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Political Transition in Tunisia

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Summary

Tunisia has taken key steps toward democracy since the “Jasmine Revolution” in 2011, and has so far avoided the violent chaos and/or authoritarian resurrection seen in other “Arab Spring” countries. Tunisians adopted a new constitution in January 2014 and held national elections between October and December 2014, marking the completion of a four-year transitional period. A secularist party, Nidaa Tounes (“Tunisia’s Call”), won a plurality of seats in parliament, and its leader Béji Caïd Essebsi was elected president. The results reflect a decline in influence for the country’s main Islamist party, Al Nahda (alt: Ennahda, “Awakening” or “Renaissance”), which stepped down from leading the government in early 2014. Al Nahda, which did not run a presidential candidate, nevertheless demonstrated continuing electoral appeal, winning the second-largest block of legislative seats and joining the Nidaa Tounes-led coalition government.

Although many Tunisians are proud of the country’s progress since 2011, public opinion polls in 2014 revealed acute anxiety over the future, and surveys in 2015 suggest growing pessimism over the economy. Tangible improvements in economic conditions or government service-delivery are few, security threats have risen, and unemployment remains high. Nidaa Tounes leaders have pledged to bolster counterterrorism efforts and improve economic growth, but have provided few concrete details on how they will pursue these ends. The party may struggle to achieve internal consensus on specific policies, as it was forged from disparate groups united largely in their opposition to Islamism. Tunisian politicians and civil society leaders may also debate how, and when, to move from a pattern of ad-hoc negotiations aimed at achieving “consensus” on key political decisions toward a greater reliance on formal and accountable political institutions.

Terrorist attacks at the Bardo Museum in Tunis and a tourist hotel in the beach town of Sousse in the first half of 2015 have focused global attention on Tunisia’s ongoing security challenges. Terrorist cells near the Algerian border to the east are the target of active Tunisian military operations, and cells have also been uncovered in urban areas. Tunisia is also reportedly a top source of Islamist “foreign fighters” in Syria and Libya. Policy debates over the root causes of violent extremism and how best to approach the problem have contributed to mutual distrust between Islamist and secularist political factions.

U.S. policymakers have praised Tunisia’s transition, and newly elected Tunisian President Béji Caïd Essebsi visited Washington and met with President Obama in May 2015. Congress has shaped U.S. transitional support to Tunisia and new defense cooperation. The Administration, in consultation with Congress, allocated about \$580 million in aid between FY2011 and FY2014, equivalent to ten times the bilateral aid funding appropriated for Tunisia over the previous four fiscal years—and has proposed to double the annual aid appropriation for Tunisia in FY2016. Counterterrorism assistance is set to increase significantly in FY2015. U.S. engagement and aid nonetheless remain modest compared to countries such as Egypt and Jordan, which are regarded as more intertwined with U.S. national security interests. The FY2015 Consolidated and Further Continuing Appropriations Act (P.L. 113-235) allows additional funding for Tunisian loan guarantees and for the Tunisian-American Enterprise Fund, which seeks to strengthen Tunisia’s private sector. The FY2014 Consolidated Appropriations Act (P.L. 113-76) also provided funding for these purposes, but prohibited a planned Millennium Challenge Corporation (MCC) “threshold” grant because Tunisia’s income level was too high to qualify for a full MCC compact.

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Introduction

Tunisia's 2011 popular uprising, known as the "Jasmine Revolution," ended the 23-year authoritarian rule of then-President Zine el Abidine Ben Ali and sparked a wave of unrest in much of the Arab world. Since then, Tunisia has taken key steps toward democracy. Civil and political liberties have expanded dramatically, and Tunisia has experienced far less violence than some other transitional countries. An elected National Constituent Assembly adopted a new constitution in early 2014, and presidential and parliamentary elections were held in late 2014, formally ending a series of transitional governments (see timeline, Figure 2). During the transitional period, leading political factions repeatedly overcame political crises through negotiations.

