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By Bassem Snaije [1] and Francis Ghiles [2]

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Tunisia's choice: bankruptcy under dictatorship or economic rebirth and democracy?

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On March 27th, the newswires were abuzz with yet another tragic event in the Mediterranean. A frail boat carrying migrants attempting to reach Italian shores sank off the coast of Tunisia near Sfax. More than 30 migrants died. Almost all of them were sub-Saharan African migrants trapped in Tunisia. The dramatic event focused international attention on an ongoing exodus from sub-Saharan Africa but also from Tunisia, where the deepening crisis is pushing not just individuals, but whole families, to flee the country. As the boat sank, reports from coastguard authorities indicated that about 3,000 migrants landed on Italian soil in the previous 3 or 4 days.

In a note published at the beginning of April, Frontex, the European coastguard agency, reported almost 12,000 migrants crossing the central Mediterranean into Italy for the months of January and February, a 120% increase from the same period last year. Expectations for the next few months point towards a strong increase in these already exceptionally high numbers.

A little more than a month prior to the latest tragedy, the Tunisian President Kais Saied issued an official statement in which he denounced a criminal conspiracy aimed at changing the demographic profile of Tunisia through the influx of "hordes" of sub-Saharan migrants. The statement came at the end of a State Security Council meeting chaired by the president on the 21st of February 2023.

This sparked panic within the 20 to 30 thousand communities of sub-Saharan migrants in the country, many of whom have documents entitling them to study or work in the country. The declarations of Nabil Ammar, the newly appointed foreign minister, failed to convince anyone of the 'honesty' of Saied's speech, which fueled a racist anti-black campaign unheard of in Tunisian history.

On the 13th of February, two senior members of Ennahda, Noureddine Bhiri, and Abder Hamid Jelassi, were arrested. On the 24th of February, Jawhar Ben Mbarek, a constitutionalist lawyer and one of the most prominent leaders of 'the Salvation Front,' the main opposition coalition to Kais Saied, was arrested. The arrest of another prominent figure of the 'Salvation Front,' Chaïma Issa, made her the first female political prisoner of post-Arab Spring Tunisia[3].

On the 17th of January, war-torn Libya sent 96 trucks filled mainly with food staples to Tunisia through the Ras Jedir crossing southeast of the country. A spokesperson at the Libyan embassy in Tunisia confirmed that the aid convoy would be followed by others. This came less than 2 months after the interim Prime Minister of Libya, Abdelhamid Dbeibah, visited Tunis at the end of 2022.

Faced with this rapidly deteriorating situation, the reactions of the President and his security forces appear to be driven by panic and a headlong rush into improvisation. For Libya, a war-torn state, to become a source of emergency food aid to the population of the star of the Arab Spring and a beacon of democratic reforms, must be a painful feeling for the Tunisians. It is a hard fall from…

A few days ago, President Kais Saied announced the refusal of the IMF "diktats" for a new and relatively small financing program of $1,9bn under negotiations for months. This has triggered a media frenzy and multiple headlines predicting the country's imminent default as the prospects of a bailout all but disappear.

A year ago, we wrote, that Tunisia's successful democratic transition was very much an optical illusion. Political gridlock blocked any attempt or possibility of reform. The result was a steadily deteriorating economic and financial situation. We pointed out that democracy without economic progress is not sustainable. Kais Saied was elected because many Tunisians hoped an outsider, an austere, and uncorrupt lecturer in constitutional affairs, could break the deadlock. We showed how time was running out for the country and worried about the president's focus on constitutional reform, missing the crucial need of economic transformation well beyond simple reforms[4].

This paper will examine the short-term outlook for the country and discuss the risk of Tunisia's imminent default. We will review the remaining options of the president if any. What initiatives might avoid the potential consequences of "diktats" of a financial adjustment program? We will show that while a positive outcome of the IMF negotiation is possible, Tunisia's economy and social contract are bankrupt. We will suggest some ideas that could help steer the economy towards a more sustainable and prosperous path.

Is Tunisia's default imminent?

On 20th of March, 3 weeks before President Kais Saied denounced the IMF diktats, the High Representative for Foreign Affairs of the EU, Josep Borell alerted to the risk of imminent "collapse" of Tunisia during a press conference[5]. International bond and credit markets are signaling that the country may already be in default territory. The International Tunisia 10-year bond with 5,75% coupon issued in 2015 and maturing in 2025, saw its price collapse between 48,5 and 51,5 after the announcement of the refusal of the IMF terms by the president. The market closed on Friday April 14th with a yield of 48,5% on that bond[6]. At this level of borrowing costs, the expectations of default are very high. Financial markets have been on alert well before the latest outburst against the IMF's terms. Credit spread prices were putting Tunisia in probable default territory in 2022. In the reports on country risk premiums by Professor Aswath Damodaran at the Stern School of Business at New York University[7] the country risk premium for 10-year credit was already more than 10% over US treasury bonds a market benchmark. A threshold indicating a high probability of default.

