the 2011 Arab Spring for greater liberalization. GDP growth for the past five years has been fairly tepid for a middle-income developing country.

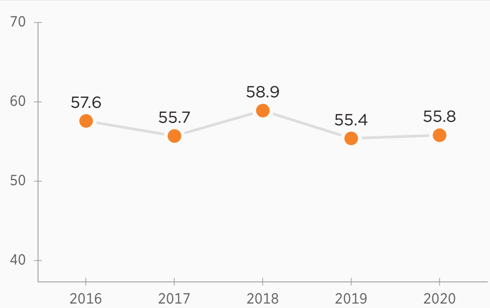
To improve economic freedom in Tunisia, the new government would have to address shortcomings in fiscal health, financial freedom, and government integrity. However, necessary fiscal reforms requiring spending cuts would likely stoke public unrest, and the influence of powerful trade unions and the presence of a large number of political parties in the newly elected parliament will make policymaking cumbersome.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): –7.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.7 million

GDP (PPP):
$144.2 billion
2.5% growth in 2018
5-year compound annual growth 1.9%
$12,372 per capita

UNEMPLOYMENT:
15.5%

INFLATION (CPI):
7.3%

FDI INFLOW:
$1.0 billion

PUBLIC DEBT:
77.0% of GDP

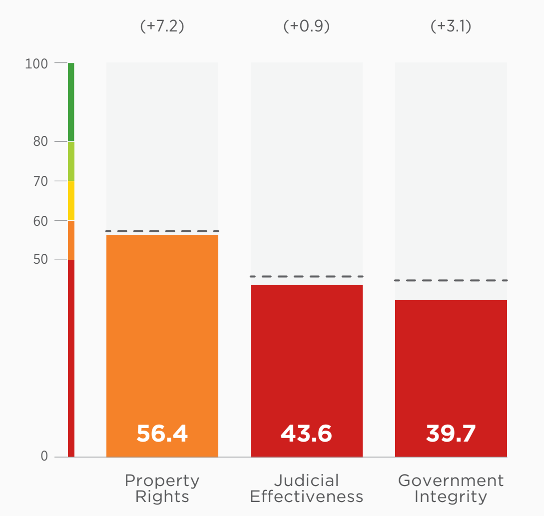
2018 data unless otherwise noted. Data compiled as of September 2019

BACKGROUND: Tunisia was the birthplace of the Arab Spring protests, which in 2011 ousted longtime President Zine al-Abidine Ben Ali. Kaïs Saïed, a politically independent center-left constitutional lawyer, was elected president in an October 2019 landslide that highlighted a strong antiestablishment sentiment among Tunisians, particularly younger voters. Hizb al-Nahda, a moderately Islamist party, won the most parliamentary seats. Despite notable progress in democratization and ongoing reform efforts, Tunisia's transformation to a more market-oriented economy has been slowed by political instability and violent protests engendered by 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.

— — WORLD AVERAGE | ONE-YEAR SCORE CHANGE IN PARENTHESES

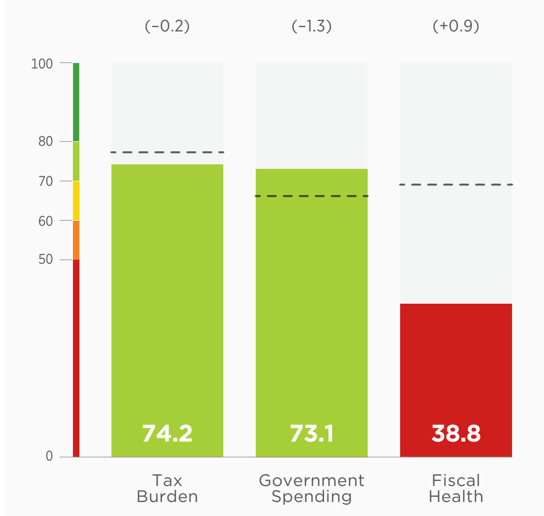
12 ECONOMIC FREEDOMS | TUNISIA

RULE OF LAW



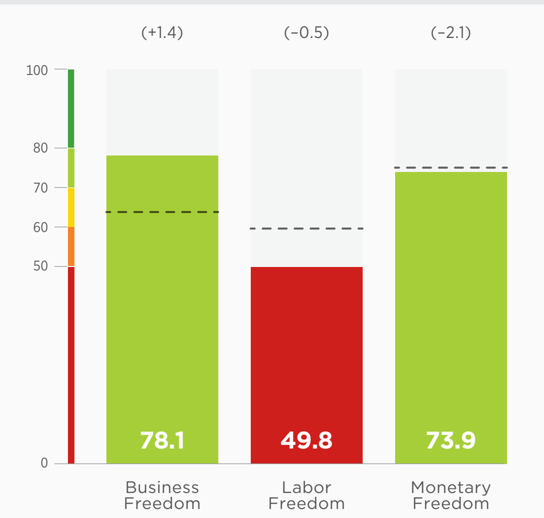
High levels of corruption and a large backlog of property disputes hamper the protection of property rights. While the 2011 constitution calls for a robust and independent judiciary, judicial reform has proceeded slowly. Corruption is endemic in Tunisia, and corrupt high-level officials often act with impunity. Routine procedures for doing business (customs, transportation, and some bureaucratic paperwork) involve corrupt practices.

GOVERNMENT SIZE



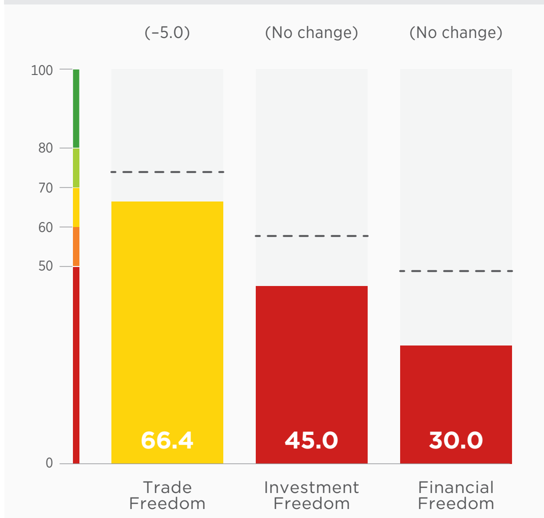
The top personal income tax rate is 35 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and property transfer taxes. The overall tax burden equals 21.4 percent of total domestic income. Government spending has amounted to 30.0 percent of the country's output (GDP) over the past three years, and budget deficits have averaged 5.6 percent of GDP. Public debt is equivalent to 77.0 percent of GDP.

REGULATORY EFFICIENCY



Recent business reforms have included combining different registrations for starting a business and improving protections for minority investors. Levels of youth unemployment are high, and strikes in the phosphate sector indicate a certain level of labor unrest. The government faces pressure from foreign lenders to reduce public spending, including subsidies on food and fuel, but cuts will be politically sensitive.

OPEN MARKETS



The total value of exports and imports of goods and services equals 99.5 percent of GDP. The average applied tariff rate is 9.3 percent, and nontariff barriers further raise the cost of trade. Despite efforts to attract more foreign investment, growth in long-term investment has been inhibited by bureaucracy and political uncertainty. The weak financial sector remains fragmented and dominated by the state. Access to credit is limited.