THE WAVERLEY SERIES

TUNISIA

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

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TUNISIA — AT A GLANCE

Capital	Tunis
Population	≈ 12.4 million
Real GDP growth	2.5% (2025); projected around 2.1% for 2026 and between 1.6% and 2.8% for 2027 depending on the source, held back by weak private investment and labour-market rigidity
GDP per capita	≈ USD 4,826 (nominal, 2026)
Inflation	Eased from 7.0% to 5.3% in 2025, allowing the central bank to lower its key rate to 7% in early 2026
Unemployment	14.9% (Q2 2026); youth unemployment substantially higher at 38.0%
Fiscal deficit	Projected at 6.1% of GDP in 2026 and 5.6% in 2027
Currency	Tunisian dinar (TND)
IMF programme status	A 2022 staff-level agreement worth roughly $1.9 billion was never approved by the IMF Executive Board; negotiations remain stalled, and President Kais Saied has explicitly rejected the associated reform path
Governing framework	President Kais Saied, in power since 2019; suspended and later dissolved parliament in 2021 and now rules under a 2022 constitution he authored that concentrates power in the presidency; re-elected in October 2024 amid a sustained crackdown on political opposition that has continued through 2026

Tunisia's economy continues facing significant structural headwinds: GDP growth of just 2.1% projected for 2026, a stalled IMF programme that President Kais Saied has explicitly rejected, and growing reliance on domestic borrowing that the World Bank warns may be crowding out private-sector credit. This economic strain unfolds against sustained political repression now entering its sixth year since Saied's July 2021 suspension of parliament. On 3 September 2026, Tunisia's highest court upheld prison sentences of up to 45 years against dozens of opposition figures, lawyers and activists convicted in a mass 'Conspiracy Case' trial, prompting fresh arrests of prominent detainees in the days that followed. Investors should weigh Tunisia's genuine sectoral strengths in tourism and phosphates against a political and institutional environment that the World Bank itself directly links to weakened investor confidence.

1. INVESTMENT & FDI

A stalled IMF programme, explicitly rejected by President Saied, remains the central financing constraint shaping Tunisia's investment climate.

Tunisia reached a staff-level agreement with the IMF in 2022 worth roughly $1.9 billion, but the Fund's Executive Board never approved it, and negotiations remain stalled; President Saied has rejected the IMF-backed reform path. Without a new programme, Tunisia cannot access the external financing that typically follows Fund approval, and has instead fallen back on domestic borrowing, even as it continues making repayments on prior IMF obligations. The World Bank warns that this heavy reliance on domestic financing may be crowding out private-sector credit, as banks prioritise lending to the state over businesses, while independent governance assessment explicitly links 'political unpredictability and selective anti-corruption enforcement' to weakened investor confidence.

- **A frozen external financing relationship with direct fiscal consequences:** the combination of continued repayments on existing IMF obligations alongside the absence of new disbursements represents a genuine, ongoing drain on Tunisia's external financing position rather than a resolved or temporary situation.
- **A direct, sourced link between governance and investor confidence:** the World Bank's own explicit connection between political unpredictability, selective enforcement, and weakened investor confidence means Tunisia's governance environment should be treated as a core, not peripheral, component of any investment risk assessment.
- **Modest but real planned investment growth:** total investment is expected to rise 12% in current prices in 2026, reaching roughly 16% of GDP and supported by an estimated TND 4 billion in FDI, up from TND 3.4 billion expected in 2025, indicating some genuine, if modest, forward momentum despite the broader financing constraints.
- **Persistent structural barriers:** the US State Department's most recent Investment Climate Statement found no new structural reforms were implemented in 2024, that substantial bureaucratic barriers to investment remain, and that state-owned enterprises continue playing an outsized role with some sectors closed to foreign investment entirely.

2. TRADE & BUSINESS

A widening merchandise trade deficit persists even as tourism revenue and remittances provide a partial offset.

Tunisia's merchandise trade deficit widened even as tourism revenues and remittances grew, with exports of $23.3 billion in 2024, led by clothing and textiles, agricultural products, phosphates and chemicals, set against imports of $26.4 billion. The European Union dominates as an export destination at just over 70%, led by France, Italy and Germany. The current account deficit is projected to widen to between 3.7% and 5.3% of GDP in 2026 depending on the estimate used.

