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EU-Tunisia negotiations: Free trade without trading freedoms?

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Spring 2018 is about to see two fundamental negotiations for Tunisia conducted between representatives of Tunisia and the European Union (EU). First, during the week of April the 17th, negotiations will be held on the readmission of migrants and the facilitation of visa applications for a small number of Tunisian men and women. Secondly during the month of May, discussions will deal with the conditions of trade between Tunisia and the European Union with the aim of signing the DCFTA (Deep and Comprehensive Free Trade Agreement).

Carried out in the same time frame, these negotiations were linked following a Tunisian request: the fear was that freer movement of goods, financial flows and services would not mean freer movement of people.

These negotiations commit Tunisia for decades to come. They may change the economic and social structure of the country. The 1995 Association Agreement, which opened the industrial sector to competition, has been criticised for its consequences, which continue up to nowadays. [1] To identify what strategies are carried out in these negotiations, we analyze here what the European Union is aiming at, what they expect to gain and how they intend to negotiate. Our aim is to anticipate the results and consequences over the long term, so as not to suffer unwanted repercussions in the future.

Increasing trade flows: a final purpose?

With the DCFTA, the EU offers Tunisia to sign an international treaty [2] to further open its economy: for goods, services and capital. Such an opening would affect all sectors of the economy, including agriculture. Customs duties would be put to an end and Tunisia would have to adjust and ultimately adopt EU standards so that its economy fully competes with European ones.

Forecasted risks for the economic and social rights of Tunisian citizens

The DCFTA project risks to undermine Tunisian citizens' economic and social rights for a number of reasons. In particular, many jobs may be lost in agriculture and services. Similarly, competition in the agricultural sector could threaten food security by increasing import dependence on cereals, which are the basis of Tunisia's food habits.

Besides, loss of State budgetary resources (linked to the reduction in customs duties) will result either in less social and development expenditure or in tax increases. And if no specific provision is made, investment is likely to concentrate in the north-east of the country, deepening social and territorial inequalities.

Finally, the very well-being and health of citizens are threatened. Intellectual property measures could restrict access to medicines. The project is also likely to provide special jurisdiction for

investors in the form of privation arbitration tribunals. That is, they would have the possibility to directly attack the Tunisian State if they consider that a law or a measure threatens their investments. [3] Hence, measures to protect the environment or public health, for instance, may not be adopted or implemented [4] because of such a disposition.

Uncertain benefits for Tunisia

In return for Tunisia's openness, the EU promises economic development, through better access to the European market, internationally recognised standards, and more investment in Tunisia. However, 20 years after the 1995 Association Agreement, which initiated a free trade zone on industrial products, the Tunisian industry is in great difficulty. [5] As a consequence, brutally removing the State's protection from the service sector, the main sector in Tunisia, could seriously damage it, having a negative impact on jobs. Even if the removal of barriers is done gradually, both civil society organisations and trade unions, and even employers are worried. [6] We may indeed underline that the competitiveness of the Tunisian economy is much lower than that of the European economy. In the agricultural sector, it is even 7 times less. [7]

Two other elements reflect this inequality between the two parties. First, the EU suggests that Tunisia adopt European norms and standards in various fields. [8] Such a change in standards will have a cost, which will have to be borne solely by Tunisia when European companies will not have any effort to make. And these standards, designed for Europe, are not necessarily adapted to Tunisia. On the other hand, the DCFTA project would allow service providers or investors to come directly to Tunisia freely, whereas Tunisians must systematically go through a visa application procedure. However, in its 2015 trade strategy, "Trade for All", the European Commission states that "to engage in international trade in services, companies must establish markets abroad in order to serve new local customers". [9] This means that it is very important for Europeans that their service providers can come and settle in other countries. But is not possible for Tunisian service providers to travel to Europe without going through visa application procedures with an uncertain outcome, a blatant inequality both in terms of freedom and economic opportunities that the DCFTA do not plan to correct.

In these respects, the project does not seem to benefit Tunisia in the immediate future but rather to serve the interests of European companies, or even to further deteriorate certain aspects of the Tunisian economy. How did the EU come to the point where Tunisia agreed to discuss such a proposal?

