



Tunisia's Green Industrial Policy: Between Renewed Dependency and the Imperative of Sovereignty



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Synopsis

In an international context marked by increasing geopolitical competition, particularly over the resources needed to meet the challenges of the climate crisis, the ecological transition represents both a strategic opportunity and a potential pitfall for Tunisia. The country has been committed to the ‘green transition’ since the ratification of international agreements and the launch of national programmes such as the Tunisian Solar Plan and the National Sustainable Development Strategy. Tunisia is therefore a crucial case study for analysing the contradictions of the green transition. While the green transition is presented as an opportunity for development and resilience to climate change, structural barriers continue to block its development potential, particularly as Tunisian industry is largely based on extraction and assembly, and is only peripherally integrated into global value chains.

Faced with the rivalry of major powers vying for control of green supply chains, countries such as Tunisia are in a unique position: they are economically dependent; yet they are also rich in renewable energy potential. They are attempting to leverage this advantage to forge a path in this globalised energy transition. But they risk reproducing the same extractivist and unequal exchange patterns that have been the hallmarks of development within the hegemonic logic of globalised capitalism.

Green industrial policies can have a significant impact on this process, but the transition to green industrialisation raises many questions and concerns, particularly around the fundamental contradiction between ecological imperatives and the very logic underpinning the capitalist system. While international agreements such as the Paris Climate Agreement endorse green industrial policies, the latter are often based on a market-driven and technocratic view of the crisis, which primarily promotes private investment and the use of market instruments.

Analysis of historical dynamics in Tunisia shows an alarming inability to break away from its subordinate

position in the global economy. The industrial policy of the 1960s, implemented under the banner of economic planning, failed to foster industrialisation in a way that would have enabled the country to achieve its development objectives and escape from the pattern of economic dependence established during colonisation. Moreover, the shift to economic liberalization and the emergence of an export-oriented model in the 1970s exacerbated these dynamics. The tension within Tunisia’s socio-economic fabric, between legitimate demands for social development and the doctrine of competitiveness required to meet external market objectives, has only worsened this situation.

In the 1980s, the implementation of the IMF-imposed Structural Adjustment Programme pressured Tunisia to gradually liberalise its economy and privatise some of its public enterprises. Thus, Tunisia was compelled to pursue a neocolonial scheme whereby the state structurally disengaged from the productive economy in order to create an environment favourable to (private) capital’s drive for accumulation. The liberalisation of the economy to the exigencies of the external market accelerated after Tunisia joined the World Trade Organization and the Euro-Mediterranean Partnership (often called the Barcelona Process) and signed an Association Agreement with the EU, all in 1995.

The green policy framework currently being developed reproduces the same structural faults: various national strategies have been tailored to meet the demands of the European market rather than local needs. These strategies promote the liberalisation of the energy sector and the granting of disproportionate tax breaks to international investors.

This study examines the structural dependencies established under colonialism and their ramifications on so-called green industrial policies. Far from representing a paradigm shift and a break with the past, the green transition currently appears to be a greenwashing strat-

egy for the export-oriented, extractivist model of development that has characterised the Tunisian landscape since independence.

The export-oriented industrial policy has shaped an industrial fabric that prioritises specialising in low value-added activities at the upstream end of global value chains. Tunisian industry is therefore highly vulnerable and heavily dependent on foreign investment and European markets, mainly France, Italy, Germany and Spain.

The state's role in the industrialisation process has been to strengthen its ties with the private sector and the market, particularly through economic partnerships such as free trade agreements with the European Union. These agreements open up Tunisian markets to foreign products while limiting the country's ability to protect and develop its local industries. This model perpetuates economic and technological dependence, a key feature of peripheral capitalism.

The industrial sector accounts for approximately 24% of the country's total energy demand, making it one of the most energy-intensive sectors. It therefore became the target of policies promoting energy efficiency and the use of renewable energies. This has led to changes in legislation at national and international levels, notably through the ratification of international agreements focused on reducing greenhouse gas emissions.

These legislative reforms primarily promote the gradual liberalisation of the industrial and energy sectors. New laws have been adopted to encourage private (and especially foreign) investment. Embedded within a process of market liberalisation that reflects the significant influence of international donors (the European Union, the World Bank, and the German development agency GIZ), these new laws have steered reforms toward a neo-liberal model at the expense of Tunisia's energy sovereignty.

While the legal framework has enabled modest progress in the use of renewable energies, it continues to reinforce

an extractivist model in which the energy transition serves the interests of international capital over those of the Tunisian people.

Green industry appears to be one of the pillars of the industrial strategy Horizon 2035, whose objectives focus on renewable energy production, greenhouse gas mitigation and the development of a circular economy. However, these objectives are often vaguely formulated. The concrete means required for their implementation are largely absent, while exports to European markets and compliance with European standards remain at the core of the strategy.

These dynamics are particularly discernible in the green hydrogen project in Gabès. While the project is presented as an opportunity for development, in reality, it relies on debt. It is a new form of extractivism based on water and land grabbing, which does not have any significant positive impacts on the local communities it purportedly serves and reproduces the same patterns of technological dependence. This green neocolonialism illustrates how such an ecological transition is bound to perpetuate North–South relations of domination under an ecological veneer. Behind this greenwashing, Tunisia remains tied to imperialist centres as a supplier of raw materials (solar energy, green hydrogen) and as a market for their conditional investments, which both profit from these natural resources and exploit workers.

The 'just transition' referred to in official documents therefore seems far removed from reality. The demands of local communities are sidelined in favour of environmentally destructive capitalist accumulation. Tunisia's ability to define its own path to development, one premised on social justice, ecological restoration and productive autonomy, will be the ultimate act of resilience in the face of climate and geopolitical crises. Urgent political action is needed to regain democratic control over decision-making in the industrial sector to prevent the green transition from becoming a new mask for dependency.

Introduction

The current fervent interest in green industrial policies is part of a global context marked by increased geopolitical competition, particularly in the so-called green sectors. It also shows the ways in which the urgency of the climate crisis is prompting rethinking of economic development models. Faced with increasingly pressing environmental challenges—global warming, depletion of natural resources and the loss of biodiversity—as well as issues related to fossil fuel availability and ensuing price volatility—governments and international institutions are compelled to integrate sustainability into their development models.

Described as ‘green’, this transition seeks to reconcile economic growth with environmental constraints by promoting clean technologies and the use of renewable energies in various sectors of the economy. Green industrial policies can drive this process, but the transition to green industrialisation raises crucial questions, particularly concerning the fundamental contradiction between ecological imperatives and the very logic underlying the capitalist system.

As countries attempt to respond to these challenges, green capitalism has emerged as a dominant paradigm in international climate debates,¹ with its proponents claiming to solve the climate and environmental crises through market-based mechanisms and technological innovations. While international agreements such as the Paris Climate Agreement endorse and encourage green industrial policies,ⁱ these are often based on a market-driven and technocratic view of the crisis which essentially promotes private investment and the use of market instruments.²

This paradigm does not challenge the fundamentally uneven structures of capitalist accumulation, nor does it

address the fact that the ecological crisis is deeply linked to the exploitation resulting from capitalism’s relentless quest to create a world after its own image. Undoubtedly, such a model risks perpetuating social inequalities and the exploitation of human beings and nature.

However, the increased interest in green industrial policies is not just a response to ecological concerns. For emerging economies, green industrial policies can provide an opportunity for strategic repositioning within the global economic system. For countries with significant resources in critical minerals or renewable energy, the challenge is to develop local industrial capacity around these natural resources and assets. This would reduce their economic dependence and vulnerability to the fluctuations of the global market.