- **A genuine but insufficient tourism and remittance offset:** growth in tourism revenue and remittances has not been sufficient to prevent the merchandise trade deficit from widening, indicating structural export competitiveness challenges beyond these two supporting sectors.
- **Extreme European trade concentration:** with more than 70% of exports destined for the EU, Tunisia's trade position remains highly exposed to European demand conditions specifically, a factor the AfDB has directly flagged as a downside risk given weak European demand.
- **A large informal sector as a structural competitive constraint:** with informal activity estimated at roughly half of the economy, formally registered legitimate businesses face genuine, documented competitive disadvantages relative to informal operators.

3. MAJOR ECONOMIC DEVELOPMENTS

Sustained political repression now entering its sixth year continues directly shaping investor confidence, even as the government pursues an ambitious 2026 'sovereignty' investment agenda.

On 25 July 2021, President Kais Saied suspended parliament and assumed emergency powers, later dissolving the legislature to rule by decree, a move his critics have described as a coup; a 2022 constitution he principally authored concentrates power in the presidency. He was re-elected in October 2024 for a second five-year term amid a crackdown on potential rival candidates. In April 2025, a Tunis court sentenced 37 defendants, including lawyers, political opponents, activists, researchers and businessmen, to between four and 66 years in prison in a mass 'Conspiracy Case' trial on charges of plotting to overthrow the government; Human Rights Watch documented that the trial proceeded over just three sessions without adequate defence opportunities. An appeals court confirmed sentences against 34 of the 37 defendants in November 2025, and on 3 September 2026, Tunisia's Court of Cassation rejected the final appeal, upholding sentences of up to 45 years; authorities subsequently arrested several of the case's most prominent figures, including Chaima Issa, Ayachi Hammami and Ahmed Nejib Chebbi. Rached Ghannouchi, the 85-year-old former parliament speaker and Ennahdha leader, remains imprisoned for life, with his health reportedly deteriorating significantly in detention. Opposition leader Abir Moussi, imprisoned since October 2023, had her sentence increased to ten years on appeal in March 2026 over comments criticising the electoral commission. Thousands of Tunisians protested in Tunis on 25 July 2026, marking five years since Saied's power grab and demanding his resignation and the release of political prisoners, with further demonstrations continuing into August 2026 amid worsening living conditions including water cuts, electricity outages and rising prices.

- **A definitive judicial conclusion to Tunisia's largest recent political prosecution:** the Court of Cassation's September 2026 rejection of the final appeal represents the conclusive judicial endpoint of a case Human Rights Watch and Amnesty International have both described as politically motivated, removing any remaining domestic legal avenue for the defendants.
- **Severe, specific individual cases:** Rached Ghannouchi's life sentence at age 85 amid reportedly deteriorating health, and Abir Moussi's ten-year sentence specifically for criticising an electoral body, together illustrate the scale of consequences facing prominent government critics under the current legal environment.
- **Sustained, recurring public protest:** the persistence of large-scale demonstrations across multiple years, most recently in July and August 2026, demanding both political change and addressing worsening basic-service conditions, indicates the underlying grievances remain genuinely unresolved rather than contained.
- **Economic grievances converging with political ones:** water cuts, electricity outages, medicine shortages and rising prices cited alongside political demands echo language from Tunisia's 2011 revolution, indicating economic and political discontent are increasingly reinforcing one another rather than remaining separate concerns.
- **A parallel government investment agenda:** even amid this environment, the government's 2026 plans emphasise 'sovereignty' investment in water, energy and digital infrastructure, alongside SME promotion and new industrial zones, described further in Sections 4 and 9.

4. MAJOR PROJECTS & INFRASTRUCTURE

A 'sovereignty' investment push spanning water, energy and digital infrastructure anchors the government's 2026 development agenda, alongside new industrial zones and energy projects.

- **New and upgraded industrial zones:** five new industrial zones covering 169 hectares, plus the upgrading of four previously stalled zones covering a further 180 hectares, represent a concrete, quantified industrial infrastructure expansion planned for 2026.

- **Hydrocarbon sector development:** completion of the Tataouine gas project, three new development wells in the Eastern concession, and resumed production at the Didon field together represent non-manufacturing industrial investment expected to grow 28.5% in 2026.
- **Renewable energy progress:** construction of a 50 MW photovoltaic plant with storage in Tataouine represents concrete progress on Tunisia's renewable-energy infrastructure specifically.
- **World Bank-supported flood protection:** continued urban flood-protection investment, announced with World Bank support in March 2026, illustrates ongoing multilateral engagement on climate-resilience infrastructure despite the broader financing constraints.

5. CONFERENCES, FORUMS & EXHIBITIONS

No major international investment conferences or forums specific to this period were identified beyond the government's own domestic economic-planning processes described in Section 6.

