

# COVID19 shock on imports in Tunisia: drivers of vulnerability vs factors of resilience

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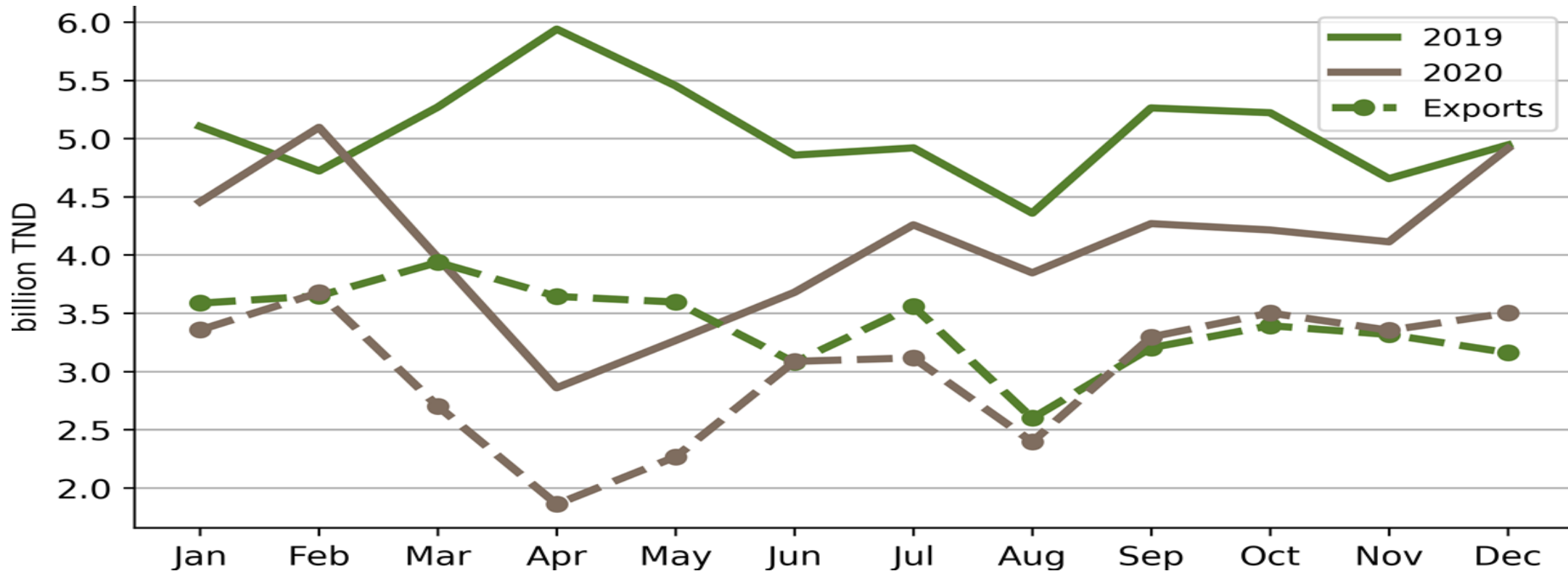
# Introduction

- Large disruptions from COVID19 shock on most economies
- Consequences on developing countries particularly important because of their trade dependency
- Policy makers asked to tackle quickly these challenges