The 2014 elections were largely peaceful, and all major political parties accepted the results.¹ Nidaa Tounes ("Tunisia's Call"), a secularist party founded in 2012, won the largest number of seats in the new parliament, and its founder, Béji Caïd Essebsi, an elder statesman who served as interim prime minister in 2011, was elected president. The main Islamist party, Al Nahda (alt: Ennahda, "Renaissance"), its top political opponent, won the second-largest block of seats in parliament. After protracted negotiations, Nidaa Tounes formed a coalition that includes two other secularist parties as well as Al Nahda. The decision was controversial within Nidaa Tounes, with some arguing that the inclusion of Islamists in the cabinet would betray Nidaa Tounes supporters.

The new government faces acute pressure to rapidly deliver economic gains and improve counterterrorism efforts. Although many Tunisians are proud of their country's progress toward democracy, opinion polls in 2014 revealed acute anxiety over the future, and surveys in 2015 suggest growing pessimism over the economy.² Government service-delivery has suffered since 2011, threats to public safety have increased, and unemployment remains high at 15%—and may be as high as 42% among working age youth.³ Terrorist threats have grown as Tunisia's previously repressive internal security apparatus has experienced bureaucratic disarray, and as neighboring Libya has unraveled. In 2015, Tunisia has suffered its two deadliest ever terrorist attacks—an attack on the Bardo museum in downtown Tunis in March, and an attack on a tourist hotel in the coastal city of Sousse in June. Islamist-secularist tensions are less overt now than during a Nahda-led government in 2012-2013, but tensions have been fed by disagreement over how to handle security threats, by regional divisions, and by mutual suspicion that each side seeks to manipulate the rules of politics to its advantage.

There appears to be broad agreement across Tunisia's political spectrum that reforms are needed in order to consolidate democratic gains and unlock economic growth and job creation. However, political parties provided few concrete details on their policy preferences during the 2014 campaign, and the new coalition government may struggle to achieve agreement on priorities. Nidaa Tounes itself exhibits little internal cohesion. The kinds of structural economic reforms that

¹ International election observation missions praised the elections while noting potential areas for improvement. (See, e.g., National Democratic Institute (NDI), "Preliminary Statement of the NDI Observer Delegation to Tunisia's 2014 Legislative Elections," October 27, 2014; International Republican Institute (IRI), *Tunisia Parliamentary Elections, October 26, 2014*, 2015; and Carter Center, *Legislative and Presidential Elections in Tunisia: Final Report*, 2015.)

² IRI's *Survey of Tunisian Public Opinion, June 22-July 1, 2014*, found that 67% of Tunisians felt that things were going in the "wrong direction" and that 65% were "not satisfied at all" with democracy. In 2015, see, e.g., Gallup, "Tunisians' Economic Confidence Hurt After First Attack," July 8, 2015. Tunisian firms have found similar trends.

³ The World Bank's measurement of Tunisia's "government effectiveness" declined between 2003 and 2013, for example (see <http://info.worldbank.org/governance/wgi/index.aspx#reports>). Unemployment figure from International Monetary Fund (IMF) Global Economic Outlook database (April 2015); youth unemployment figure from CIA World Factbook, estimated as of 2011.

Tunisia's international partners have recommended would likely face significant opposition from key interest groups that supported Nidaa Tounes (see "The Economy"). Critics have also questioned Nidaa Tounes's commitment to security sector reform, transitional justice, and checks-and-balances, with some portraying it as a "soft restoration" of the Ben Ali era.⁴

Tunisia has a small territory, a relatively well-educated and homogenous population, and a history of state encouragement of women's rights. These are arguably structural advantages that favor peaceful politics. At the same time, Tunisia has not escaped becoming "an echo chamber of the ideological conflicts that are shaking the region," including contests between Islamists and secularists, economic leftists and pro-business groups, and libertarians and those who favor a strong state.⁵ Tunisia's political accomplishments since 2011 are attributable, in part, to individual leaders' willingness to make concessions at key moments, often at the expense of support from their respective bases. Ad-hoc, closed-door negotiations have helped overcome several near-crises, but may be at odds with efforts to institutionalize democratic procedures and foster accountability to voters.