6. BUSINESS & INVESTMENT EVENTS

A July 2026 Cabinet review set out the government's preliminary economic priorities for the year ahead.

- **Cabinet review of the 2026 Economic Balance:** chaired by Prime Minister Sarra Zaâfrani Zenzri on 29 July 2026, the meeting reviewed preliminary economic indicators and priorities including social-state reinforcement, public-sector employment creation, regional development investment, SME support, informal-economy integration, and public-institution restructuring.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

A stalled IMF relationship and reported US congressional sanctions threats define Tunisia's most consequential recent shifts in international economic and diplomatic standing.

- **IMF:** the unratified 2022 staff-level agreement and Saied's explicit rejection of the associated reform path remain the central unresolved element of Tunisia's multilateral financial relationships.
- **United States:** US lawmakers have reportedly threatened sanctions amid Tunisia's deepening political crackdown, a notable and direct diplomatic-risk signal from one of Tunisia's significant international partners.
- **European Union:** as Tunisia's dominant trade partner at over 70% of exports, the EU relationship remains central to Tunisia's external economic position, with migration cooperation also a recurring dimension of the bilateral relationship.
- **World Bank:** continued engagement, including the March 2026 urban flood-protection support described in Section 4, demonstrates the institution's sustained presence despite the broader financing environment.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

A new National Strategy for SME Promotion aims to expand financing access, even as a large informal sector and constrained bank credit continue limiting private-sector dynamism.

Tunisia's 2026 priorities include implementation of a National Strategy for SME Promotion alongside new financing lines. Specific investor incentives remain in place: the government assumes the employer's share of social security costs, 16% of salary, for the first seven years of an investment employing new university graduates, extendable to ten years in interior regions; investments with high job-creation potential may purchase state-owned land at one Tunisian dinar per square metre; and investors acquiring financially distressed companies may access tax breaks and social security assistance on a case-by-case basis.

- **Concrete, quantified SME and graduate-employment incentives:** the specific social-security cost assumption and discounted state-land pricing represent genuine, actionable incentive mechanisms available to qualifying investors right now, distinct from broader aspirational policy statements.
- **Credit crowding-out as a direct constraint:** the World Bank's warning that state borrowing may be crowding out private-sector credit access represents a specific, structural headwind for SMEs and private businesses seeking bank financing in the current environment.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

New industrial zones, gas-field development and renewable energy projects define Tunisia's most concretely promoted new investment channels for 2026.

- **Industrial zone expansion:** the five new and four upgraded industrial zones described in Section 4 represent the clearest near-term formal investment opportunity in Tunisia's manufacturing sector specifically.
- **Hydrocarbon sector projects:** the Tataouine gas project, new Eastern concession wells, and Didon field production resumption together offer concrete opportunities for energy-sector investors and service providers.
- **Renewable energy:** the Tataouine photovoltaic-plus-storage project offers a specific, near-term renewable-energy investment and partnership opportunity.
- **Offshore and priority-sector incentives:** duty-free capital-goods import and full tax and duty exemption on raw materials, semi-finished goods and services for offshore investments, alongside Decree 2017-389's priority-sector and regional-development incentives, remain available formal investment channels.

SUMMARY ASSESSMENT

Tunisia's economy continues facing significant structural headwinds, with growth projected at just 2.1% for 2026, a stalled IMF programme that President Saied has explicitly rejected, and growing reliance on domestic borrowing that the World Bank warns may be crowding out private-sector credit. This economic strain unfolds against sustained political repression now entering its sixth year since Saied's July 2021 suspension of parliament.

On 3 September 2026, Tunisia's highest court upheld prison sentences of up to 45 years against dozens of opposition figures, lawyers and activists in a mass 'Conspiracy Case' trial that Human Rights Watch and Amnesty International have both described as politically motivated, and authorities subsequently arrested several of the case's most prominent defendants. Former parliament speaker Rached Ghannouchi remains imprisoned for life at age 85 with reportedly deteriorating health, and opposition leader Abir Moussi's sentence was increased to ten years on appeal for criticising the electoral commission. Thousands of Tunisians have repeatedly taken to the streets, most recently in July and August 2026, demanding Saied's resignation and the release of political prisoners, driven by both democratic backsliding and worsening living conditions including water cuts, electricity outages and rising prices.

The World Bank and independent governance analysts explicitly connect this political unpredictability to weakened investor confidence, a direct link investors should treat as a core, not background, consideration alongside Tunisia's economic data. This briefing finds genuine, if narrow, investment opportunities in energy, industrial zones and SME-focused financing, set against a governance environment that remains a first-order, unresolved risk to any broader commitment.