The value of the 2025 5.75% coupon bond had been falling since 2021 reflecting a rapid deterioration of the financial position of the country since the Covid19 pandemic and the lockdowns in March 2020, when the yield on this bond reached more than 15%. Two years later, in mid-July 2022 the yield had reached more than 35%. The IMF discussions that started then and led to a Staff Level Agreement (SLA)[8] triggered a spectacular recovery. But the delays in the negotiations in the confirmation of a final IMF funding loan of $1,9bn, followed by the announcement by president of the end of the negotiations resulted in the collapse of the market pushing the yield close to 50%. At this level, Tunisia's access to foreign currency funding through international markets is prohibitive.

Rating agencies have been sounding the alarm since 2021. They repeated their warnings in 2022 and 2023. Moody's downgraded Tunisia from an already very negative level of Caa1 to Caa2 adding a "negative outlook" on it at the end of January 2023[9]. Caa ratings indicate "poor standing and very high credit risk". Fitch downgraded Tunisia's credit rating 3 times since Covid19 in March 2020. The last downgrade was in March 2022[10] from B- with negative outlook to CCC, which reflects in Fitch terminology "a real possibility of default". A few days ago, on 29th of March 2023 Fitch issued a note confirming the CCC rating[11]. All points to Tunisia defaulting on its foreign debt. The consensus is based on the external commitments the country is facing in the short term and its incapacity to face them without reaching an agreement with the IMF.

Tunisia's external repayments schedule is in question.

In the 2023 government budget, (LF2023)[12] foreign debt repayments amount to 6,672 billion Tunisian Dinars (TND) or equivalent to $2 billion, including a $500m Eurobond maturing in October and $412m of repayment due on previous IMF loans. The amount is projected to reach $2,6 bn in 2024 including a $850m Eurobond maturing in February 2024[13]. As the cost of funding goes up and the exchange rate of the dinar falls the servicing of the foreign debt stands at 2,27 billion TND for 2023 or $683m a 28% increase from 2022. The total external funding needed to finance the projected budget record deficit of 25 billion TND stands at 14,85 billion TNDs or 4,5 billion US$. A very significant increase from 2022.

The LF2023 document identifies some sources of foreign funding, particularly a loan of Afreximbank and the African Development Bank (ADB) secured at the end of 2022 for a total of 600 million US$, and a loan from Algeria for 300 million US$. All other identified commitments are conditional on an IMF agreement. Even after taking account of all the identified amounts that would be available to the country, the budget leaves a large gap of 4,77 billion TNDs or 1,4 billion US$ open under the heading "Other foreign loans"[14]. The unfunded risk is very high. The credit risk spreads, and the sky rocketing interest rates demanded by international markets for Tunisian loans are fully justified by the funding in the "Loi des Finances 2023" – LF2023 – and the previous ones since the Covid19 pandemic. International markets are demanding 50% interest rate for new loans to Tunisia, which means that these markets are, de facto, closed. The government and the president have nowhere else to go but the IMF. The gap of 1,4 billion US$ in the international financing gap underlines the urgent need of a 1,9 billion US$ loan from the IMF. Still, President Saied proclaims that the IMF conditions in the SLA are unacceptable and tells the Tunisians "they should rely on themselves"[15]. Given the financial challenges the country is facing, Saied's statement seems incomprehensible.

The President and his government face a worst risk than default.

The implementation of further cuts to subsidies and tighter controls on the public wage bill, essential conditions of an IMF agreement seem a much higher risk than that of a default. This assessment is probably the result of mounting numbers of demonstrations and riots related to the multiple shocks Tunisians have experienced since the Covid19 pandemic. Public protests were not significant in the 2000s under the Ben Ali rule, at least until the major uprising in the phosphate region in 2008[16]. It was a foretaste on the riots of revolt of 2010/11. World Bank statistics of demonstrations and riots in the country show they increased significantly after the first IMF agreement in 2016 and accelerated after 2019. After the first IMF agreement and the hardships caused by the devaluation of the Dinar their level of occurrence topped the peak reached in the 2011 revolution period. At the end of 2020, their level of occurrence was three times higher than in 2011 and twice higher than in 2016. Protests are increasing as the government attempts to implement economic and fiscal reforms discussed with the IMF and its other international donors.