Potential Issues for Congress

Stated U.S. policy priorities in Tunisia include encouraging democracy, expanding trade and investment ties, and working with the Tunisian government to counter terrorism. Congress has shaped U.S. policy through its authorization and appropriation of foreign aid, its review of arms sales and other security cooperation activities, and its oversight. U.S. engagement and aid have also been affected by debates within Congress over the size of the federal budget, the scale of U.S. foreign aid, and U.S. policy toward countries affected by the "Arab Spring." As Congress examines the Administration's FY2016 aid budget request and evolving U.S. relationship with Tunisia, Members may consider questions such as:

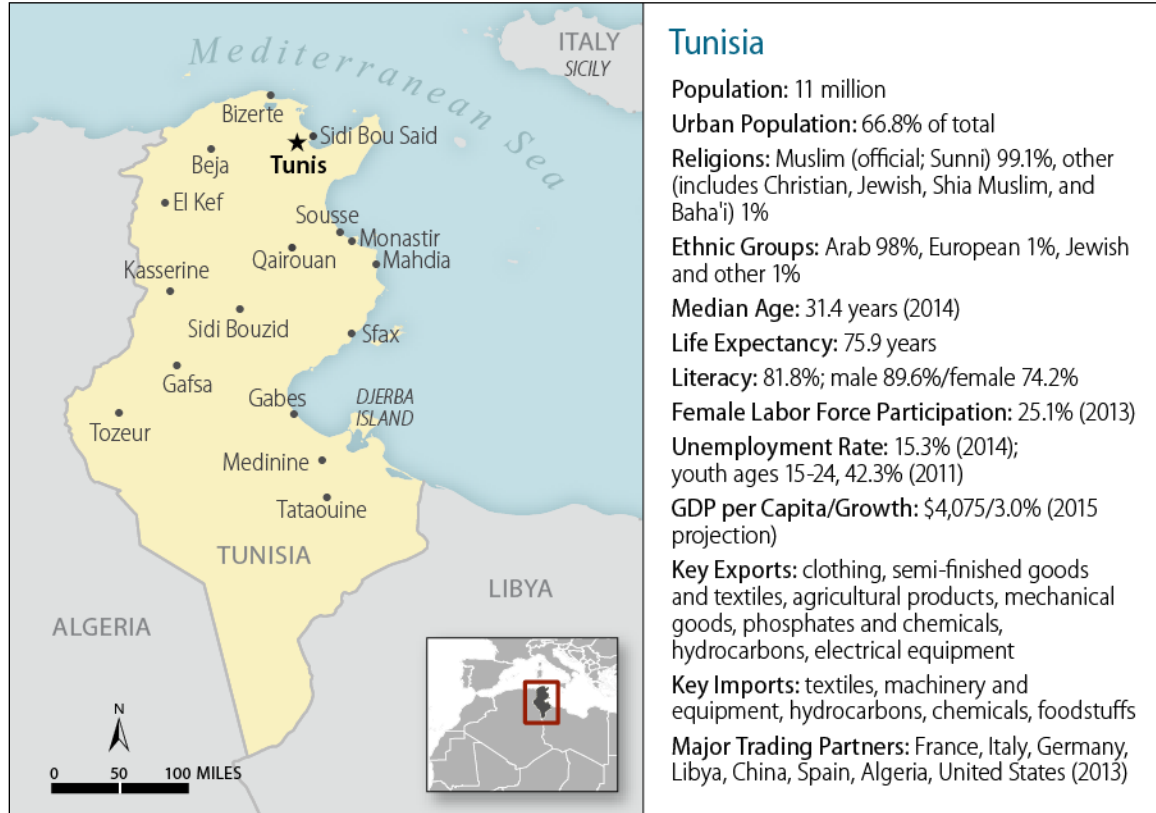
- Is Tunisia likely to experience greater political stability following the 2014 elections? To what extent will the government respond to popular pressures to improve services, address regional inequality, create jobs, and bolster security?
- How will the new government approach sensitive issues such as regulatory reform, transitional justice, and security sector reform? How is Tunisia's new constitution being interpreted and implemented, including provisions guaranteeing civil liberties and gender equality?
- To what degree are Tunisia-based Islamist extremist groups a threat to U.S. national security? What factors explain domestic extremism and Tunisian participation in transnational terrorism?
- To what extent is Tunisia a priority for U.S. foreign policy?
- What types of U.S. aid and engagement have been most effective at achieving U.S. and Tunisian policy goals? What has been the impact of U.S. democracy-promotion assistance on Tunisia's transition?
- To what extent can or should U.S. aid seek to incentivize politically difficult economic reforms? What steps, if any, can or should the United States take to promote bilateral trade and investment?