# This presentation

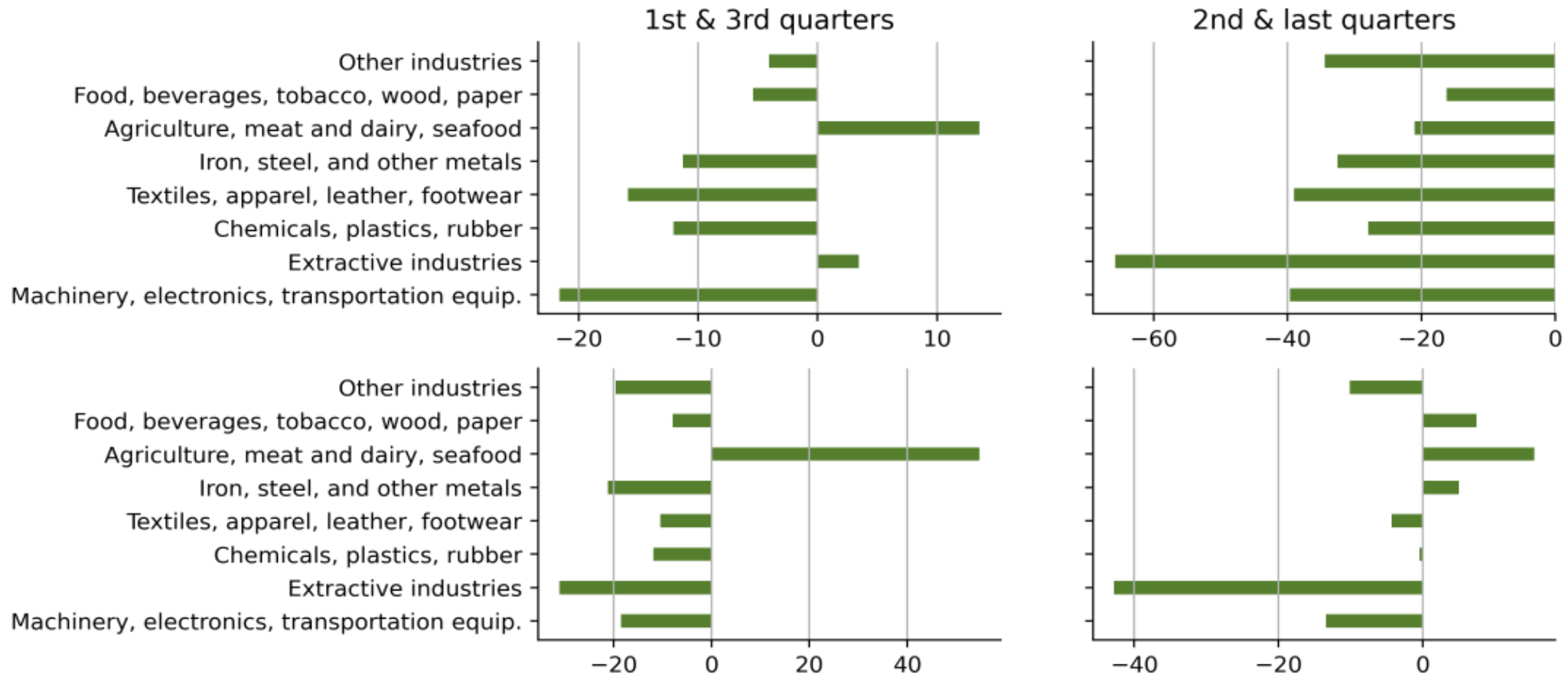
- Identify most impacted sectors
- Undercover main drivers of vulnerability
- Thoughts on factors of resilience
- Discussion