China epitomises this strategy. Due to rapid industrialisation that continued unabated since its accession to the World Trade Organization in 2001, China became the ‘world’s factory’³ and one of the most powerful players in global trade. In 2020, approximately one-third of global manufacturing production came from China. This explains the current tension in trade relations between the United States and China.⁴ Despite China’s shift to capitalism and its gradual opening up to the global market in the 1980s and 1990s, its industrial policy is based on controlled openness. It focuses on competitive exports through tax incentives, while limiting imports of consumer goods. Technology transfers are subject to numerous requirements imposed on foreign investors, without slowing down the flow of foreign direct investment. The public banking sector provides abundant access to credit, thereby supporting local businesses. Crucially, the state plays an active role by providing direct assistance to the largest companies, in which it is often a shareholder.⁵

In the green industry sector, China has become a leader in the production of solar panels, producing more than 80% of the world’s solar panels,⁶ as well as batteries and electric vehicles.⁷ China’s large production capacity,

ⁱ The Paris Agreement is an international treaty for climate change mitigation and adaptation. It aims to channel financial flows towards low greenhouse gas development, which implies a thorough transformation of the industrial and energy sectors in order to reduce greenhouse gas emissions globally. For more information, see the United Nations Framework Convention on Climate Change website: <https://unfccc.int/process-and-meetings/the-paris-agreement>

and the substantial investments made in implementing green industrial policies, made this robust development trajectory possible. China has managed to control the entire production chain for strategic and critical minerals, from raw material extraction to refiningⁱⁱ and from final product to recycling. The country has focused on achieving and maintaining strategic autonomy while securing access to African markets through economic partnerships, loans and infrastructure construction (roads, ports and railways) in exchange for access to critical mineral resources on the African continent.⁸

In a context of imperialist domination and constant competition between capitalist actors, control of this sector and access to critical minerals is a key geopolitical issue.⁹ Imperialist powers attempt to maintain control by keeping countries in the Global South at the bottom of the value chain, where their role is to supply raw materials, often through neocolonial mechanisms.

On the African continent, which holds about one-third of the world's reserves of critical minerals, some governments, such as Nigeria and Zambia, have increasingly imposed regulations to ensure that resources are processed locally,¹⁰ or are attempting to break away from the colonial chains which keep them as suppliers of raw materials to the consumerist Global North.¹¹

Meanwhile, the United States and the Gulf States have intensified their hunt for strategic minerals to protect industries linked to the energy transition. For instance, on April 2, 2025, United States President Donald J. Trump exempted copper and cobalt from his tariff war.¹² The US administration is seeking to enter into long-term bilateral agreements with countries that have significant mineral reserves (such as the Democratic Republic of Congo¹³ and Ukraine¹⁴), combining military aid with political and economic pressure. Through partnerships with Brazil, Democratic Republic of Congo and

ii According to the International Energy Agency (IEA), China is the world leader in rare earth refining, accounting for 91% of graphite, 65% of lithium and 77% of cobalt. Source: IEA (2024) *Global Critical Minerals Outlook 2024*. <https://tinyurl.com/3ryc92kk>



(Photo Credit: Unsplash/Seif Eddin Khayat)

Morocco, Saudi Arabia is aiming to insert itself into the supply chain of essential minerals, both at the domestic and international levels. The United Arab Emirates is investing heavily in African mines, particularly in Zambia and Angola, while Qatar is supporting the private sector to counter Chinese hegemony. This race for critical minerals, driven by geopolitical and economic pressures, could lead to increasing militarisation of global supply chains.¹⁵

While major powers vie for control of supply chains, dependent countries such as Tunisia face a paradoxical dilemma. They are rich in renewable energy resources and potential, yet they are structurally fragile. In trying to navigate this globalised energy transition, their room for manoeuvre is severely limited. Caught between uneven international partnerships and historical colonial dynamics, such as technological dependence and specialisation in the primary sector, countries of the Global South are in a precarious situation. Under the guise of greenwashing, they risk reproducing the same logic of extractivism and unequal exchange that has led to their subordinate integration into the global economy.¹⁶

As was the case with other African countries, Tunisia experienced deindustrialisation and a decline in manufacturing value-added growth during the 1990s. Free trade agreements with the European Union have only reinforced that trend by opening up Tunisian markets to foreign commodities, while simultaneously limiting the country's ability to protect and develop its local industries.ⁱⁱⁱ This model thus perpetuates economic and technological dependence, a key feature of peripheral capitalism.

iii Goujon, M. (2018) 'L'Afrique entre industrialisation et désindustrialisation', *Afrique contemporaine*, 266(2): 152–155. <https://doi.org/10.3917/afco.266.0152>.

'This premature deindustrialization, witnessed in recent decades, can be attributed to globalisation and the opening of markets to international trade. Countries that do not have a comparative advantage in manufacturing are thus flooded with imported manufactured goods (whose global prices tend to fall, particularly due to strong competition and productivity gains in this sector worldwide). This is particularly true in the case of African countries, whose comparative advantage lies in the production of primary products.'

Tunisia is a crucial case-study for analysing the paradox of the so-called green transition. The ratification of international agreements and the launch of national programmes such as the Tunisian Solar Plan¹⁷ and the National Sustainable Development Strategy,¹⁸ which were devised to address the challenges of climate change,^{iv} stand out as evidence of Tunisia's importance in green transition debates. The country's development potential, however, remains blocked by structural obstacles characteristic of an essentially extractive^v and assembly-based industry on the one hand, and by its peripheral integration into global value chains on the other.

This study seeks to understand the role that green industry could play in Tunisian industrial policy by reviewing past and current strategies and placing them in the broader context of national and global climate objectives. It investigates the challenges, contradictions, and prospects of green industry, with a view to contributing to the vibrant debates on the feasibility of a just and sovereign green transition in the Global South.

iv Tunisia ranks 130th on the 2021 Global Climate Risk Index. Climate change poses a serious threat to water resources, biodiversity, and coastal and soil degradation. The agricultural sector is particularly vulnerable to these impacts. See more information in African Development Bank Group (2022) *African Economic Outlook 2022*. <https://www.afdb.org/en/documents/african-economic-outlook-2022>

v Extractivism refers to a specific mode of wealth accumulation based on 'activities which remove large quantities of natural resources that are not processed (or processed only to a limited degree), especially for export. Extractivism is not limited to minerals or oil. Extractivism is also present in farming, forestry and even fishing.' Acosta, A. (2013) *Extractivism and neoextractivism: two sides of the same curse*. Amsterdam: Transnational Institute. <https://tinyurl.com/tsrma3sm>. See also Hamouchene, H. (2019) *Extractivism and resistance in North Africa*.