The European offer: an aggressive commercial strategy

This offer is part of an EU global commercial strategy. It looks at accessing to cheaper imports, to export more. [10] Besides, making barriers fall and harmonising standards aim to consolidate the position of major European multinationals, in competition with new powers such as China. [11] Indeed, Tunisia's imports have become increasingly less dependent on European products in recent years, replaced by products from China and Turkey, [12] as is the case in many other African countries. The EU is therefore not only proposing this agreement to Tunisia, but to many States and regions of the world. [13]

For many years and until today, the ultimate goal of the European commercial strategy is to ensure access to key resources such as energy and other raw materials at lower cost on one hand; and on the other hand, to be able to export better, especially in the services sector, the most important in Europe, by eliminating most of other economies' protections. [14] Thus, the EU's objective in these negotiations is to be able to invest the Tunisian market, to confront it with very strong competition from the European market and thus essentially to take advantage of its technological and

competitive advancement in trade with Tunisia.

European negotiating methods: pressurize and serve your own interests

In order to negotiate the DCFTA, but also to control migratory movements, the EU uses various means to obtain agreements that correspond to its interests.

The recent – and controversial – black list cases [15] could be analysed as pressure tactics to move the negotiations forward. [16] Similarly, after an exceptional year of olive oil production in 2017-2018, Tunisia has requested an additional duty-free quota to export more oil to Europe. But it was denied, although such a quota had existed for the previous two years. [17] Moreover, the EU partly finances the Tunisian State budget, and imposes conditions, meaning that the Union demands reforms in exchange for its financing. [18] Tunisia can hardly refuse the negotiations proposed by the EU. In view of the economic and public finances conditions, it cannot risk seeing European funding reduced. Blackmail therefore has every chance of working.

In the same vein, the EU puts pressure on the granting of visas for Tunisians in order to pursue its migration policy. While mobility is essential for Tunisians, to establish commercial relations in Europe, to visit family members, or simply to come on holiday, access to European territory is filtered by a restrictive, security-oriented policy.

In terms of people's mobility, the EU is therefore seeking the same control. If freedom for goods, services and capital is announced by the EU with the DCFTA, it is not the same for people. The EU is negotiating two treaties with Tunisia, which serve to better control borders and select those that cross them: a so-called readmission agreement and a visa facilitation agreement in the framework of the mobility partnership negotiations.

One-way freedoms

In theory, international relations are governed by the principle of reciprocity [19] between States, which should negotiate on an equal footing. However, freedom of movement between the European Union and Tunisia is far from equal. Today, "visa facilitation" serves as a bargaining chip to better negotiate readmission agreements, objectives of the Member States and the European Union since the early 2000s, [20] when the latter began "externalising its borders".

The lure of visa "facilitation"

While the European Union has built itself by establishing a common market based on free trade and free movement, it has tried to isolate the issue of the mobility of people from the rest of the negotiations. Tunisia systematically grants Europeans a three-month visa as soon as they enter its territory. But for Tunisians, how could we talk about "facilitation" when the visa application process has only become more complex since the creation of the Schengen area?

Within the framework of free trade, the EU organizes a brain drain. [21] On the one hand, the EU facilitates immigration for a Tunisian elite which constitutes an enrichment in grey matter, serving Europe's economic interests. [22] On the other hand, the number of Tunisian graduates fell by 25% between 2010 and 2016, [23] exacerbating the loss of competencies. The "brain drain" phenomenon is not recent but it is particularly strategic in the framework of these DCFTA and Mobility Partnership negotiations. Besides, very little has been planned to allow the mobility of non-managerial or low-skilled workers, creating both a discrimination and a loss of economic opportunities. One can observe that labour migration clauses are often more present in bilateral agreements than in Mobility Partnerships covering the whole of the EU. Indeed, migration remains

an important subject of discord between the various Member States of the European Union.