# COVID19 shock: some facts

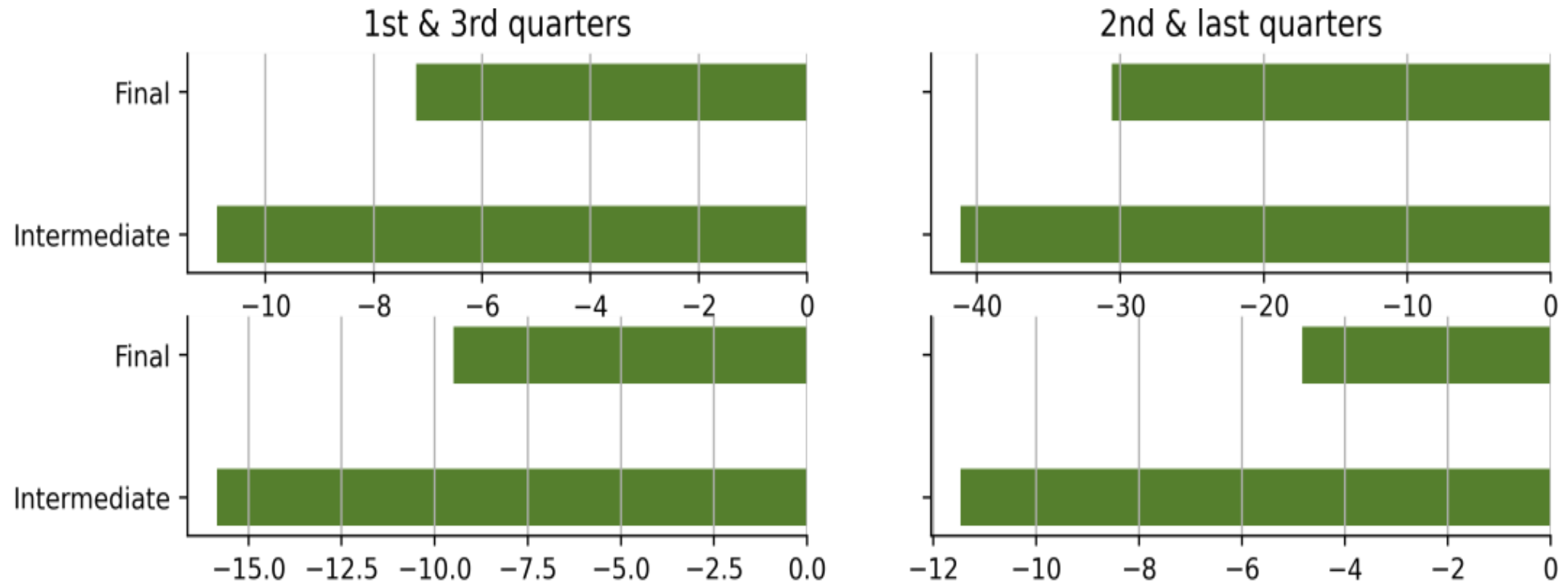


Tunisia's imports are plotted in continuous lines  
The dashed lines represent Tunisia's exports

# COVID19 shock: imports' change by sectors



# COVID19 shock: imports change by product type



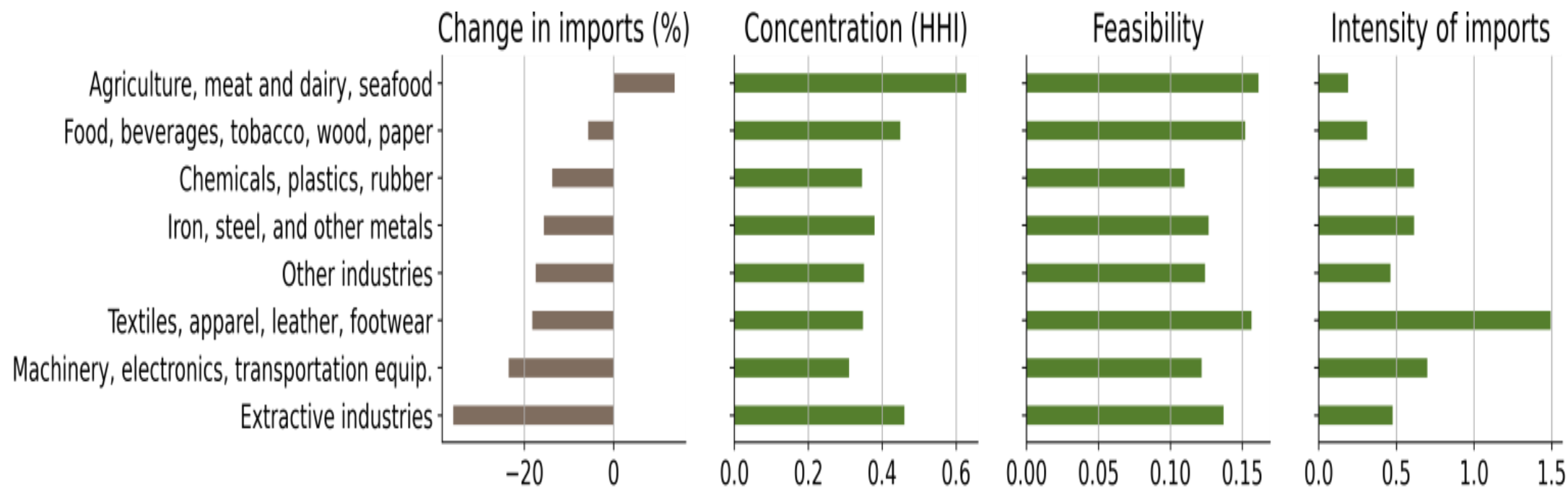
# Drivers of vulnerability vs. factors of resilience