⁴ Monica Marks, "Tunisia Opts for an Inclusive New Government," *The Washington Post [blog]*, February 3, 2015.

⁵ International Crisis Group, *Tunisia's Elections: Old Wounds, New Fears*, December 2014.

- To what extent should the United States seek to pair counterterrorism assistance with support for greater legislative and public oversight of the security sector?

Figure 1. Tunisia at a Glance



Source: CRS graphic. Basemap created by (name redacted) from Esri (2013). “At a Glance” information from CIA World Factbook (2015), World Bank, and IMF (2015). Figures are 2014 estimates unless otherwise noted.

Political Transition: Key Debates

Many provisions in the 2014 constitution may require new laws, changes in existing laws, and/or the adoption of new policies and practices in order to be fully implemented. Tunisian leaders, civil society groups, media outlets, and members of the public continue to debate how best to implement the constitution, as well as a range of other policy dilemmas related to the country’s transition from authoritarian rule. Selected issues and questions are described below.

- A new anti-terrorism law was enacted in July 2015, replacing a Ben Ali-era law widely portrayed as repressive. Human rights groups assert that the new law’s definition of terrorism is too broad and that it does not sufficiently protect the rights of detainees.⁶ Rights advocates have also criticized a bill that would criminalize “denigration” of the security forces and the publication of broadly-defined “national security secrets.”⁷ How might legal reforms and changes in

⁶ See, e.g., Human Rights Watch (HRW), “Tunisia: Counterterrorism Law Endangers Rights,” July 31, 2015.

⁷ HRW, “Tunisia: Drop or Amend Security Bill,” May 13, 2015.