Inflation has risen rapidly since 2021, from 7,5% to 8,5% in 2022. It is expected to average 9,5% in 2023. Tunisia a food import dependency ratio of more than 60% particularly for cereals[17]. Moreover, its main source of imports was Russia. The war in Ukraine and the resulting supply disruption is affecting Tunisia at the worst possible moment, as it has no fiscal room to shield its population from the supply and price shocks. The compound effects of these events could trigger even more protests. The level of inflation expected in 2023 is the highest level the country has known since the 1980s.

President Kais Saied's reference to the bread riots of 1984 as part of his reasons to push back on the IMF required subsidies cuts should be put in the context of these converging pressures on the population. The historical irony is that the abrupt cut in subsidies former President Bourguiba enacted in 1984[18], and then reversed after the worst revolt before 2011 the country had experienced since independence in 1956, was not imposed by the IMF, which had suggested a gradual cut spread over years[19].

Betting on a Tunisia "too big to fail" strategy.

The presidential outbursts against sub-Saharan migrants in Tunisia is a key reason behind the sudden surge in dangerous crossings towards the Europe. Italy is the EU member confronted directly with this crisis. The flow of migration towards the EU and Italy had been increasing steadily with the increasing economic pressures in the country. The president and his government are betting on Italian fears from the disastrous impact Tunisia's default would have on migration flows. Their tactic seems to be working. Italy is very vocal about the need for the IMF to extend urgent support to Tunisia. It is even suggesting the IMF disburses funding even without an agreement. While highly unlikely, it shows the heightened tension and perceived risks of Tunisia's financial troubles. Italy cannot afford a disastrous migration crisis as it battles its own financial troubles with its very high level of debt.

Energy supply is another important risk that Italy would face in case of a Tunisia default. The TransMed pipeline that delivers Algeria's gas to Italy passes through Tunisia[20]. Following the Ukraine war, many EU members had to substitute gas supplies and drastically decrease if not totally cut their dependency to Russia's gas. Italy's top supplier of gas following this dramatic change is Algeria[21]. Hence, the new strategic status Saied believes Tunisia now has. In addition, the projects of renewable electricity exchanges between Italy and Tunisia are very important for Italian firms. They validate Italian ambitions to be an important renewable electricity provider in North Africa. In this context, Italy is becoming the most important commercial partner for Tunisia overtaking France's position[22]. Adding up all these elements from Tunis's perspective, it is easy to imagine how the President's perception of Tunisia's importance for its EU partners can lead him to bet on his country's status of "too important" or alternatively "too scary" to fail. The same can be said about Tunisia's Middle East and North Africa (MENA) partners. The region is experiencing fast-paced changes in the alliances' structures. Saudi Arabia (KSA) and the United Arab Emirates (UAE) are at the center of numerous initiatives both political and financial, as they become reliable alternative sources of funding for countries in trouble. We see their loans shore up the foreign reserves of Egypt as its balance of payments deteriorates and its currency loses value against the US$ and the Euro. In 2022 Egypt's central bank received reserve deposits of 13 billion US$ from KSA and the UAE. They also help Turkey through the same method as President Erdogan coerces his central bank maintain negative real interest rates while inflation is rising and the Turkish lira falling rapidly. On March 6th, the central bank of Turkey received a 5 billion US$ deposit from Saudi Arabia. In previous months, it received sums in the tens or thousands of billions of US dollars from Qatar and the UAE. Moreover, the trade relations of Tunisia have changed significantly in the last 2 to 3 years, reflecting the changing influences of Tunisia's foreign relations. Trade with EU grew by 30% in 2022. This healthy increase hides a rapidly changing reality as the trade volumes with Algeria and the UAE more than doubled, and the volumes with the KSA, India, Turkey, and Libya grew by more than 50 %[23]. It is easy to imagine the President wondering "why not us? We need so little to avoid financial default! They won't let us down for so little..."

The recent arrest of Mr. Rached al Ghannouchi the head of the Islamist Ennahda party and the speaker of the now defunct parliament is a bold move by the President who used controversial remarks that were qualified as "inciteful" as a pretext for detaining him. As the President tries to prove the importance of Tunisia to its partners, he may be betting that increasing pressure on the Moslem Brotherhood would be viewed favorably by those most sensitive to this threat, i.e., KSA and UAE. In the last few months, Saudi Arabia and the UAE have been tightening their conditions for new funding. Tough demands have been communicated to Egypt's president on the privatization plans of State-owned companies, and on progress on reform commitments deemed slow or elusive[24]. Both countries stated that they would participate to new funding for Tunisia only if an IMF agreement is confirmed and signed.