Definition of Key Terms

Industrial policy. Industrial policy generally refers to all the government-led measures, strategies and interventions implemented to structure and develop the industrial sector. It can take the form of legislative measures, subsidies, tax credits, investment funds to encourage certain industries, support for research and development, or promoting the creation of business groups. ‘Governments use industrial policies to address important economic, social and environmental challenges that markets cannot address on their own, such as to accelerate the green transition, or improve the robustness of value chains for critical products and services.’¹⁹

Green transition. The green transition, or energy transition, refers to the shift from a socio-economic model based on fossil fuels and non-renewable resources to a more sustainable model. The concept emerged in the early 1980s, when the German organisation Öko-Institut set the goal of ending dependence on fossil fuels. Such a goal implies transitioning to renewable resources or to an energy mix that prioritises renewable resources. This would enable a shift from a supply-oriented energy policy to one determined by meeting the local community’s needs and demands for energy services. A green transition would also replace the centralised production of exhaustible resources with decentralised and renewable production.²⁰

This transition does not necessarily mean completely abandoning fossil fuel extraction. In *More and More and More: An All-Consuming History of Energy*, Jean-Baptiste Fressoz argues that such a transition involves a continuous combination of different types of energy, rather than their full substitution. Past experiences do not show that the transition will be neat, but rather demonstrate the growing and combined use of multiple energy sources. Of particular note is the continued dependence on coal, wood and oil, even in the era of renewable energies. These patterns of non-renewable energy dependence demonstrate the complexity of the

transformation that must be implemented to secure the future of energy.²¹

Under capitalism, the green transition is often implemented using approaches based on accumulation by dispossession, to the benefit of private sector companies and multinational corporations. These approaches prioritise certain aspects of environmental or sustainable development in order to extract surplus value from the Global South, maintain the dominance of Northern countries, and create new channels of wealth accumulation to the detriment of the economic development of Southern countries. As a result, countries of the Global South may be subject to strict environmental regulations or carbon-related border taxes, which can restrict their access to international markets and hinder their development.

For instance, in the *World Trade Report 2022: Climate Change and International Trade*,²² the United Nations Environment Programme and the World Trade Organization (WTO) suggest introducing a carbon tax at borders to restore ‘fair competition’. This measure has been criticised for its disproportionate impact on countries in the Global South, which do not share the same historical responsibility for the climate crisis and do not have the same technological and financial capacity to reduce their greenhouse gas emissions as countries in the Global North. The green transition, therefore, has become an instrument of green capitalism that reinforces existing inequalities. While countries in the North impose strict environmental standards to protect their industries, countries in the South are asserting their right to equitable economic development and demanding reparations and financial and technological support to generate more sustainable growth.²³ This tension illustrates the deep divide between two opposing logics: capitalism regulated by environmental standards, and economic development that takes into account the historical realities and needs of the Global South.

Green industrial policy. Green industrial policy refers to government strategies aiming to refocus and restructure industrial sectors toward sustainable, low-carbon practices. These strategies are implemented through targeted public interventions, investments in clean technologies, subsidies for the renewable energy sector, and strict environmental regulations.

In his article ‘Green Industrial Policy’, Dani Rodrik defines green industrial policy as targeted public interventions to promote low-carbon sectors and technologies, combining traditional industrial competitiveness objectives with the imperatives of environmental sustainability. This policy seeks to reconcile market failures related to the external benefits of production and the negative impacts of pollution. In turn, this objective requires investment in environmentally-focused research and development and justifies the high initial costs of clean technologies.²⁴

This definition is problematic, as it focuses solely on reducing carbon emissions and neglects other aspects of the environmental crisis. Indeed, the threshold of greenhouse gas (GHG, mainly CO₂) emissions required to manufacture a given product remains the main concern under this policy. However, it is not easy to calculate the energy balance at each stage of the production, marketing, and distribution process. Focusing solely on the carbon footprint is a reductionist approach. Only considering GHG emissions may amount to endorsing low-CO₂ technologies or processes that may be just as harmful to the environment, such as biofuels, carbon sequestration, or large-scale extraction of the lithium needed to power electric or nuclear batteries. International climate negotiations are largely responsible for this ‘carbocentrism’.²⁵

Section 1

The Evolution of Industrial Policy in Tunisia

Habib Bourguiba (right) with Ahmed Ben Salah (centre), who was a key figure in shaping Tunisia's state-led industrialisation and planned economy policies in the 1960s. (Archives)





1. The Post-Colonial Period (1960s): Early Attempts at Development

Like other formerly-colonised countries in North Africa and throughout the world, Tunisia suffered from forced integration into a deeply unjust international division of labour. This process took place through the relentless extraction of its natural resources and surplus value, that is, the exploitation of its workers; thus enabling the expansion of the markets of industrialised countries. After achieving independence in 1956 and navigating the failure of the first years of liberal policies, the Tunisian government embarked on a policy of economic planning in the early 1960s.²⁶

Industrialisation formed an integral part of this strategy. While President Bourguiba was convinced that modernisation through industrialisation would enable Tunisia to catch up with the ‘advanced countries’²⁷ it was Ahmed Ben Salah,²⁸ a leading trade unionist from the left of the *Neo-Destour* party and the national movement, who was behind the shift to state-led planning. Ben Salah was appointed Secretary of State for Planning in 1961. With the implementation of a ten-year development plan, the state played a central role as investor and regulator, intervening directly in key sectors, partnering with private capital for strategic projects, and guiding private investment through tax incentives, customs protections and lending.²⁹

As announced in this development plan, the ultimate goal of these policies was to improve the living standards of the population, create jobs, and reduce regional disparities, while laying the foundations for a modern and productive economy.

The Tunisian state was to intervene in three ways.

- as a project manager in key sectors, particularly basic industries (energy, steel, chemicals);
- as a partner alongside private capital in the creation of new industries;
- as a regulatory body through legislation on taxation and credit.

The industrial strategy was based on two main pillars:³⁰

- Import substitution, which involved replacing imported consumer goods with domestically produced

alternatives under relatively competitive conditions. This took place through the establishment of so-called import-substitution industries, particularly in the textile and food sectors.

- Processing raw materials, which meant converting raw materials which were previously exported unprocessed into higher-value products, such as phosphates, iron, and lead ores.

During this period, Tunisian development strategies were geared toward promoting and supporting national industry through the creation of basic infrastructure, the promotion of capital-intensive industries and the establishment of public industrial hubs to stimulate growth.

These policies, however, were hampered by three major structural constraints:

- Weak consumer demand, or low purchasing power. Low incomes limited domestic consumption, thereby reducing the market for manufactured goods at the local level.
- A weak labor market. Due to the importation of technologies, which were often capital-intensive, few jobs were created, while local crafts were gradually decimated in the process.
- Debt, a constraint that plagues most formerly colonised countries. The importation of capital-intensive technologies, under the influence of the advanced industrial countries, forced Tunisia to resort to foreign financial aid and loans.

These policies failed to drive industrialisation in Tunisia, due to a range of internal and external factors.

Internally, what was then referred to as ‘Destourian socialism’ was essentially a form of technocratic reformism. Initially, its proponents avoided attacking capitalist structures, instead pushing for the coexistence of the public, cooperative, and private sectors. The aim of this reformist hue of socialism was both to mobilise international aid and to bring about social transformation.

The cooperatives experiment was mainly applied to the agricultural sector. At first, it involved a few production

units limited to land formerly owned by colonial settlers, and was to be gradually extended to all agricultural land. It was only applied to the industrial sector through a few cluster projects in specific regions, notably the production of esparto grass in Kasserine, the sugar complex in Béja, and the steel plant in Bizerte.³¹

The experiment floundered, as a result of insoluble internal contradictions. The state bureaucracy—drawn from the petty bourgeoisie—expanded its power without challenging the economic hegemony of the large agrarian and commercial bourgeoisie. The (class) conflict came into the open when the proliferation of cooperatives—particularly in the agricultural sector—directly threatened the interests of this propertied class. Abandoned by Bourguiba, who had consistently cultivated alliances with the Tunisian bourgeoisie, Ben Salah was abruptly dismissed in 1969. Not only did his failure seal the fate of an attempt at self-sufficient development, it also paved the way for liberalisation and rising indebtedness.³² By the end of the 1960s, the external debt ratio had reached 49.8%, compared to 21.4% in 1960, while the external debt service ratio increased from 1.4% in 1961 to 19.1% in 1970.³³

The industrial policy of the 1960s failed to bring about the kind of industrialisation envisioned, one which would foster development and disturb the (neo)colonial cycle of economic dependence. Indeed, loans and conditional financial assistance from the United States led to the emergence of a new form of dependency. Indebtedness subsequently became the principal argument in favour of opening the domestic market.