## Three criteria:

- 1. Partners concentration:** whether Tunisia's imports depend on a limited number of suppliers
  - Herfindahl-Hirschman Index (HHI)
  - Imports which are dominated by a limited number of countries are the most vulnerable
- 2. Feasibility:** whether a product is feasible to produce with the productive capacities of a country
  - “proximity” concept : if two goods share the same factors of production, they will tend to be produced by the same country
  - A high probability that two products are co-exported indicates that they share many similarities.
  - A country producing one of them is likely to have the productive capabilities necessary to make the other
- 3. Import intensity:** measured with the revealed comparative advantage for imports (import-RCA)
  - Import-RCA compares a product's share in a country's imports to its share in world imports
  - Products that are imported intensively are more vulnerable to supply shocks

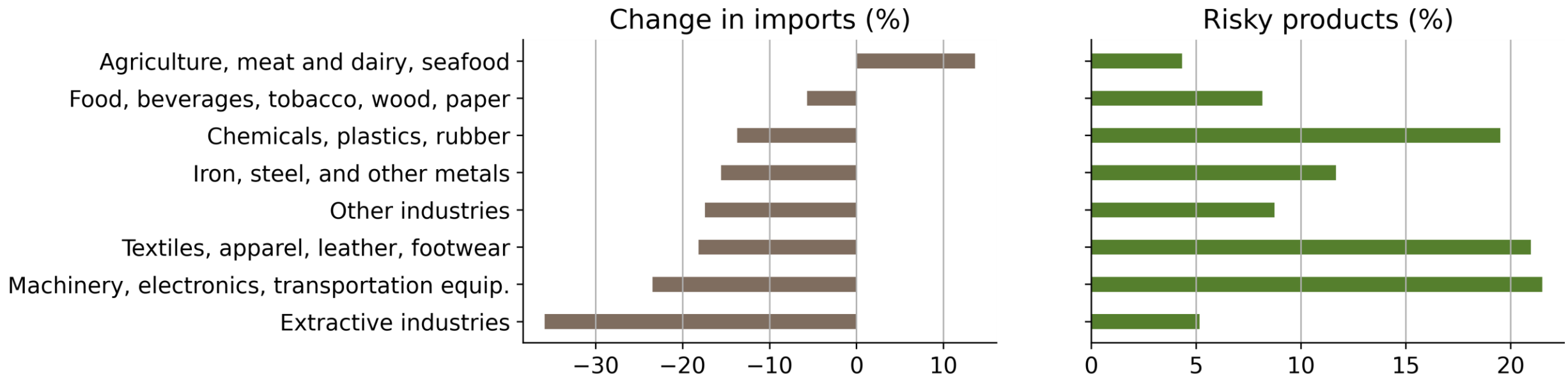
**k-means clustering analysis to construct two groups of products risky and non risky based on the three indicators**