In the past, agreements on seasonal workers [24] were signed with various EU member countries. Circular and seasonal migration was promoted in the 1960s by European states to fill a large demand for labour. Until the 2000s, these migrations were accepted before being ruled out. Priority is indeed given to "readmission agreements" and return dynamics [25] or only to agreements facilitating the stay of some "young professionals", [26] to whom Tunisia has devoted a significant part of its public funds for university training. When comparing visa facilitation agreements in the framework of Mobility Partnerships already signed with other countries, [27] the EU only facilitates visas for the most qualified and trained students, researchers, business leaders, investors or some members of civil society. Such an agreement would therefore further increase mobility inequalities between different social classes.

Moreover, the substantial share of remittances from emigrants to their families in the Tunisian economy is not negligible. It is comparable to the amounts of "development aid" and represented 4.75% of Tunisian GDP in 2014. [28] The way in which global wealth is distributed as a result of international migration is thus paralysed when migration is intended to be contained by States.

The regional migration context is characterized by a double dynamic. In the north of the Mediterranean Sea, a popular phobia of migration has spread, particularly following attacks on European territory – although the majority of them were carried out by Europeans – but also stimulated by manipulation of this phobia by numerous political representatives. In the southern Mediterranean Sea, the economic and social situation has tended to deteriorate, and a feeling of suffocation and disillusionment has been felt among Tunisian youth. They tend to leave the country more and more systematically, by legal means for the elites or by non-regulatory means for those whose visa applications have been refused. The EU therefore proposes legal expulsion mechanisms, officially called "readmission agreements", to remedy irregular immigration, which it tends to criminalise.

When free trade restricts the movement of people

Indeed, in order to combat illegal immigration, the EU wishes to put pressure on the granting of visas. Dimitris Avramopoulos, European Commissioner for Migration, proposed on 14 March 2018 "to tighten the conditions for granting visas to partner countries that do not cooperate sufficiently in the framework of readmission". [29] By signing these "readmission agreements", the Tunisian State would have to unconditionally accept the expulsion of its nationals, or even of non-nationals who have transited through Tunisia, from the European Union to its territory.

Since the Amsterdam Treaty in 1997, the cornerstone of discussions between EU Member States has been the common migration policy. [30] A strategy of borders externalisation to third countries was then put in place. Never expressed in a clear way, this "externalisation policy" can nevertheless be spotted through a specific language. Through ambivalent formulas such as the "European neighbourhood policy", the "strengthening of protection aid in countries of first asylum", the "partnerships with third countries and transit countries", or even the "distribution of responsibilities with regions of origin"... [31] For instance, the "safe third country" label allows European member states to simplify the expulsion of nationals of these countries or third countries from the EU. [32]

Reading the European Commission's agenda on migration, it is clear that Member States are under pressure to step up "actions so that third countries fulfil their obligation to readmit their nationals". [33] In addition, the EU plans to negotiate the expulsion of non-Tunisian migrants to Tunisia, based on the grounds that they would have transited through that country and taken a boat to join Europe. In order to complete the project of externalising European borders, the European Commission

reveals that "the objective to be achieved would consist in promoting greater border security but also in strengthening the capacities of North African countries to intervene and save the lives of migrants in distress". [34] Some European Governments have already concluded this type of capacity-building agreement with the coastguard, in particular with the Libyan authorities. Despite frequent human rights violations, they therefore relocate border management outside their territory. [35]

Finally, to reduce the cost of expulsions and make them more systematic, "readmission agreements" are negotiated with third countries such as Tunisia or Morocco. [36] As early as 2005, "250 million euros had been released over 4 years" by the European Commission to enable the negotiation of these "readmission agreements", [37] highlighting the priority aspect of this issue for the EU.

In conclusion, the negotiations that Europe is conducting in Tunisia respond to two of its obsessions: remain the major player in international trade and control who can access its territory. On both topics, the same logic is applied, and the EU is not taking any risks. By promising small improvements – some categories of Tunisian citizens will go more easily to Europe, some sectors will be able to export more – the EU essentially serves its direct interests, to the detriment of the reciprocity of the positive spinoffs.

However, how could such negotiations improve the economic and social situation in Tunisia? 7 years after the revolution, Tunisia is still in reconstruction process. The operating balances have not yet been found, constitutional reforms have not been completed. It therefore seems premature to engage in such changes, and these negotiations should be taken with great caution and patience.