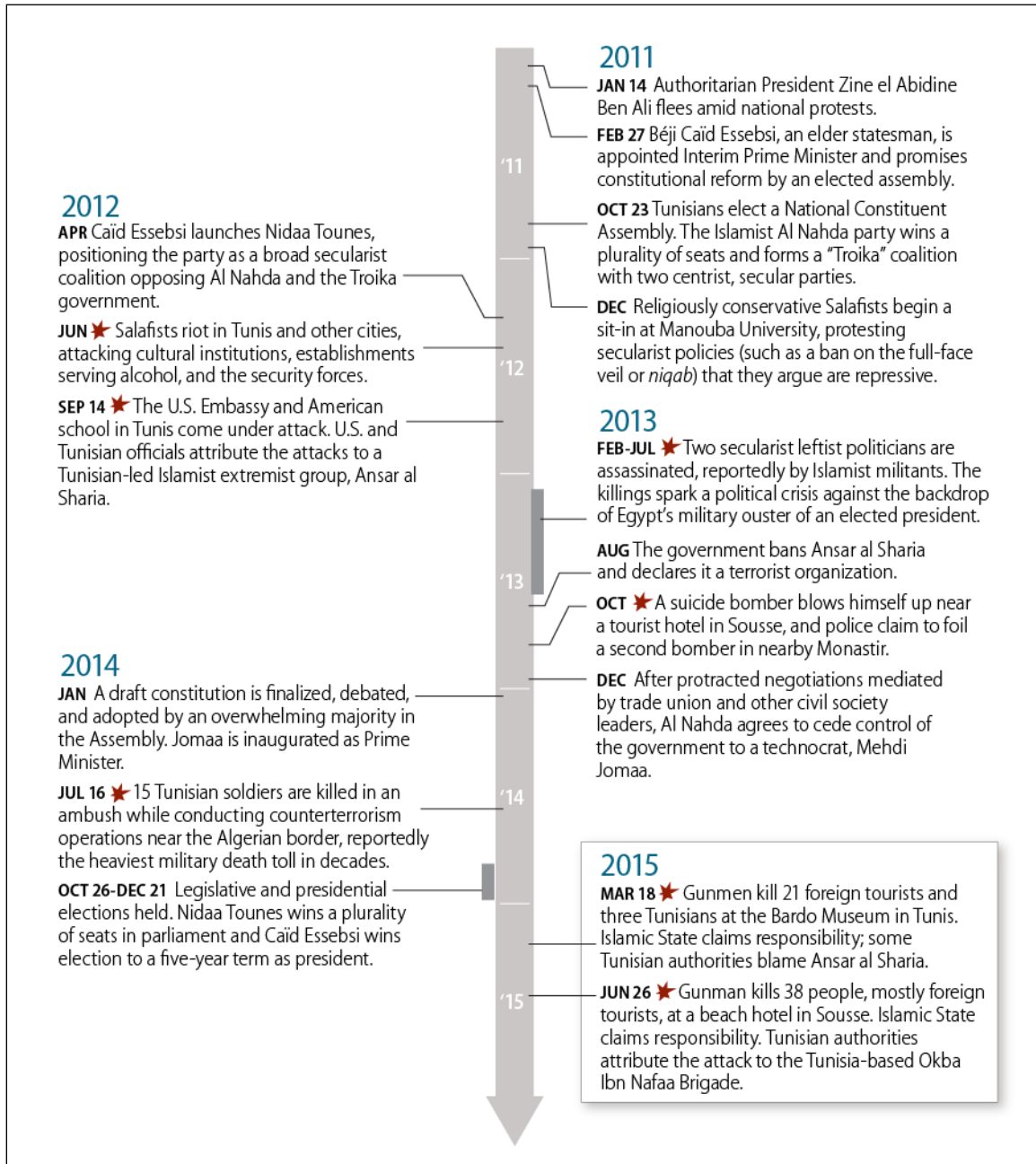
- practice provide the security forces with sufficient authority to address terrorist threats, while also protecting civil liberties enshrined in the 2014 constitution?
- Since 2011, successive governments have stated the importance of reforming the internal security services, formerly the backbone of the Ben Ali regime. Yet, structural changes to date have been ad-hoc and opaque, and there are some signs of a backlash among security force commanders and staff.⁸ To what extent should transparency and public oversight of the security forces be expanded, and how?
 - How can Tunisia’s government reform the economy while mitigating near-term negative consequences for local households and for political stability?
 - The new constitution states that “Tunisia is a civil state based on citizenship, the will of the people, and the supremacy of law,” and—unusually for a majority-Muslim country—does not include any references to *sharia* (Islamic law). At the same time, the constitution asserts Tunisia’s Muslim identity, at times in ways that suggest potential tensions with its more liberal provisions. What is the appropriate role of the state in regulating religious practice? What is the appropriate balance between protecting religious sensitivities and protecting free speech? What is the appropriate role of *sharia* in Tunisia?
 - Since 2014, Tunisian courts have overturned key actions taken during the post-revolutionary period—for example, reversing criminal convictions of Ben Ali-era officials and placing into question the state’s seizure of assets belonging to the Ben Ali family. President Caïd Essebsi and his cabinet have also backed a controversial “economic reconciliation” bill that would protect or absolve most Ben Ali-era officials and businessmen from corruption charges.⁹ Do these actions undermine gains made since the revolution and point to ongoing limitations on judicial independence, or do they reflect internal checks and balances and/or foster an atmosphere of reconciliation?
 - A Truth and Dignity Commission and associated “Specialized Judicial Chambers” were created in 2013 and have begun hearing victims’ testimony. How can the state best support accountability while also fostering reconciliation?
 - A social movement calling itself “Where is the oil?” has highlighted public concerns over a lack of transparency in Tunisia’s natural resource sector.¹⁰ How can officials improve transparency while also managing popular expectations regarding resource benefits?

⁸ See International Crisis Group, *Reform and Security Strategy in Tunisia*, July 23, 2015; and Haykel Ben Mahfoudh, *Security Sector Reform in Tunisia Three Years into the Democratic Transition*, Arab Reform Initiative, July 2014.

⁹ *L’Economiste Maghrébin*, “Une polémique qui va au-delà de l’ARP,” August 8, 2015.

¹⁰ Tunisia exports small amounts of oil but is a net energy importer. The movement alleges that the government has not sufficiently publicized contractual agreements over the exploitation of new oil discoveries.