# Drivers of vulnerability vs. factors of resilience

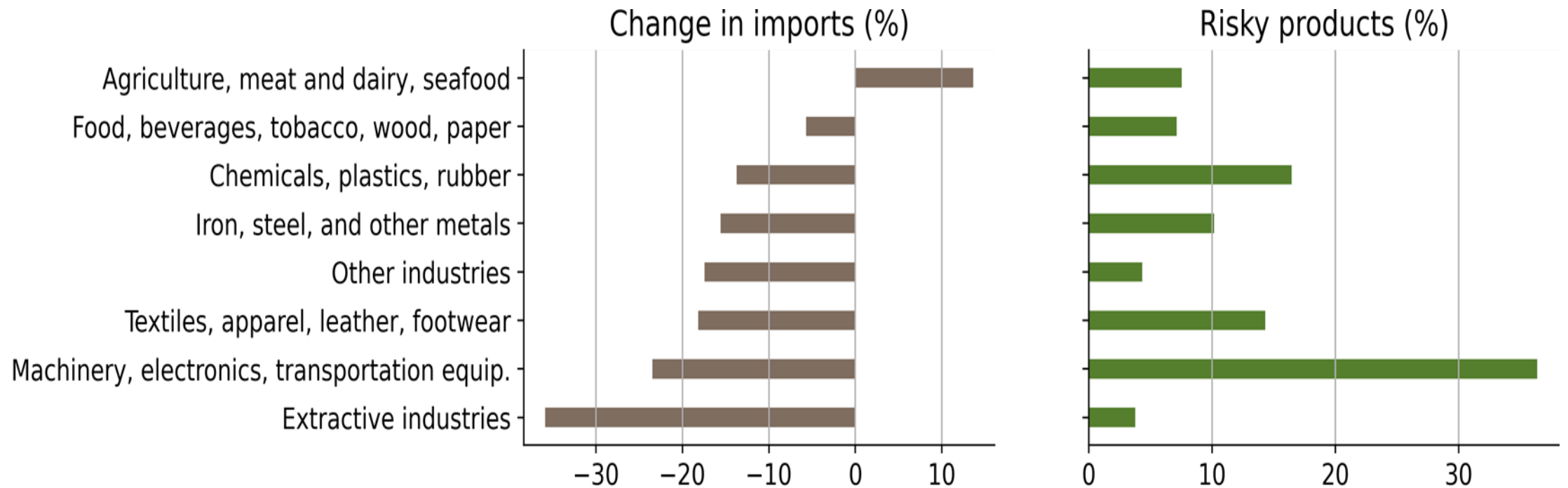




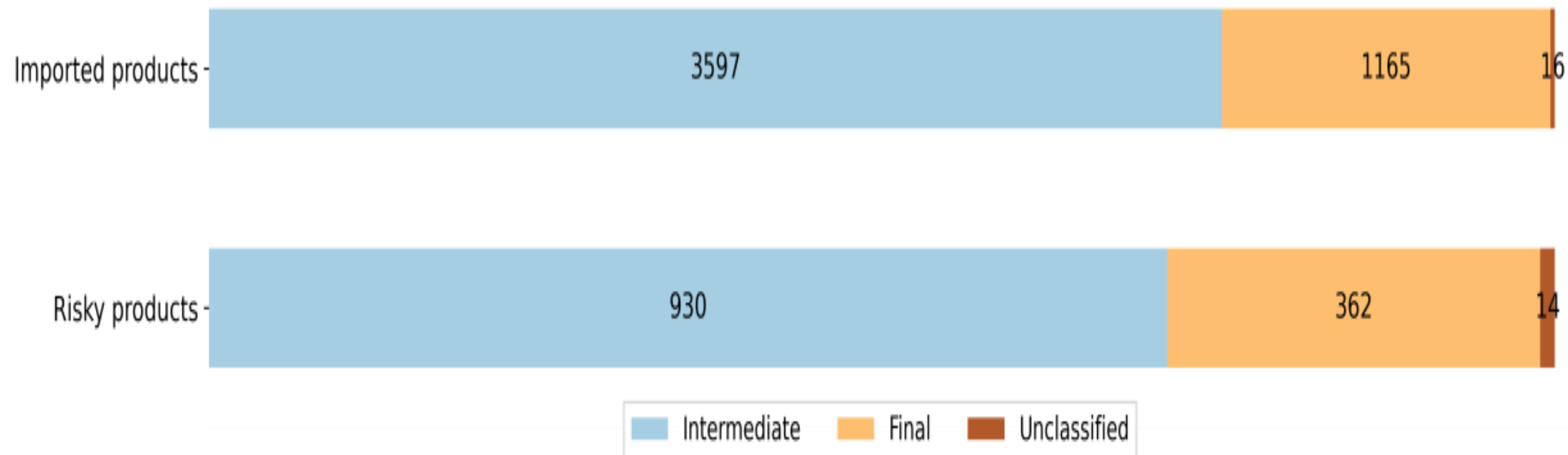
# Drivers of vulnerability vs. factors of resilience: By number of products



