

AFRICAN COMPETITIVENESS REPORT (ACR) 2009 BRIEF ON TUNISIA

Tunisia tops the rankings among the African countries, at 36th position. The country's institutions, which have been favorably assessed for a number of years, are one of its major competitive advantages. They rest on fairly transparent and trustworthy relations between the government and civil society as expressed in the high public trust of politicians (16th), a favorable assessment of the efficiency of government spending (2nd), and transparent policies (15th), as well as limited favoritism on the part of government officials (14th). A well-functioning health and educational system, as well as sound levels of domestic competition (34th) and a strong innovative capacity (27th), round out the positive picture.

Africa Competitiveness Report(ACR) 2009 (Top 10 Ranked African Economies' Scores)

Rank	Country	Score
1	Tunisia	4.6
2	South Africa	4.4
3	Botswana	4.2
4	Mauritius	4.2
5	Morocco	4.1
6	Namibia	4.0
7	Egypt	4.0
8	Gambia, The	3.9
9	Kenya	3.8
10	Nigeria	3.8

Moving forward, Tunisia will need to focus on reforming its rigid labor market (ranked 103rd) and further streamlining its macroeconomic management in order to improve its competitive position. In addition, as the country begins to move toward the innovation driven stage of development, it will need to improve on various aspects of its innovative capacity.

The report also analyzes the recent competitiveness performance of **Botswana, Mauritius, Namibia, and Tunisia**, as well as the main factors that are affecting their competitiveness. The four African countries have addressed their different challenges in ways appropriate to their own circumstances. Some of their solutions share common traits. Together they provide some useful insights for other countries facing the same kinds of issues.

The challenges

Beyond past performance, these four countries face the challenge of the current global economic crisis in the short and medium terms in managing their economies and competitiveness. In the long run, they have to address the issues of accelerating the diversification of the productive base to enhance their competitiveness.

Short-term challenges: The financial crisis

The financial crisis is now having an impact on the real sector of the four African economies considered in this report. Their growth outlooks have deteriorated and their macroeconomic balances worsened. Although Tunisia was initially sheltered from the financial crisis because of a relatively closed financial sector and restrictions on the capital account, it has by now experienced the full spectrum of the effects of the global economic downturn, from contraction in industrial production and exports to sharp declines in government revenues and foreign reserves. Tunisia, with 80 percent of its exports to the Euro zone, is highly vulnerable to the economic slowdown in that area. As a result, 2009 growth projections have been revised downward by 1.5 percentage points.

Medium-term challenges: Diversification

In Mauritius and Tunisia, the textile industry is facing some challenges. Some years after phasing out the MFA, textile has performed better than was expected in these two countries. In Tunisia, producers try to position their production both on the basis of short distribution channels by catering to nearby European consumers and on quality productions. This strategy seems to be working well for the sector's efficiency, as evidenced by an increase in exports of 15.9 percent in 2007 compared to a decline of about 3 percent in 2006. In Mauritius, increasing South-South trade partnerships could mitigate the direct impact of big emerging economies.

Many observers consider that education has been one of the main determinants of TFP gains over the period 1960–90 in Tunisia and Mauritius. In Tunisia, a new sectoral production structure will depend on the possibility of a more efficient mobilization of human capital and knowledge, more efficient production processes, and a higher quality of products. Education and training are also important drivers for Mauritius, as weakness of the educational system is among the most problematic factors for doing business. To counterbalance this shortcoming, firms have to provide training, which constitutes an additional cost to them.

Channeling adequate and long-term financial resources to producers, which is a driving force for diversifying the economy and for the restructuring of the manufacturing sector, still remains challenge to these economies.

Conclusion

Botswana, Mauritius, Namibia, and Tunisia all need to increase the quality of their human resources to further their competitiveness. Given their current stage of development and the global economic environment, human capital will be a key condition for these countries to enhance firm productivity, upgrade technologies, and develop high-value-added services. In this respect, higher education and training need to address labor market needs. All four countries would gain in having greater flexibility in the labor market. However, such flexibility needs to preserve the social contract that helps these countries avoid violence, crime, and endemic corruption.

Table 1: Historical Overall Global Competitiveness Index Scores, 2004-2008

Economy	2004	2005	2006	2007	2008	change
Algeria	3.7	3.8	3.9	3.9	3.7	0.0
Botswana	3.7	4.0	4.1	4.0	4.2	0.5
Chad	2.7	2.7	2.8	2.8	2.8	0.2
Egypt	4.0	3.9	4.0	4.0	4.0	0.0
Ethiopia	2.9	3.0	3.3	3.3	3.4	0.5
Gambia, The	3.5	3.2	3.5	3.6	3.9	0.4
Kenya	3.4	3.4	3.7	3.6	3.8	0.5
Madagascar	3.3	3.1	3.3	3.4	3.4	0.0
Mali	3.1	3.1	3.3	3.4	3.4	0.3
Mauritius	3.9	3.9	4.2	4.2	4.2	0.4
Morocco	4.0	3.9	4.1	4.1	4.1	0.1
Mozambique	3.0	2.9	3.2	3.0	3.1	0.1
Namibia	4.0	3.8	4.0	3.8	4.0	0.0
Nigeria	3.5	3.7	3.6	3.7	3.8	0.3
South Africa	4.1	4.4	4.5	4.4	4.4	0.3
Tanzania	3.2	3.3	3.6	3.6	3.5	0.3
Tunisia	4.3	4.4	4.6	4.6	4.6	0.3
Uganda	3.5	3.4	3.4	3.3	3.3	-0.1
Zimbabwe	2.9	3.0	3.3	2.9	2.9	0.0
Africa average	3.5	3.5	3.7	3.7	3.7	0.2