Will his strategy work?

The short answer is yes to some extent. The discussions with the IMF seem to have continued even after President Kais Saied's Statement. While the scope of the financial and fiscal reforms will not change, the period to implement them might be extended to make the adjustment less sudden and painful. However, time is of the essence. The funding gap described above, points to default in the next few months. None of the countries who would be funding Tunisia will take on the responsibility of triggering a default. However, the international bonds due later this year and next must be reimbursed otherwise default will be triggered. The temptation of using the central bank reserves become one of the biggest dangers in this context. The Central Bank reserves at the end of 2022 were at 7.12 billion US$. They were above 8 billion US$ at the end of 2021. A few days ago, the Central Bank issued a Statement on the reserves decrease putting them at 93 days of imports[25] just above the deemed critical level of 90 days below which an accelerated depreciation of the Tunisian Dinar could start. The 2016 law of the Central Bank [26]prohibits the lending by the institution to finance government debt. The President's temptation could be to change this rule and give himself more time to pursue his "too important to fail" strategy by pushing the deadline of international bond payments and use the reserves of the central bank for at least the nearest deadline for the 500M$ maturity of 2023. He would be following in the steps of President Erdogan who has twisted the arms of successive central bank governors forcing them to apply a monetary policy that fits his political agenda of "Erdoganomics" causing havoc in the economy.

President Kais Saied risks committing a fatal mistake that would precipitate Tunisia over the edge.

Tunisia can avoid default barring any disastrous initiative regarding the independence of the central bank and the use of the reserves. President Saied and his government will probably claim a win as the IMF loosens the implementation schedule of the reforms conditioning its new funding program even if it will not change the core of the reforms. The final agreement might reveal some horse-trading of time credit against depth and intensity of reforms. None withstanding a potential agreement that would avert its otherwise certain default, Tunisia's economy and its underlying social contract are bankrupt. An IMF agreement will create the necessary space to implement the reforms requested and improve the fiscal balances for only the next few budgetary cycles. If the economic model and the social consensus that comes with it are not structurally changed to deliver a much higher rate of economic activity – say a GDP increase of 4 to 5% for several years, Tunisia will probably find itself in need of a new IMF rescue program in 3 or 4 years. Since 2011, it is worth noting that no political party, business lobby or labor union came up with a reform blueprint that challenges the one put forward by the World Bank and the EU. That failure owes nothing to President Kais Saied. His arrival might well be its direct result.

A bankrupt economy destroyed democratic aspirations.

In a previous paper[27], we discussed how the financial trends since the 2011 "revolution" destroyed the formal and institutional democratic framework embodied by the constitution of 2014. We showed how these trends were obvious throughout the 10 years preceding the very popular Kaïs Saied election to a then powerless presidential seat, and his ensuing not so "surprising" power grab in 2021.

Unemployment remains consistently high at 15,5% levels[28] with no significant progress on this level in the last 30 years. Unemployment was at the same level in the 1990s. Youth unemployment is even worse at more than 38% at the end of 2022[29] with women unemployment consistently at higher levels than male employment. Furthermore, the economy generates higher levels of unemployment in the higher education categories[30]. Additionally, the level of formal jobs (defined by the World Bank a benefiting from social security coverage) is the lowest in the categories of the uneducated where the level of unemployment is the lowest[31]. Finally, the unemployment rates in the center and south governorates of the country are multiple factors higher than the Tunis and Carthage regions showing a dangerous divergence that is increasing steadily since 2011.[32] The welfare and public wage bills have increased since 2011 to present unsustainable levels. As a result, public spending ratios reached 35% of GDP in 2022[33]. Moreover, current or consumption spending increased much more at the cost of investment spending limiting the growth potential of the economy.[34] Add to that the disastrous management of the country's State-Owned Enterprises – SOEs – that generate huge operating losses putting additional strains on an already difficult public finances situation. Their prominent role in the economy with almost 10% of GDP and 2,5% of total employment is such that they contribute a significant share of the government deficit. Their cumulative debt rose to a staggering 40% of GDP in 2019. The SOEs collectively lost most of their capital between 2016 and 2019.[35]