# Drivers of vulnerability vs. factors of resilience: by imports' value



# Drivers of vulnerability vs. factors of resilience



# Resilience case study: COVID19 products

- 20.6% of COVID19 products experienced a drop on imports and an increase in exports (14/68)
- Possible to substitute its production at home because of productive capacities
- Feasibility as a main driver of resilience in this case

HS2007	Change in imports	Change in exports	Description	Sector	End use
382490	-100	139,1	Chemical products, preparations and residual products of the chemical or allied industries, n.e.c. or included in heading no. 3824	Chemicals, plastics, rubber	Intermediate
391620	-47,94	8,67	Vinyl chloride polymers; monofilament, of which any cross-sectional dimension exceeds 1mm, rods, sticks and profile shapes, whether or not surface-worked but not otherwise worked	Chemicals, plastics, rubber	Intermediate
621149	-47,83	27,17	Track suits and other garments n.e.c.; women's or girls', of textile materials n.e.c. in item no. 6211.4 (not knitted or crocheted)	Textiles, apparel, leather, footwear	Final
721790	-44,84	172,6	Iron or non-alloy steel; wire, n.e.c. in heading no. 7217	Iron, steel, and other metals	Intermediate
621600	-32,67	24,62	Gloves, mittens and mitts (not knitted or crocheted)	Textiles, apparel, leather, footwear	Final
650590	-31,76	6,94	Hats and other headgear; knitted or crocheted, or made up from lace, felt or other textile fabrics, in the piece (but not in strips), whether or not lined or trimmed	Textiles, apparel, leather, footwear	Final
340220	-24,96	79,06	Washing and cleaning preparations; surface-active, whether or not containing soap (excluding those of heading no. 3401), put up for retail sale	Chemicals, plastics, rubber	Final
590700	-19,37	56,13	Textile fabrics; otherwise impregnated, coated or covered, painted canvas being theatrical scenery, studio back-cloths or the like	Textiles, apparel, leather, footwear	Intermediate
621050	-15,66	168,39	Garments; women's or girls', n.e.c. in item no. 6210.3, of the fabrics of heading no. 5602, 5603, 5903, 5906 or 5907 (not knitted or crocheted)	Textiles, apparel, leather, footwear	Final
401519	-12,44	5046,11	Rubber; vulcanised (other than hard rubber), gloves, mittens and mitts other than surgical gloves	Chemicals, plastics, rubber	Final
392390	-11,53	9,33	Plastics; articles for the conveyance or packing of goods n.e.c. in heading no. 3923	Chemicals, plastics, rubber	Intermediate
340111	-7,53	19,38	Soap and organic surface-active products; in the form of bars, cakes, moulded shapes, and paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent, for toilet use (including medicated products)	Chemicals, plastics, rubber	Final
611490	-0,56	32,48	Garments; of textile materials (other than cotton or man-made fibres), knitted or crocheted, n.e.c. in chapter 61	Textiles, apparel, leather, footwear	Final
392620	-0,55	29,43	Plastics; articles of apparel and clothing accessories (including gloves, mittens and mitts)	Chemicals, plastics, rubber	Final