Table 2: Top three African performers in each pillar of the GCI

	Overall GCI rank	1. Institutions	2. Infrastructure	3. Macroecon	4. Health and	5. Higher Education	6. Goods market	7. Labor market	8. Financial	9. Technologi	10. Market size	11. Business	12. Innovation
Country	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank
Tunisia	36	22	34	75	27	27	30	103	77	52	62	40	27
South Africa	45	46	48	63	122	57	31	88	24	49	23	33	37
Botswana	56	36	52	22	112	87	93	52	40	89	101	106	83
Mauritius	57	39	43	117	57	67	40	65	32	55	110	55	80
Morocco	73	61	70	84	71	90	58	128	93	78	57	70	78
Namibia	80	42	33	27	118	110	94	50	53	85	122	94	111
Egypt	81	52	60	125	88	91	87	134	106	84	27	77	67
Gambia, The	87	38	62	99	119	105	68	38	87	91	132	74	81
Libya	91	65	112	6	103	75	121	133	131	98	77	101	100
Kenya	93	93	91	107	108	86	74	40	44	93	71	63	42
Nigeria	94	106	120	26	126	108	56	59	54	94	39	61	65
Senegal	96	83	83	103	109	92	60	120	111	81	105	65	59
Algeria	99	102	84	5	76	102	124	132	132	114	51	132	113
Ghana	102	63	82	121	115	111	97	108	69	115	86	98	114
Benin	106	85	106	95	110	114	107	118	99	113	123	103	95
Côte d'Ivoire	110	130	73	69	127	112	117	111	113	99	94	88	105
Zambia	112	67	116	102	128	118	78	102	55	106	112	93	92
Tanzania	113	76	118	108	117	132	111	73	94	117	80	109	101
Cameroon	114	116	117	34	125	121	108	114	124	110	89	108	108
Mali	117	79	107	94	130	122	95	94	120	105	119	111	79
Malawi	119	51	119	129	120	116	84	42	62	127	121	104	94
Ethiopia	121	77	103	119	123	126	116	74	127	132	76	122	109
Lesotho	123	114	125	39	129	106	102	84	118	125	128	126	97
Madagascar	125	94	114	127	104	119	85	72	128	111	109	102	87
Burkina Faso	127	75	104	120	131	124	83	80	108	120	117	96	89
Uganda	128	113	115	92	133	120	114	25	102	121	96	97	72
Mozambique	130	112	124	112	132	129	127	98	122	116	107	128	120
Mauritania	131	107	127	126	114	133	126	112	126	102	126	114	125
Burundi	132	124	129	124	124	130	128	95	134	131	131	127	123
Zimbabwe	133	126	88	134	113	107	133	127	90	129	133	124	119
Chad	134	133	134	97	134	134	134	119	133	134	113	129	130
Global Leader		Singapore	Germany	Kuwait	Finland	Finland	Singapore	United State	Hong Kong	Netherlands	United State	Germany	United State

Table 3: Global Competitiveness Index 2008 and 2007 Comparisons			
	GCI 2008		GCI 2007
Country/Region	Rank*	Score	Rank**
China	30	4.7	34
Tunisia	36	4.6	32
<i>Southeast Asia average</i>		4.5	
South Africa	45	4.4	44
India	50	4.3	48
Russian Federation	51	4.3	58
Botswana	56	4.2	76
Mauritius	57	4.2	60
Brazil	64	4.1	72
Morocco	73	4.1	64
<i>North Africa average</i>		4.0	
Namibia	80	4.0	89
Egypt	81	4.0	77
<i>Latin America & Caribbean average</i>		3.9	
Gambia, The	87	3.9	102
Libya	91	3.9	88
Kenya	93	3.8	99
Nigeria	94	3.8	95
Senegal	96	3.7	100
Algeria	99	3.7	81
Ghana	102	3.6	--
Benin	106	3.6	108
<i>Sub-Saharan Africa average</i>		3.5	
Côte d'Ivoire	110	3.5	--
Zambia	112	3.5	122
Tanzania	113	3.5	104
Cameroon	114	3.5	116
Mali	117	3.4	115
Malawi	119	3.4	--
Ethiopia	121	3.4	123
Lesotho	123	3.4	124
Madagascar	125	3.4	118
Burkina Faso	127	3.4	112
Uganda	128	3.3	120
Mozambique	130	3.1	128
Mauritania	131	3.1	125
Burundi	132	3.0	130
Zimbabwe	133	2.9	129
Chad	134	2.8	131
*Out of 134 economies			
** Out of 131 economies			