



Understanding the EU's Association Agreements
and Deep and Comprehensive Free Trade Areas
with Ukraine, Moldova and Georgia

Mission to Tunisia: Lessons from the three East European DCFTAs

Veronika Movchan, Tamara Kovziridze and
Adrian Lupusor

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On June 25-29, several team members of the [3dcftas.eu](http://www.3dcftas.eu) project – Tamara Kovziridze from Reformatics (Georgia), Adrian Lupusor and Vadim Gumene from Expert-Grup (Moldova), and Veronika Movchan from the IER (Ukraine) – and Valery Piatnitsky, former Chief DCFTA negotiation on behalf of Ukraine, visited Tunisia to share the experience of the three East European countries in the DCFTA negotiations and implementation. The visit was organized by Bertelsmann Foundation in the framework of the “Europe’s Future” program and supported by the German-Tunisian Chamber of Industry and Commerce.

During the visit, the team met with Tunisia’s lead DCFTA negotiator and the negotiating team, private sector and NGOs representatives, and the representatives of the EU Delegation in Tunisia and the German Embassy. The team also participated in conferences in Tunis and Sfax, while Tamara Kovziridze gave a live radio talk on the DCFTA.

Tunisia launched talks about a deep and comprehensive free trade area (DCFTA) with the EU in 2015, twenty years after the conclusion of the EU-Tunisia Association Agreement, one of the plethora of the Mediterranean Association Agreements signed by the EU with its Southern neighbours.

The EU-Tunisia Association Agreement entered into force in 1998 envisaging the establishment of duty-free trade for industrial products and a partial liberalization of trade in agriculture and fishery products. The negotiations for a DCFTA (or “ALECA”, *Accord de Libre Échange Complet et Approfondi*, as it is widely called in Tunisia) aim to expand the liberalization of agricultural trade and to achieve the liberalization of trade in services and investments. In addition, a range of regulatory

Veronika Movchan is Academic Director and Head of the Centre for Economic Studies at the Institute for Economic Research and Policy Consulting (IER) in Kyiv, Tamara Kovziridze is Founder and Director of Reformatics and Adrian Lupusor is Executive Director at Independent Economic Think-tank “Expert-Grup”.

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issues are expected to be covered including trade facilitation, food and industrial products safety systems, public procurements, competition policy and sustainable development.

The public discussions with stakeholders revealed that they largely have similar interests and concerns about the DCFTA as their peers in Eastern Europe. The key interest is to get much better access to the EU market to increase the competitiveness of Tunisian products and thereby stimulate production and employment. For example, the producers of olive oil from Tunisia desire to get an unlimited duty-free access to the EU market as is currently enjoyed for example by their competitor Morocco. The recognition of Tunisian authorised economic operators (AEO) by the EU is also sought for the business sector. Still, there are many concerns. Despite the apparently successful free trade deal for industrial goods, both agricultural producers and service providers are afraid of a tougher competition from EU exporters and of the costs associated with regulatory approximation embedded in the DCFTA. The ongoing deterioration of the macroeconomic situation in Tunisia, with increasing inflation and the twin deficits (of the budget and balance of payments), is also considered as a potential obstacle for the DCFTA.

The experience of Georgia, Moldova and Ukraine allowed partially to dissolve these concerns, highlight the benefits and costs of the DCFTAs for East European countries, and suggest the ways to advance the negotiation strategy.

According to Tamara Kovziridze, Georgia has considered the Association Agreement and the DCFTA with the EU as an opportunity to stimulate the economic development and become the processing and investment hub in its region. As the country has already had a very liberal trade regime, the establishment of the DCFTA with the EU was not expected to lead to the immediate spur of trade flows. Instead, the Georgian negotiators have been concerned about the forthcoming costs of regulatory approximation to the EU norms and practices, designed for much more developed economic systems. As a result, Georgia deliberately minimized the scope of regulatory approximation commitments compared to Ukraine and Moldova, and has foreseen long transition periods to ensure that small and medium-sized businesses have time to adjust to new regulations.

Adrian Lupusor and Vadim Gumene highlighted that for Moldova the DCFTA creates stimulus for reforms in the situation characterised by a troubled political and macroeconomic environment. The estimates of the Expert-Grup showed that the DCFTA has already had a positive impact of the Moldovan exports, despite the negative shocks associated with macroeconomic instability and Russia's trade impediments.

Similar to Moldova, the DCFTA in Ukraine was launched in uneasy economic and political conditions, and has created an importance counterbalance to shocks and a stimulus for reforms. According to Veronika Movchan, the DCFTA implementation has already had a positive impact on agri-food exports from Ukraine, including both large producers and SMEs. The Agreement boosted the exports to the EU market not only for large agricultural holdings, but also for small and medium size producers for niche products, like honey and berries.

The visit revealed a strong interest of the Tunisian authorities, business, academia and civil society representatives in the experience of East European countries in the implementation of the DCFTAs. The need to continue sharing information and expertise was highlighted on many occasions. We hope that the continued analysis of the DCFTAs implementation in Georgia, Moldova and Ukraine will provide additional insights and guidance for policy decisions not only in the directly involved countries, but also in all countries that are negotiating the DCFTAs with the EU or plan to negotiate in the future. Our Tunisian counterparts wish these exchanges to be continued.