Externally, this impasse is part of a global crisis of accumulation and the rise of neoliberalism. International financial institutions, such as the World Bank, began to promote deregulation, state disengagement, and free-trade capitalism. Indebtedness and financial dependence then became arguments to demand economic liberalisation and the abandonment of the self-sufficient Tunisian development model.

2. 1970s: The Liberal Transition and the Emergence of an Export-Oriented Model

The ascendance of exports began in the early 1970s, through the promotion of private initiative and gradual opening up to foreign markets. A call for foreign investment was launched with the 1972 law on incentives for offshore companies.³⁴ In addition to creating jobs, foreign investment was supposed to be a strategic move to expand circulation of goods through wage distribution, thereby generating a substantial increase in domestic demand and offering a market to potential local investors.

According to former Minister of Finance and Planning Mansour Moalla: ‘The April 1972 law has two objectives. First, a social one, as it promotes employment and allows our potential emigrants to avoid displacement and vagrancy. Second, an economic one, in that it allows our nascent industries to compete with European industries... Moreover, this legislative provision has already shown signs of effectiveness, as it seems to have given a boost to economic activity, and the entrepreneurial spirit is returning.’³⁵

Tunisia, therefore, sought to position itself as an international subcontracting hub, attracting mainly light, low-technology industries, often with outdated equipment, as well as technologies that could be rendered obsolete if the companies relocated. These export-oriented industries were prone to relocation as soon as tax incentives ended or economic conditions became unfavourable. The 1972 law revealed the limitations of the subcontracting model, which failed to develop a sustainable industrial base.³⁶

The industrial fabric at the time was shaped by contrasting developments. While the agro-mining industry—a legacy of the colonial industrial system—experienced a sharp decline, the oil and energy sectors, the textile industry and the mainly assembly-based mechanical and electrical industries all rose to prominence. These last two sub-sectors experienced significant growth due to foreign investment.³⁷

Table 1: Evolution of industrial production by sector (1962-1976).

Sectors	1962	1976
Agro-mining	68.8%	25.5%
Petroleum products	11.2%	40%
Textile industry	3.6%	14.6%
Mechanical and electrical industry	4.6%	7%

Source: Mahjoub, A. ‘Industry and capital accumulation in Tunisia, from the end of the 18th century to the present day,’ Doctoral thesis, University of Grenoble, 1978, p. 459.

Even so, investment in import-substituting industries was not completely abandoned. It was even reaffirmed by Law No. 74 of 3 August 1974 and by the Industrial Promotion and Decentralisation Fund (FOPRODI). The latter aimed to encourage regional development and promote the creation and development of small and medium-sized enterprises in the industrial, service and handicraft sectors.

Nevertheless, this policy quickly showed its limitations.³⁸ By 1977, despite substantial advantages granted to domestic and foreign private investors, productive investment began to decline. The Tunisian model, based on providing low-cost labour to the Global North, faced a major contradiction. The loss of control over consumer prices for essential goods necessary for the reproduction of the labor force meant that wages had to increase, which in turn reduced Tunisia’s competitiveness. This tension between social demands and competitiveness worsened as Tunisia’s trading partners tightened their protectionist policies.

Boosted by rising prices and increased production, oil revenues temporarily offset external imbalances. Yet a structural shift took place with the emergence of ‘consumer-oriented relay industries’.^{vi} These industries, heavily dependent on imports of capital goods and semi-finished products, did not replace imports as the 1960s import-substitution policy had intended. On the

^{vi} The term ‘consumer-oriented relay industries’ refers to sectors that act as intermediaries between production and final consumption. These are industries engaged in packaging, assembly or light processing of goods; however, they rely on imported inputs and therefore do not reduce dependence on imports.

contrary, they created a new form of dependence. Driven by rising purchasing power, they further increased the need for imported consumer goods.

By the early 1980s, the model could no longer be sustained, as falling oil prices, industrial recession, a decline in tourism, and the return of migrant workers plunged the Tunisian economy into a multifaceted crisis, revealing the failure of an industrialisation strategy overly dependent on foreign capital and short-term profits.

Many chemical plants in Gabès, built in the 1970s during Tunisia's state-led industrialisation, have long been central to environmental injustice. This image relates to the October 2025 protests sparked by suffocation incidents linked to industrial pollution, which reignited anger over the city's toxic conditions and health impacts. (Photo credit: AP/Bassem Aouini)



3. 1980s and 1990s: Adoption of the Structural Adjustment Programme

In the early 1980s, global economic turbulence shattered the myth of development through export-oriented industry. The double shock of collapsing oil prices and rising external debt service accentuated the structural fallacies of this approach. Protectionist trade measures adopted by foreign partners, notably France, and the loss of external markets had a direct impact on the Tunisian economy, leading to a decline in investment, the cancellation of planned factory projects, and the permanent closure of 10% of export-oriented firms.³⁹

In 1986, economic growth fell to 1% while debt rose to 60% of GDP. Foreign exchange reserves were entirely depleted. The balance of payments crisis paralysed the productive apparatus, which was structurally dependent on imports, 60% of which consisted of raw materials and capital goods. The industrial bourgeoisie no longer had the foreign exchange resources required to finance imports for its production processes. In order to maintain the relative competitiveness of its products despite high production costs, a broad system of public support was deployed. A slew of legislative and fiscal measures designed to assist potential exporters was put in place, including various exemptions and the state itself directly covering certain costs and risks.

Pressured by the International Monetary Fund (IMF), the state had no choice but to finance its deficit through borrowing and thereby resort to fiscal austerity. The trend towards state disengagement from regulating the reproduction of the labour force was part of this dynamic. It involved reducing or eliminating certain social benefits, such as cutting back price subsidies for basic goods and reducing support to public enterprises, which in turn forced the population to increasingly bear the costs of healthcare and education. Wages were frozen and prices increased by least 20%, while transfer systems were put in place, mainly to benefit the industrial bourgeoisie.⁴⁰ The austerity system of cuts, freezes and plunder mainly benefited the rich at the expense of the wider Tunisian population.

All these measures were implemented as part of the Structural Adjustment Programme, imposed by the

IMF in 1986 as a condition for debt restructuring. The Programme's main objectives were to:

1. restore true costs (and prices), curb consumption growth, and reduce the attractiveness of domestic market consumption.
2. Gradually liberalise imports by limiting quantitative restrictions and revising import customs tariffs.
3. privatise public enterprises through the total or partial sale of assets and limit their number by raising the minimum threshold for state ownership of these enterprises from 34% to 50%.
4. first set the exchange rate on the basis of a basket of currencies (those of Tunisia's main partners and competitors), then devalue the Tunisian dinar by 10% (which happened on 19 August 1986), in order to streamline imports, before making the dinar convertible as of the end of December 1992.⁴¹

An investment code was established by Law No. 87-51 on 2 August 1987 to encourage private (and especially foreign) investment. This industrial policy reflects a desire to integrate into the global market through further liberalisation, by privatising competitive activities that had previously been managed by the public sector.