The inflated State ends up occupying a major share of an economy living on increasing amount of debt to fund unsustainable SOEs and levels of consumption while stifling investment and productivity. Indicators measuring research and development, innovation and training all point to significant decreases in years since the 2011 revolution.[36] With all the engines of Tunisia's economy generating deficits, the country is facing yet another daunting challenge. The demographic structure of the population will soon shift and affect the whole of society. The old-age dependency ratio[37] (the population older than 65 depending on the active working age population between 15 and 64 as per the United Nations census definition) will increase at an accelerated rate in the coming two decades, bringing large new funding and social spending needs. Since 2011, the old age dependency ratio has risen from 10% to 13.27% of active population[38]. While already rising, the rate of increase of this category will accelerate significantly starting just about now. This will triple the number of retirees in the next 20 years and put the old age dependency ratio above 50% by the end of century. These trends will create a daunting challenge for the economy and the overall society according to the calculation of the United Nations recent population reviews[39]. The country with its very high debt is dangerously unprepared for what is coming.

The economy is bankrupt. The fate of the country is to manage attrition and successive financial threats. This context does not allow cooperative politics to thrive. The steady debasement of the state, the destruction of its authority since 2011 has inexorably led to the ultimate collapse of the illusion of parliamentary democracy. The worsening deficits offer the financial mirror image of a "lost decade" of deferred decisions by successive political majorities. Some observers doubt whether any president or government since the fall of Ben Ali ever intended to make bold reforms. The mismatch between perception and reality[40] is an enduring feature of Tunisia. No politician wishes to be caught managing rising deficits, spending cuts and financial losses in any society. The present situation is a logical – and in our point of view – predictable outcome of all the economic trends of the years since 2011.

Structural changes to the economy are the only path to true democracy.

Tunisia's long term average growth over the last 23 years was around 2,7%. The GDP per capital stagnated since 2011 and decreased since 2014.[41] A less than stellar growth pattern that has relied on debt accumulation to deliver this dismal outcome. No short-term IMF funding agreement – assuming an agreement is finally struck – can change the fundamental problems of the economic model of the country. Like all past solutions it will merely differ the hard decisions needed for Tunisia's economy to reach a higher sustained growth level consistently above 4,0% over several years. Only this will allow a sustainable increase of GDP per capita and decrease of debt's relative weight. The origin of State and economy structures that led the country to its present impasse can be found in the state built in the Bourguiba era. These structures have run their course. They are obsolete and unfit to face present and upcoming challenges facing Tunisia according to prominent economist and historian Professor Hachemi Alaya, in his latest book on "The Tunisian Model".[42]

The history of the country is such that any structural change in the economy will require a significant restructuring of the state itself.

The ambition and costs of a such a transition are certainly much higher than any current IMF funding program and could reach new funding needs closer to the 15 to 20 billion US$ area well above the current and past programs. However, this effort would not aim at merely correcting past errors and possible financial impasses. It would entail large investment programs designed to setting the Tunisian economy on a very different economic path. Higher growth levels will rely on a consistent development of the human capital and an increase of the role and share of a genuine private sector away from rent seeking monopolistic groups who hold such sway on the economy today. A grand bargain shaped by new labor productivity agreements and an accelerated energy transition towards renewables would need to be negotiated. The result would be a significant increase of the share of capital spending in the budget at the cost of pure consumption, reversing the mechanisms leading to the present impasses.

An energy transition can help decrease an important source of accumulated deficits: Energy subsidy costs have risen significantly in recent years and contributed significantly to the accelerated fiscal deterioration since 2015[43]. A study of August 2022 for the Rosa Luxemburg Stiftung by the economist Imen Louati on the country's energy mix shows the important change of the energy dependence at the beginning of the 2000s making Tunisia an energy importer. The global rise of oil in the 2000s resulted in accelerated deficits and jeopardized the "Société Tunisienne d'Électricité et de Gaz" (STEG) financial position. A significant acceleration of renewable sources of energy should be a key national project. Initiatives already under way should be reviewed and their funding materially increased to help Tunisia meet its seemingly ambitious objective to lower its carbon consumption by 40% in the next 20 years.[44] Decreasing the international trade obstacles through the drastic reduction of tariffs would boost private sector activity according to simulations by the OECD. The impact on GDP, and on employment would become positive after only a couple of years.[45] Combined actions with the aim to, implement new governance framework in SOEs, and benchmark resources and spending on comparable industry sectors, create links between general compensation levels and company performance towards objectives and sectorial benchmarks, clean up corruption in the ports, consistent and continuous technical training and research and development programs, would materially improve the private sector competitive position and promote export-oriented firms with direct positive impact on the external balances of the country in a period of 3 to 5 years. The sum of these changes would deliver a 30% to 50% rise of base GDP levels according to the OECD studies, probably much more in our view.