In fact, for the Mobility Partnership negotiations, "readmission agreements" involve very important responsibilities with regard to the expulsions of Tunisians or persons from third countries having transited a priori through Tunisian territory before leaving for Europe. In exchange, the EU would only propose a slight facilitation of visas for a Tunisian elite already favoured in the visa granting process, and whose stays outside the territory also represent an advantage for European interests. This timid step forward contrasts with the systematic granting of three-month visas for European nationals arriving in Tunisia.

As far as the DCFTA is concerned, the advantages for the economy of the European area are obvious in terms of the acquisition of new public contracts for European service providers, a probable domination of competition from European multinationals or SMEs on the Tunisian economic fabric or new outlets in terms of consumers of European goods and services. On the other hand, Tunisia, for its part, is in danger of experiencing:

- job losses in agriculture, particularly due to strong competition from a European agri-food sector heavily subsidised by the CAP;
- a likely loss of jobs in the service sector;
- a possible increase in the consumption of its scarce water resources for farms that will have to be more competitive by increasing the intensity of their production;
- or a loss of tax revenue on imports and exports which no longer allows the State to implement public service policies nor to reduce regional inequalities.

In addition to the unbalanced balance of power in these negotiations between a country of 11 million inhabitants with a still very fragile economy which is under reconstruction and a Union of 500 million inhabitants which is the leading trading power in the world, the EU is imposing pressure so that the terms of the agreements are difficult to negotiate for Tunisia. It has been shown that the conditionality of development aid implies that Tunisia, in order to obtain public funding from the Union, must agree to implement certain measures or reforms that the State would not necessarily

have undertaken otherwise.

The negotiations therefore seem to go through an unfavourable path for Tunisia. To get out of it, we propose to fully link the issues of mobility and trade, in a broader partnership that starts from Tunisia's priorities, and not those of the European Union. We therefore propose some orientations and avenues for reflection:

- On mobility of people (week of 16 April):
 - This partnership should allow reciprocal conditions of circulation between the citizens of the two shores of the Mediterranean;
 - include the facilitation of mobility of non-managerial workers (circular, seasonal migration, etc.):
 - and more reciprocity in visa policies.
- On economic and trade relations (May):
 - This partnership should identify what actions would really enable Tunisia to guarantee jobs, in particular for young graduates and inland regions;
 - Through technology transfers, a deep scientific cooperation it should allow a better quality of Tunisian products;
 - Through the orientation towards an agro-ecological model, it should develop an agriculture adapted to the changing climatic conditions, to the scarcity of water and allowing to feed the Tunisian population in a large part;
 - It should not allow through arbitration tribunals to call into question the sovereignty of the Tunisian State vis-à-vis the interests of foreign multinationals.

Footnotes

- [1] See for instance Bedoui, A., Mongi, M., 2016, Evaluation du partenariat entre l'Union européenne et la Tunisie, Fondation Rosa Luxembourg, Tunis, 2016; EuroMed Rights, Report: Advancing economic and social rights in the EuroMed region, Bruxelles, 2016; and « 10 ans après l'échec du libre-échange avec l'UE », Forum Tunisien pour les Droits Economiques et Sociaux (FTDES) website https://ftdes.net/fr/10-ans-apres-lechec-du-libre-echange-avec-lue/
- [2] Which means it has a higher value than common law but has to fit within the Constitution.
- [3] The dispute is then arbitrated by private business law firms, which are criticized for their bias. Indeed, it often happens that they defend companies in one case and are "arbitrators" in another, with an obvious conflict of interest.
- [4] Consequences on people's economic and social rights have been especially studied in Mahjoub, A. & Saadaoui, Z., Impact de l'Accord de libre-échange complet et approfondi sur les droits économiques et sociaux en Tunisie, Réseau Euro-Méditerranéen des Droits de l'Homme, mai 2015
- [5] Bedoui, A., Mongi, M., 2016, Evaluation du partenariat entre l'Union européenne et la Tunisie, Fondation Rosa Luxembourg, Tunis, 2016
- [6] Civil society declaration, À l'occasion du vote au Parlement européen sur l'ouverture des négociations d'un Accord de Libre-Echange entre la Tunisie et l'UE le 15 février 2016, signed by 28 organisations.