The industrial policies developed between the late 1980s and the 1990s unfolded in three phases, revealing a logic that went far beyond the mere divestment from 'loss-making' enterprises.

The first phase was from 1987 to 1994. It saw the privatisation of companies operating in competitive sectors, officially considered a 'burden' on the state budget. These privatisations mainly concerned the service sector, tourism, trade, agriculture and fishing. This wave of privatisations was carried out within the framework of the Structural Adjustment Programme.

The second phase, which lasted from 1995 to 1997, targeted companies with robust financial structures. A regulatory framework was established, which led to the privatisation of 45 companies.

The third phase, from 1998 onward, promoted the

privatisation of large, profitable companies that were attractive to domestic and foreign investors, notably in the cement, mechanical and electrical engineering, and telecommunications sectors.⁴²

The privatisation of these profitable entities shows that the goal was not to alleviate a financial burden, but rather to disengage the state from the productive economy and to create an environment favourable to the accumulation of private capital.

To further expand the range of incentives for foreign investment and export promotion, the state enacted Law 92-81 on 3 August 1992, establishing and regulating ‘Economic Free Zones’ in Tunisia. This strategy was pursued with the aim of leveraging, and allowing its partners to benefit from, Tunisia’s proximity to Europe and South West Asia, as well as its position within the African continent.⁴³ Additionally, 1993 saw the enactment of the Investment Incentives Code, which gave foreign investors in Tunisia further advantages. The Code set out the framework for establishing projects and specified the incentives applicable to investments, whether carried out by Tunisian or foreign developers, residents or non-residents, or within the framework of partnerships.

In 1994, Habib Dlala pointed out that ‘despite Tunisia’s measures under the SAP, the country’s economy was confronted with the rise of new competitors—particularly from Eastern Europe—which offered foreign investors better opportunities for relocation and sourcing’.⁴⁴

4. Mid-1990s to the Present Day: Competitiveness Upgrading Programme and Free Trade

These liberalisation policies were solidified through regional and international agreements, notably the General Agreement on Tariffs and Trade (GATT) in 1990, a multilateral treaty which enabled the gradual liberalisation of customs duties. In 1995, Tunisia joined the World Trade Organization and signed an Association Agreement with the EU. The latter established a free trade area and initiated the progressive dismantling of tariff and non-tariff barriers. This agreement came into force in 1998 after being signed as part of the Euro-Mediterranean Partnership, also known as the Barcelona Process.⁴⁵

As of 1995, Tunisia committed to implementing the competitive restructuring of its economy as a whole, and its industrial sector in particular. Mobilising capital in the form of foreign direct investment thus became a key focus of economic development efforts.

Further, 1996 saw the launch of a ‘competitiveness upgrading programme’ (*Programme de mise à niveau, or PMN*) for export industries. The ‘upgrading’ took the form of an industrial policy designed to help companies compete internationally, particularly by adapting to European standards. This programme is still in force. Since 2001, it has focused mainly on small and medium-sized enterprises.⁴⁶

Despite the mobilisation of the Agency for the Promotion of Industry^{vii} and the involvement of donors, the PMN failed to reverse a situation which, according to the Ministry of Industry, was characterised by poor management, inadequate technical supervision, a worsening of financial difficulties, such as excessive indebtedness, lack of internal resources, and insufficient working capital, and above all a lack of preparedness for external economic trade.⁴⁷

In the same vein, the European Neighbourhood Policy was established in 2004 to complement and strengthen the Barcelona Process. This policy no longer aimed solely at establishing trade rules to liberalise exchanges,

but also at fostering regulatory convergence with European norms and standards.⁴⁸

In the wake of the Arab uprisings, the European Union revised its European Neighbourhood Policy in order to safeguard its interests vis-à-vis its southern neighbours. In 2012, one year after the popular uprising, the EU granted Tunisia the status of a Privileged Partnership.⁴⁹ Tunisia was thereby required to commit to deeper integration of European norms, extending beyond trade-related regulations. This commitment materialised in the development of the 2013–2017 Action Plan which, in addition to the adoption of European standards across various sectors, entailed reforms of public finances and taxation, improvements in the business climate and public procurement, the opening of negotiations on a Deep and Comprehensive Free Trade Area (DCFTA), and increased financial support conditional upon compliance with the timeline set for these reforms.

Barely a year after a revolt demanding dignity and social justice, the EU instrumentalised its financial and political aid to, once again, reproduce (neo)colonial dynamics; it influenced Tunisian economic policies to consolidate its own sphere of influence in the Mediterranean region.

The DCFTA negotiations involved several rounds of discussions and were sharply criticised for institutionalising a profoundly unbalanced power dynamic between the EU and Tunisia. This asymmetry made equitable negotiation impossible from the outset. The agreement posed a significant threat to the Tunisian economy, which was largely composed of micro-enterprises that would have struggled to compete with European multinationals. In contrast, the DCFTA clearly favoured large exporting firms. The PMN, has reinforced these inequalities by directing assistance primarily toward a small group of already privileged companies.⁵⁰

Owing to significant citizen and trade union mobilisation, this agreement ultimately did not come to fruition in its initial form. However, the EU’s neoliberal trade policies toward Tunisia persist and now take other forms that are equally problematic, still perpetuating unbalanced and neo-colonial economic relations.⁵¹

vii This is a government agency under the supervision of the Ministry of Industry, later renamed ‘Agence de promotion de l’industrie et de l’innovation’ (Agency for the Promotion of Industry and Innovation, APII). It is responsible for implementing modernisation measures, which include adapting to new European standards.



Agri-food exports are a key pillar of Tunisia's export economy, driven mainly by olive oil, with seafood playing a secondary role. The sector typically accounts for around one-fifth of total export earnings in some years, although its weight fluctuates depending on agricultural output and international prices. It remains among Tunisia's leading export sectors, alongside textiles and mechanical and electrical industries. (Photo Credit: Unsplash/Seif Eddin Khayat)

Section 2

Overview of the Tunisian Industrial Sector

Tunisian Chemical Group's phosphate processing plant in the southern city of Gabès. (Photo credit: AA/Yassine Gaidi)





It is essential to scrutinise the Tunisian industrial sector in order to understand how it has evolved. This involves assessing its degree of integration into global value chains and its position within the international division of labour. Such scrutiny would help determine Tunisia's industrialisation potential and its ability to integrate into global green industrialisation dynamics.

Some crucial questions arise: is Tunisia capable of designing green industrial policies that meet its economic, energy and environmental needs? What role will it play in this global transition? Should it consider creating new sectors e.g., for the production of technologies and equipment needed for the production and exploitation of renewable energies? Or should it focus on optimising existing sectors, namely through the modernisation of industrial processes, reduction of carbon footprint, and improvement of energy efficiency?

1. The Tunisian Industrial Fabric

The industrial sector accounted for 23% of GDP in 2022, compared with 30% in 2010.⁵² It now comprises 4,661 companies with 10 or more employees (compared with 5,691 in 2016),⁵³ of which 2,111 are exclusively export-oriented, representing around 45% of the total. There are 1,398 foreign-invested enterprises, 889 of which are fully foreign-owned, while 1,165 companies are exclusively export-oriented.⁵⁴

In line with the demands of its international partnerships, Tunisia is heavily dependent on exports of low value-added products⁵⁵ Most of the country's manufacturing exports come from medium- and low-tech sectors, such as textiles, agri-food, mechanics and chemicals. Resource-related exports account for nearly one-fifth of total exports and consist of raw mineral and agricultural products with low added value. The Competitive Industrial Performance Index^{viii} ranks Tunisia 70th out of 153 countries, with a score of 0.029, well below the global average of 0.059.