The existing foreign exchange regime framework is obsolete. It constitutes one more obstacle towards private sector development caused by obstacles to capital international capital flows and trade. The FX regime reform, while expected, is not yet implemented. The current situation pushes the central bank into a defensive reserves protection policy. A more flexible and market driven regime – even if regulated – would impact trade balances and help price driven adjustments on the condition that negative effects on the more fragile categories of Tunisians are compensated through targeted protections and subsidy devices.

Taxation policies especially regressive ones like the VAT should be overhauled and skewed towards progressive policies by increasing the protection of the lower percentiles of revenues while delivering more tax revenues from the higher categories ones. In parallel to the overhaul of the taxation, significant new funding should be allocated towards a consistent plan to fight tax evasion that is rampant across all sectors. A higher GDP level of growth would make this easier to achieve.
The financial sector is one more area where regulatory frameworks changes can deliver significant improvements. Sector studies show that the predominance of the government borrowing and that of State-owned enterprises deficits have an eviction effect towards the private sector credit needs. As the 2016 law limits the central banks' ability to fund government deficits the latter can resort to funding from the private and public banks through treasury bills issuance. The banking sector is well capitalized with high regulatory Tier1 ratios. It can sustain increased lending to the government even as the cost of risk of such strategies increases. The performance of the sector in the last few years, remained healthy even as the financial situation of the country deteriorated.[46] A review of the lending framework with new capital ratio requirements that would reflect priorities of sector development and limiting lending to underperforming SOEs and to subscriptions of government treasury bills would help better direct balance sheet capacity towards the private sector.

Whatever the exact reform model, it will mark a major break from the old "Bourguiba" model.[47] The new state will be more an investor and less of a consumer, and a partner for the private sector rather than a competitor. The focus of support and subsidy resources will be much more targeted to protect fragile categories of Tunisians least equipped to face the impact of future reforms. Defending such a vision would be met with interest in the EU and international funding institutions like the World Bank and the IMF as it aims at delivering a more sustainable economic model less prone to recurring "structural adjustments". This economic and social "revolution" stands little chance of leaving the drafting board if it is not carried by a bold political vision and widely shared with Tunisian society. People will never support a program of bold and painful reform if their leaders fail to share, explain, and mobilize around a collective endeavor. A vision is desperately needed and cannot be imposed from above by an authoritarian State. Only a consistent democratic process can achieve a "yes we can" movement.

Conclusion: beyond "tactical victory" towards democracy.

Tunisia might well avoid what looks today like a probable default in the next few months. Current negotiations with the IMF and the EU might give the president the illusion of short-term victory accompanied by lighter conditionality. But no "tactical" victory will change the underlying effective bankruptcy of the economy. It will simply structure increase the growing pressure on the more fragile part of the population. The probability for the need of future rescue funding programs will remain high.

A more ambitious economic blueprint based on structural changes to the economic model and the social contract itself, can offer a new vision of the State to replace the one which has outgrown its historical use – indeed it had already outgrown it well before the revolt of 2011. Engaging as large of segment of society as possible, not least young entrepreneurs and those who farm the land, is the only hope of getting what will be painful sacrifices accepted. The present slide towards authoritarian rule is unsuited for such a purpose. It will be met by strong resistance, growing flight of capital and people. Defensive tactics and repression will follow as night does day. The country will be impoverished and unable to enjoy basic freedoms. -Germany's Foreign Minister Annalena Baerbock Stated on 21st of April following the numerous political arrests in Tunisia, that "Tunisia's democracy must not be lost[48]". We call on her and on many of her colleagues and the EU governance, to reconsider their analysis of the country they seem so interested to help. The EU should stop hiding behind the validation pretexts of IMF programs and take the lead in promoting and encouraging an ambitious overhaul of the economic structure of the country sharing its recognized democratic "expertise" at home. The EU can encourage and support investments in human capital, research and development and energy transitions, all essential to Tunisia's necessary transformation. Miss Baerbock and all her partners should recognize that Tunisia's democracy was never there to be lost. It remains to be found. The present crisis should be turned into an opportunity to launch the search.

The content of the publication is the sole responsibility of the authors and does not necessarily reflect the position of the Rosa Luxemburg

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