- [7] Mahjoub, A. & Saadaoui, Z., Impact de l'Accord de libre-échange complet et approfondi sur les droits économiques et sociaux en Tunisie, Réseau Euro-Méditerranéen des Droits de l'Homme, mai 2015, p.18
- [8] In particular sanitary and phytosanitary standards, intellectual property, competition, public procurement.
- [9] European Commission « Trade for All », 2015, p 12
- [10] European Commission "A competitive Europe in a glabal economy", 2006, p6-7; European Commission « Trade for All », 2015, p.9
- [11] Ibid.
- [12] Observatoire Tunisien de l'Economie, « Relations commerciales : la Tunisie s'émancipe-t-elle de l'Union Européenne ? », Datanalysis n°15, 23 mars 2018
- [13] DCFTA's have been negotiated with countries in Eastern Europe (Ukraine, Moldova, Georgia) and the Mediterranean (Morocco started negotiating an ALECA before Tunisia, contacts have been established with Egypt and Jordan). Other priority countries or regions include countries in sub-Saharan Africa and India, Brazil, South-East Asia or Central America.
- [14] Brigit Mahnkopf, « From Barcelona to the policies of the neighbourhood », in Gisela Baumgratz et al., Le développement à travers le libre-échange, P.I.E Peter Lang, Bruxelles, 2017 ; Commission Européenne, 2006, op. cit.
- [15] The European Union placed Tunisia on its black list of tax heavens on 5 December 2017, and on 7 February 2018 on the black list of money laundering and terrorist financing. Despite some flaws in the Tunisian administration on these two issues, these controversial decisions have been seen as political by many observers. See for example https://inkyfada.com/2017/12/tunisie-liste-noire-union-europeenne/
- [16] See for instance the European Deputy MC. Vergiat's interview: http://nawaat.org/portail/2018/02/28/liste-noire-libre-echange-interview-avec-m-c-vergiat-deputee-europeenne-en-visite-a-tunis/
- [17] Observatoire Tunisien de l'Economie, « Bilan du soutien européen temporaire aux exportations d'huile d'olive tunisienne », Briefing paper n°5, 5 avril 2018
- [18] Both within the frame of the Macro Financial Assistance and the Neighborhood policy. On this last point, see EuroMed Rights, Report: Advancing economic and social rights in the EuroMed region, Bruxelles, 2016, p.9-10.
- [19] « Les services représentent un autre secteur dont l'impact économique est important. Dans ce secteur travaillent des professionnels étrangers hautement qualifiés, bien formés, qui doivent se rendre dans l'Union pour de brefs séjours afin de fournir des services à des entreprises ou à des entités publiques. La Commission examinera les pistes envisageables pour offrir une sécurité juridique à ces catégories de personnes, ainsi que pour renforcer la position de l'Union afin qu'elle soit en mesure d'exiger une réciprocité lorsqu'elle négocie des accords de libre-échange (ALE). » https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/background-information/docs/communication_on_the_european_agenda_on_migration_fr.pdf