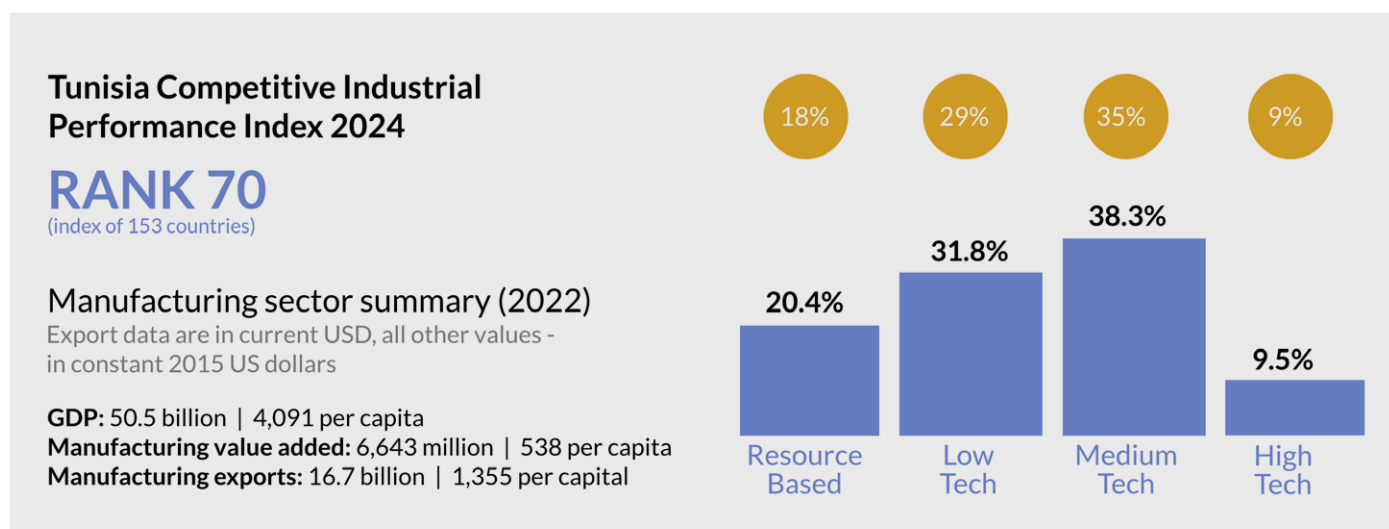
The export-oriented industrial policy has shaped an industrial fabric specialised in low value-added activities, heavily dependent on foreign investment and European markets, particularly France, Italy, Germany and Spain. These countries absorbed 60% of Tunisian exports in 2024, a figure that remained relatively stable share over the last 10 years.⁵⁶ This focus, inherited from a development model based on cheap and disposable labour, has left Tunisia peripherally integrated into global value chains, unable to improve its situation.

viii The Competitive Industrial Performance Index is a composite indicator that measures countries' capacity to increase their presence in international and domestic markets, while developing industrial sectors and activities with higher value added and higher technological content. <https://stat.unido.org/data/database-descriptions>

Table 2: Make-up of Tunisia's Industrial Sector (no. of companies)

Sectors	Exclusively export-oriented	Other	Total	Percentage of the industrial sector
Textile and clothing industry	1,111	254	1,365	29.3 %
Agri-food industry	207	780	987	21.2 %
Mechanical and metallurgical industry	192	382	574	12.3 %
Chemical industry	124	389	513	11 %
Electrical, electronic and household appliance industry	241	99	340	7.3 %
Construction materials industry (ceramics and glass)	20	298	318	6.8 %
Miscellaneous industries	71	180	251	5.4 %
Leather and footwear industry	129	42	171	3.7 %
Wood, cork and furniture industry	16	126	142	3.0 %
Total	2,111	2,550	4,661	100 %

Figure 1: Tunisia's manufacturing sector



Source: UNIDO 'Tunisia'

2. Current Industrial Policy

Tunisian industry is heavily geared toward the EU, whose industrial sector is based on high value-added activities. This dynamic—and resulting asymmetry—has led Tunisia to concentrate on lower value-added activities that serve the needs of the European market, as European industrial firms have long sought to relocate their obsolete and declining industries in order to capitalise on the reserves of cheap labour that Tunisia provides. As a result, Tunisia's positioning in global value chains remains low.⁵⁷

A study by the APII shows that between 2005 and 2016 there was a decline in the number of new enterprises established and closures of existing businesses. The average number of manufacturing companies created per year fell from 470 in the period 2005–2011 to 292 between 2012 and 2015, representing a decline of around 40%. The textile and leather sectors were disproportionately affected by closures, with 59% of companies operating between 2005 and 2015 having closed, followed by the mechanical and electrical industry with a rate of 13%, and then the agri-food industry at 11%. The closure rate for foreign-owned enterprises was 53%, with peaks in closures observed in 2009 and 2011, compared with 40% for Tunisian enterprises.⁵⁸

These figures highlight the vulnerability of sectors pri-

marily oriented toward export production and foreign direct investment. This is particularly true for foreign companies, which are more sensitive to events affecting the national context, such as the 2011 revolution, or events in the international arena, such as trade agreements or economic crises.

The 2016–2020 National Development Plan (NDP) continued to assign a privileged role to the private sector in overcoming this impasse. Similarly, the industrial and innovation strategy Horizon 2035 and its strategy adopted in 2022 define a series of reforms and interventions that build on the same logic. These measures are organised around several key points:

- the attractiveness of the investment and industrial activity environment
- innovation and the digital and ecological transition of the national industry the internationalisation of Tunisian enterprises
- the development of new industrial specialisations
- strengthening Tunisia's image as an attractive industrial hub for foreign investment.

The state's role in the industrialisation process is premised on a strategy of forging and strengthening links with the private sector and the market, particularly through free trade agreements. It focuses on strengthening institutional coordination to support public–private partnerships and foreign direct investment.⁵⁹

Section 3

The Role of Green Industry in Tunisia's Public Policies

Wind turbines in Tunisia, where renewable energy supplied approximately 6% of electricity generation in 2023. Despite abundant solar and wind resources, over 93% of the country's electricity still comes from natural gas. Tunisia has set an ambitious target of 35% renewable electricity by 2030. (Photo Credit: Unsplash/Anastasia Palagutina)





Although the Tunisian state has not adequately studied green industrial policies, doing so allows for a better understanding of current trends. By analysing changes in the legal framework, government strategies, and sectoral policies, Tunisia's position within the uneven international system, as well its role in the global transition, become clearer.

The industrial sector accounts for approximately 24% of total energy demand, second only to the transport sector, which represents 32% of energy use. The most energy-intensive industries are the cement, chemicals, metallurgy and agri-food sectors. They consume energy primarily from conventional sources, including natural gas (38%), petroleum products (37.3%), and electricity, which is mainly generated from natural gas (24%).⁶⁰

Tunisia endeavours to promote energy efficiency and encourage the integration of renewable energy in the industrial sector. To achieve this goal, it pursues initiatives aimed at modernising industrial processes and reducing energy consumption across this key sector.

Although green industrial policies are not yet the subject of a comprehensive strategy, an analysis of developments in the legal framework, various ministerial strategies, and sectoral policies provides insight into current trends.