# Vulnerability case study: COVID19 products

- 45.6% of COVID19 products with a drop on imports and a drop on exports (31/68)
- Not possible to produce at home
- Importance of international coordination in this case to allow access to COVID19 products

HS2007	Change in imports	Change in exports	Description	Section	End use
611300	-93,73	-9,13	Garments; made up of knitted or crocheted rubberised textile fabrics, or fabrics otherwise impregnated, coated, covered or laminated	Textiles, apparel, leather, footwear	Final
621040	-60,35	-20,25	Garments; men's or boys', n.e.c. in item no. 6210.2, of the fabrics of heading no. 5602, 5603, 5903, 5906 or 5907 (not knitted or crocheted)	Textiles, apparel, leather, footwear	Final
901839	-57,26	-15,15	Medical, surgical instruments and appliances; catheters, cannulae and the like	Other industries	Intermediate
760429	-48,89	-20,4	Aluminium; alloys, bars, rods and profiles, other than hollow	Iron, steel, and other metals	Intermediate
650610	-47,9	-50,03	Headgear; safety, whether or not lined or trimmed	Textiles, apparel, leather, footwear	Final
481810	-39,79	-28,48	Paper; toilet paper	Food, beverages, tobacco, wood, paper	Final
621142	-38,34	-21,83	Track suits and other garments n.e.c.; women's or girls', of cotton (not knitted or crocheted)	Textiles, apparel, leather, footwear	Final
902000	-36,26	-33,17	Breathing appliances and gas masks; excluding protective masks having neither mechanical parts nor replaceable filters and excluding apparatus of item no. 9019.20	Other industries	Intermediate
391690	-36,14	-76,2	Plastics; monofilament, of plastics n.e.c. in heading no. 3916, cross-sectional dimension exceeds 1mm, rods, sticks and profile shapes, whether or not surface-worked but not otherwise worked	Chemicals, plastics, rubber	Intermediate
621132	-35,98	-17,11	Track suits and other garments n.e.c.; men's or boys', of cotton (not knitted or crocheted)	Textiles, apparel, leather, footwear	Final
732690	-28,97	-16,84	Iron or steel; articles n.e.c. in heading no. 7326	Iron, steel, and other metals	Intermediate
847989	-25,82	-15,65	Machines and mechanical appliances; having individual functions, n.e.c. or included in this chapter	Machinery, electronics, transportation equip.	Intermediate
560410	-25,67	-32,25	Rubber thread and cord; textile covered	Textiles, apparel, leather, footwear	Intermediate
621790	-23,32	-36,5	Clothing; parts of garments or of clothing accessories, other than those of heading no. 6212 (not knitted or crocheted)	Textiles, apparel, leather, footwear	Final
901832	-23,2	-11,99	Medical, surgical instruments and appliances; tubular metal needles and needles for sutures	Other industries	Intermediate

# Discussion

- Risky products based on three criteria partners concentration, import intensity and feasibility
- Intermediate products are the most risky
- Most impacted sectors
  - participating in backward GVC in Tunisia, textiles and machinery
  - more than 20% of their products is risky
  - More than 30% of imports value of machinery is risky



# Discussion

- Other factors could explain the drop in imports such as demand not considered
- These GVC sectors were the main drivers of exports. The shock on imports is reflected on a even a bigger shock on exports
- Important to understand the sources of vulnerability and factors of resilience to find solutions either national or international

# Discussion

- National: structure under the PM to quickly respond to problems encountered by these sectors with a permanent dialogue between public and private representative to alleviate sources of vulnerability and diversify feasible products
- Regional: new and comprehensive trade agreement with Tunisia's main partners (EU) may focus on supply chain sectors, alleviation of NTBs and more standard harmonization
- Multilateral: trade facilitation and help access to COVID19 products