- [21] « L'Europe rivalise avec d'autres économies pour attirer les travailleurs possédant les compétences dont elle a besoin. L'évolution des compétences requises par l'UE entre 2012 et 2025 devrait se traduire par une nette hausse (de 23%) de la proportion d'emplois destinés à une main-d'œuvre diplômée de l'enseignement supérieur. Or, une pénurie de main-d'œuvre est déjà observée dans des secteurs clés comme les sciences, la technologie, l'ingénierie et les soins de santé. En effet, sa population est vieillissante et son économie dépend de plus en plus des emplois hautement qualifiés.
- » https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/background-information/docs/communication-on-the-european-agenda-on-migration-fr.pdf
- [22] « Les services représentent un autre secteur dont l'impact économique est important. Dans ce secteur travaillent des professionnels étrangers hautement qualifiés, bien formés, qui doivent se rendre dans l'Union pour de brefs séjours afin de fournir des services à des entreprises ou à des entités publiques. La Commission examinera les pistes envisageables pour offrir une sécurité juridique à ces catégories de personnes »
- ; $https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/background-information/docs/communication_on_the_european_agenda_on_migration_fr.pdf \\$
- [23] OTE Report, Chafik Ben Rouine, « L'hémorragie des diplômés du supérieur », data analysis n°14,
- 2018. http://www.economie-tunisie.org/fr/observatoire/infoeconomics/l%E2%80%99h%C3%A9morragie-des-dipl%C3%B4m%C3%A9s-du-sup%C3%A9rieur
- [24] Tunisian-French agreement on the exchange of young professionals (2003), labor convention between Tunisia and France (1963) Tunisian-Italian agreement for the employment of seasonal workers (2000), in « Lemma, projet de soutien au Partenariat pour la mobilité UE-Tunisie. Retour et réinsertion en Tunisie : environnement économique et social, cadre juridique et institutionnel », OFII, Expertise France, 2017, p.22
- $(\underline{https://lemma.tn/wpcontent/uploads/2017/12/Rapport_EnvironnementRetourTn_LemmaOfii_2017.pd} \ f).$
- [25] Tunisian-German agreement of March 2017 on "voluntary return, socio-economic reintegration and development in solidarity".
- [26] Tunisian-Swiss agreement on the exchange of young professionals (2012), Tunisian-French agreement on the exchange of young professionals (2003) in « Lemma, projet de soutien au Partenariat pour la mobilité UE-Tunisie. Retour et réinsertion en Tunisie : environnement économique et social, cadre juridique et institutionnel », OFII, Expertise France, 2017, p.22 (https://lemma.tn/wp-content/uploads/2017/12/Rapport_EnvironnementRetourTn_LemmaOfii_2017.p df).
- [27] Comparing visa facilitation agreements of the EU with Azerbaïdjan, Armenia and Cabo Verde, all of whom signed in 2014.
- [28] In 2014, money transfers from Tunisians living abroad amounted to 3 984 millions of dinars, or 4.75% of the 2013 tunisian GDP. Office des tunisiens à l'étranger (2014), « données statistiques sur les tunisiens résidents à l'étranger, année 2014 », publication of the direction des études et de l'informatique. Stratégie Nationale Migratoire préliminaire, Juillet 2015
- [29] « La commission européenne durcit sa politique de visa schengen », Tunisie Visa Info (Source : 24heures.ch), publié le 14 mars 2018, consulté le 11 avril
- 2018. http://tunisievisa.info/actualites/la-commission-europeenne-durcit-sa-politique-de-visa-schenge

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[30] See for instance « L'Europe enterre le droit d'asile », Le Monde Diplomatique, mars 2004, consulté le 11 avril 2018. https://www.monde-diplomatique.fr/2004/03/MORICE/11059

[31] See for instance Migreurop, « Agenda de l'Union Européenne 2004 – 2005 », accessed 11 April 2018. http://www.migreurop.org/article963.html

[32] Ibid.

[33] « Communication de la commission au parlement européen, au conseil, au comité économique et social européen et au comité des régions : un agenda européen en matière de migration », Bruxelles, le 13.5.2015

 $com(2015/240)\ \underline{https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/background-}$

information/docs/communication_on_the_european_agenda_on_migration_fr.pdf

[34] Ibid.

[35] Notably, 50 people died on 6 November 2017, following the violent intervention of libyan cost guards, while a saving operation was led by the NGO Sea. For a deeper insight, see Amnesty international, Libya's dark web of collusion,

 $2017\ \underline{https://www.amnesty.org/fr/press-releases/2017/12/libya-european-governments-complicit-in-h}\ \underline{orrific-abuse-of-refugees-and-migrants/}$

[36] In March 2014 Tunisia signed a declaration that launched « Mobility Partnership » negotiations, like Morocco, as well as Moldova, Georgia, Armenia or Azerbaidjan did in June 2013. http://www.lemonde.fr/societe/article/2014/03/03/l-union-europeenne-signe-un-accord-sur-l-immigration-avec-la-tunisie_4376841_3224.html

[37] See for instance Migreurop, « Agenda de l'Union Européenne 2004 – 2005 », accessed 11 April 2018. http://www.migreurop.org/article963.html

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