1. Legal Framework

1.1. International Commitments

The Rio Declaration on Environment and Development

Since adopting (in 1992) and ratifying (in 1993) the United Nations Framework Convention on Climate Change (UNFCCC), Tunisia has been committed to combating climate change, particularly in the areas of mitigation and adaptation.

The 2030 Agenda and the Sustainable Development Goals (SDGs) in Tunisia

In line with its commitment to the 2030 Agenda, Tunisia has pledged to build resilient infrastructure, promote sustainable industrialisation, and encourage innovation (SDG 9). The latest report on SDG⁶¹ implementation refers to measures aimed at reducing industrial pollution. Green industry is not explicitly mentioned.

Nationally Determined Contribution

In September 2015, Tunisia submitted its first Nationally Determined Contribution (NDC) under the Paris Agreement.⁶² The country committed to reducing its greenhouse gas emissions in the energy, industrial processes, agriculture, forestry, and other land-use and waste management sectors. Tunisia aims to lower its carbon intensity by 40% by 2030 relative to the 2010 baseline. Mitigation efforts will mainly come from the energy sector, which alone accounts for 75% of the planned emissions reductions. In an updated version of the NDC in 2021, Tunisia committed to reducing its carbon intensity by 45% by 2030 and aims to achieve carbon neutrality by 2050–2060.

The implementation of this project, described as the 'most ambitious GHG reduction project' in the Maghreb, will require the mobilisation of significant financial resources, estimated at around \$18 billion,⁶³ for a country whose emissions represent only 0.07% of global emissions. Investment and financing needs are expected to be met through bilateral and multilateral cooperation.

The Carbon Neutrality and Climate Change Resilience Strategy for 2050

The Carbon Neutrality and Climate Change Resilience Strategy, finalised in October 2022,⁶⁴ sets out the broad guidelines for a transition to a low-carbon, circular and sustainable economy in all sectors of Tunisian industry. It provides a roadmap for reducing GHG emissions by 2050 and identifies priorities for promoting resilient development that is highly adapted to climate risks.

1.2. Recent Legal Reforms

The Tunisian legal framework has undergone significant changes in recent years. The state introduced legislative reforms which promote the gradual liberalisation of the energy sector. These changes are based on key texts, such as:

Law No. 2015-12 of 11 May 2015 on electricity production from renewable resources. This law authorises private companies to access the electricity grid, allowing them to produce energy for national consumption and export.

Law No. 2016-71 of 30 September 2016 on investments in the field of renewable energy.

Government Decree No. 2017-389 of 9 March 2017 on financial incentives to encourage investment in the renewable energy sector.

Law No. 2019-47 of 29 May 2019 on improving the investment climate (Articles 7 and 8).

Decree-Law No. 2022-68, which sets out special provisions to improve the efficiency of implementing public and private projects (Chapter 3).

Prime Minister's Order of 8 December 2023, approving the standard contract for the transmission of electricity produced by Independent Power Producers from renewable energy and the purchase of surplus electricity by the Tunisian Electricity and Gas Company (STEG).

These texts were adopted to encourage private (particularly foreign) investment. The reforms are embedded within a strategy to open up the market, enabling private companies whether Tunisian or foreign, to produce and sell so-called green electricity through the network operated by STEG.⁶⁵

This approach reflects the strong influence of international donors (the EU, the World Bank and Germany, via GIZ), who have steered reforms toward a neoliberal model favouring the interests of foreign investors at the expense of Tunisia's energy sovereignty. The Tunisian Solar Plan, initially conceived under the impetus of the EU's Mediterranean Solar Plan, illustrates this

dependence on external agendas. This liberalisation also goes hand in hand with growing debt—as evidenced by World Bank loans to modernise infrastructure. It also weakens public institutions, such as STEG, which is forced to purchase electricity produced by the private sector at unfavourable rates.⁶⁶

Lastly, this strategy exacerbates socio-economic inequalities. It encourages the concentration of projects in the hands of foreign companies (notably Engie and Scatec), agricultural land grabbing to build solar power plants (Law No. 2019-47, Article 11), and the marginalisation of rural areas, which are rich in energy potential but deprived of its benefits. Therefore, while the legal framework has enabled a modest increase in the use of renewable energies, rising from 0.5% to 2.6% of the energy mix between 2010 and 2019, it consolidates an extractivist model in which the energy transition serves the interests of international capital at the expense of the Tunisian population.⁶⁷

To date, there is no legal framework specifically dedicated to the green industry; however, certain legal texts address the issue indirectly, such as:

- The Investment Code,⁶⁸ which offers tax incentives for industrial projects incorporating clean technologies, such as tax exemptions for renewable energy equipment.
- Decree No. 2017-389 on incentives for renewable energies, whereby financing may be granted to industries using renewable energies, but without any obligation to use Tunisian components.

2. Ministerial Strategies Related to Industrial Policy

2.1. The National Ecological Transition Strategy

Developed by the Ministry of Environment,⁶⁹ the National Strategy for Ecological Transition emphasises the importance of involving the industrial sector, including recommendations and measures to implement *Horizon 2035*, such as:

- Measure 38 on **optimising resource use (water, energy, raw materials)**. Three sectors are prioritised: construction materials, the chemical industry, and transport, as well as companies exporting to the EU, which are directly affected by the Carbon Border Adjustment Mechanism (CBAM).^{ix}
- Measure 20 establishes a **water conservation programme in the industrial sector**. Led by GIZ, the programme aims to reduce water consumption and industrial pollution.
- Measure 32, on the **management of industrial waste**, provides for the establishment of a national system for the treatment of special waste (such as phosphogypsum), with a view to limiting costly exports and generating local employment.
- Measure 34 aims for **stricter enforcement of corporate social and environmental responsibility legislation**, through the implementation of Law No. 2018-35 of 11 June 2018. This legislation formalises carbon audits and environmental assessments, particularly in the context of public–private partnerships.
- The decontamination of industrial hot spots including the industrial zones in Gabès, Gafsa and Sfax,

through manufacturing conversion and waste recovery (such as phosphogypsum in agriculture).

The ultimate objective is to achieve carbon neutrality by 2050, particularly in key sectors such as energy, agriculture and forestry, as well as in industry and waste management, in line with the objectives of the NDC.

2.2. Tunisia's Industrial and Innovation Strategy Horizon 2035

The industrial strategy Horizon 2035 aims to ‘achieve the ecological, energy, and food transition in Tunisia and contribute to that of the Mediterranean countries’, and ‘encourage innovation and the digital and ecological transitions of industry’.⁷⁰

The main pillars of the strategy revolve around promoting green industry in order to align with global trends, positioning itself ‘at the forefront of the EU’s ecological transformations to seize new opportunities for relocating and supplying European and global markets, but also to attract green industries to its territory’.⁷¹ The implementation of this strategy will require a number of concrete action:

- Developing a programme for industrial companies to produce electricity from renewable sources, primarily solar, to meet their own needs, reduce their costs, and lower their CO₂ emissions. According to the strategy, this involves simplifying procedures and application instructions, enabling rapid handling of connections to the STEG grid, and rapid disbursement of subsidies, etc. It also involves activating or increasing incentives for industrialists to produce their own solar energy.
- Exploring opportunities to develop promising elements of the green economy, particularly ‘smart and sustainable mobility’ products such as lithium batteries for electric vehicles. This also involves offering financial incentives to Tunisian companies that manufacture automotive components, to encourage them to explore new industrial niches with major global groups that are already leaders in these

^{ix} The Carbon Border Adjustment Mechanism is the EU’s tool to put a fair price on carbon emitted during the production of carbon-intensive goods that enter the EU, and to encourage cleaner industrial production in non-EU countries. https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en

sectors.

- In the agri-food industry, encouraging healthy food production, especially organic produce and medicinal plants, which are burgeoning niches in the Tunisian market.
- Manufacturing equipment or components for wind energy production (turbines) and solar energy production (photovoltaic panels), and in the longer term, for renewable hydrogen production (electrolysers, fuel cells).
- Designing and implementing a circular economy pilot programme in the phosphate sector.
- Urgently reactivating industrial waste treatment services, particularly for hazardous waste, through collection and landfill management services, and establishing a mechanism for monitoring industrial pollution.
- Making better use of industrial waste resulting from production processes, particularly in the textile and clothing sector.

Green industry appears to be a key focus of this strategy, whose objectives include renewable energy production, greenhouse gas emissions mitigation, and the development of the circular economy. However, these objectives are often vaguely formulated; the concrete steps required to achieve them are not specified. For example, encouraging the production of components for renewable energy equipment such as wind turbines and solar panels, or the development of new production segments such as lithium batteries are tasks that have been relinquished to the private sector, without a clear strategy for developing local skills. Indeed, the only concrete actions proposed relate to bolstering the private sector through incentives, to create an attractive framework for investors in the green industry. One of the main drivers of this strategy is to meet the standards to ensure unrestricted access to European markets such as the Carbon Border Adjustment Mechanism.

The current economic model is based on unambiguous contradictions. On the one hand, there is a press-

ing need for substantial investments to make industry more environmentally friendly, on which the state does nothing more than offer incentives to the private sector. On the other hand, there is also continued pressure to reduce costs and maintain export competitiveness. Tunisia's recent economic history shows that these kinds of contradictions tend to be resolved at the expense of economic sovereignty and workers' rights, through the escalation of austerity and job insecurity.

2.3. The National Strategy for the Development of Green Hydrogen and its Derivatives in Tunisia

This strategy focuses on the development of certain industrial sectors linked to green hydrogen production, particularly the production of green ammonia, methanol and synthetic fuels. The pilot project to produce 630 tonnes/year of green ammonia in Gabès via an electrolyser powered by renewable energies is an example of how this strategy works in practice. Most of the green ammonia will be exported to the EU (80% planned by 2050).

The production of methanol and synthetic fuels is intended for maritime transport, namely bunkering, and air transport (Sustainable Aviation Fuel (SAF) from 2040 onwards). The strategy also foresees the use of green hydrogen in heavy industry, replacing natural gas in industrial processes by 2050, mainly in refineries and cement plants.

The strategy includes a plan to create special economic zones (SEZs)⁷² dedicated to the green hydrogen industry and designed to concentrate industrial activities—production, processing and export—within hubs offering fiscal and administrative incentives. One such hub is the 'H₂ Valley' in Gabès. Similar SEZs are planned along export corridors to attract foreign investors, including a pipeline to Europe linking production sites in southern Tunisia to export ports.

Tunisia's green hydrogen strategy is fraught with major risks, including increased debt, green neocolonialism,

and the marginalisation of local communities.⁷³ The implementation of the whole strategy is based on debt. With €120 billion in investments planned by 2050, mainly financed by international loans from the EU, the European Bank for Reconstruction and Development and the European Investment Bank, as well as by public–private partnerships, Tunisia continues to widen the structural debt gap, which will further benefit its European partners.

It replicates dynamics similar to those of structural adjustment programmes and risks increasing the country's economic dependence, particularly if export revenues depend on volatile green hydrogen prices on the global market.⁷⁴ At the same time, the tax incentive system, with exemptions and investment tools, mainly benefits foreign multinationals, while the state bears the heavy costs of infrastructure, whether it be pipelines or desalination.⁷⁵

Locally, this strategy has had serious ramifications. Local communities are mobilising against what they perceive as yet another injustice. They are particularly critical about the removal of phosphogypsum (A toxic by-product of the production of fertiliser) from the list of hazardous wastes,⁷⁶ land grabbing, the privatisation of water resources—despite promises to use desalination, a technique that is just as harmful to the environment—and the lack of concrete benefits for local communities.⁷⁷

Even from an industrial viewpoint, the project reveals a major contradiction. While it is presented as a driver of development, it actually perpetuates Tunisia's technological dependency. Key equipment—such as electrolyzers, solar panels and wind turbines—will be largely imported, with no binding mechanisms for technology transfer. Tunisia thus appears once again confined to the role of an exporter of 'green' primary resources, reproducing the traditional pattern of unequal economic relations between the Global North and the Global South.

The 'environmentally friendly promises' made about green hydrogen should also be scrutinised. While the strategy highlights a reduction in greenhouse gas emis-

sions, it overlooks several important factors, such as the energy consumed to transport imported equipment and the emissions associated with the maritime transport of hydrogen derivatives. Further, this production will mainly serve to enable European industry to maintain its level of activity while claiming an improved carbon footprint. Rather than a genuine ecological transition, this is a continent-wide greenwashing exercise.

Finally, the proposed development model conflicts with the immediate needs of the Tunisian population. Converting agricultural land into green hydrogen production sites threatens the country's already fragile food security. The promised jobs, frequently presented as a selling point, are likely to be limited to low-skilled positions, while high value-added jobs will remain the privilege of foreign experts.⁷⁸ The 'just transition' cited in official documents appears to be detached from reality, while the demands of local populations do not constitute a strategic priority.

Protests during a mass rally on 25 October 2025 in Tunis, in solidarity with the ongoing struggle in Gabès, where residents face a severe environmental and health crisis caused by pollution from state-owned chemical plants. (Photo Credit: Ala Zemzmi)



Conclusion

An historical and prospective analysis of industrial policies in Tunisia, including ‘green’ industrial policies, reveals its continued inability to break with the patterns of dependency that have shaped the country’s subordinate position in the global economy since French colonisation. The green transition could, however, also represent a real opportunity, drastically altering production technologies and potentially presenting an opportunity for Tunisia to reposition itself within the new global economic order that is currently emerging.

To date, Tunisia has had no coherent or comprehensive green industrial policy. A review of ministerial strategies on the ecological and energy transition instead reveals an outward-looking model that reproduces long-standing structural weaknesses. These policies are built around adaptation to the standards and demands of primarily European Global North markets, a race to attract foreign investment without strategic considerations, and a form of specialisation that reflects Tunisia’s subordinate position in the global economy.

In practice, this greenwashing of the status quo perpetuates a dynamic in which Tunisia is tied to imperialist centres as a supplier of primary resources—such as solar energy and green hydrogen. Tunisia is also an outlet for conditional investments, which take advantage of these natural resources and exploit workers.

The challenge of the green transition in Tunisia goes far beyond simply adopting clean technologies or adding technical measures to the existing agenda. It is eminently political, as it involves choosing between a transition imposed from above and perpetuating a model of peripheral and extractivist capitalism, or a strategic break with the past, using the transition as a lever for industrialisation and popular sovereignty, centred on social justice and ecological reparation.

Tunisia’s economic history can be understood as a long warning against the illusions of outward-oriented development. The country’s ability to courageously forge its own path, one which is deliberately geared toward productive and energy autonomy, will be the true indicator of its capacity to address the two-fold challenge of (under-)development and the ecological crisis.





Union leader and militant Farhat Hached during a rally in Tunisia shortly before his assassination. (Archives)

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