Figure 2. Timeline: Key Events Since 2011



Background

While Tunisia shares many characteristics with neighboring countries, some of its attributes are unique: a small territory, a relatively homogenous population, a relatively liberalized economy, a large and educated middle class, and a history of encouraging women's socioeconomic freedoms. Tunisia's population is overwhelmingly Arabic-speaking and Sunni Muslim (although tribal and ethnic divisions persist in some areas), while its urban culture reflects European influences.

The legal and socioeconomic status of women is among Tunisia's particularities within the Arab world. Polygamy is banned, and women enjoy equal citizenship rights and the right to initiate

divorce. (Inheritance laws and practices are nonetheless disadvantageous toward women.) Women serve in the military and in many professions, and constitute more than half of university students; the first woman governor was appointed in 2004. Many Tunisians attribute these advances to the country's relatively liberal Personal Status Code, promulgated in 1956 under then-President Habib Bourguiba, as well as Bourguiba-era educational reforms.

Prior to 2011, Tunisia was widely viewed as exhibiting a stable, albeit authoritarian, regime that focused on economic growth while staving off political liberalization. It had had only two leaders since independence from France in 1956: Bourguiba, a secular nationalist and independence activist, and Ben Ali, a former interior minister and prime minister who assumed the presidency in 1987. Ben Ali cultivated the internal security services and the Constitutional Democratic Rally (RCD) party as his power base, and harshly repressed political participation, freedom of expression, and religious activism. This repression, along with corruption and nepotism, undermined the regime's popular legitimacy, despite relatively effective state services and economic growth. Another factor driving popular dissatisfaction was the socioeconomic divide between the developed, tourist-friendly coast and the poorer interior. Anti-government unrest, particularly rooted in labor and economic grievances, has often originated in the interior—as did the 2011 protest movement.

Tunisia's "Jasmine Revolution"

In December 2010, antigovernment protests broke out in Tunisia's interior after a street vendor named Mohamed Bouazizi set himself on fire in an apparent protest against state repression and a lack of economic opportunities. Protests spread to neighboring towns and eventually to the capital, Tunis, and to wealthy coastal communities associated with the ruling elite. Police opened fire on protesters and made sweeping arrests; an estimated 338 people were killed.¹¹ The army, however, reportedly refused an order to use force against demonstrations. On January 14, 2011, President Zine el Abidine Ben Ali, in power since 1987, fled the country for Saudi Arabia, where he remains.

Politics

Dozens of parties contested the 2014 elections, but the top two have come to represent the poles of Tunisian post-revolutionary politics. The ardently secularist Nidaa Tounes ("Tunisia's Call"), which was formed in 2012 in opposition to Islamist rule, includes a mix of former regime figures, trade-unionists, business leaders, and independents. Tunisia's main Islamist party, Al Nahda (alt: Ennahda, "Renaissance"), led an interim coalition government in 2012-2013 after winning by far the largest share of seats in the 2011 National Constituent Assembly elections. Al Nahda stepped down in 2014 in favor of a technocratic interim government, pursuant to a negotiated agreement that deescalated a six-month political crisis caused, in part, by the assassination of two secularist politicians, reportedly by Islamist extremists.

The 2014 elections were largely peaceful, and all major political parties accepted the results. Nidaa Tounes won a plurality of seats in the new parliament, and its founder, Caïd Essebsi, who began his career under Tunisia's first post-independence leader, Habib Bourguiba, was elected president. Al Nahda won the second-largest block of seats. Al Nahda did not run or endorse a presidential candidate, but many of its supporters appear to have voted for Caïd Essebsi's top rival, former Interim President Moncef Marzouki. The campaign rhetoric was heated, with Caïd Essebsi suggesting that Al Nahda supporters were terrorists, while Marzouki accused Caïd Essebsi of seeking to resurrect the authoritarian Ben Ali regime.¹² Although Nidaa Tounes and Al

¹¹ Associated Press, "Report Raises Number of Killed During Tunisia's Revolution to 338," May 5, 2012.

¹² Christine Petr , "Tunisia's Presidential Climate Heats Up," *Middle East Monitor*, December 19, 2014.

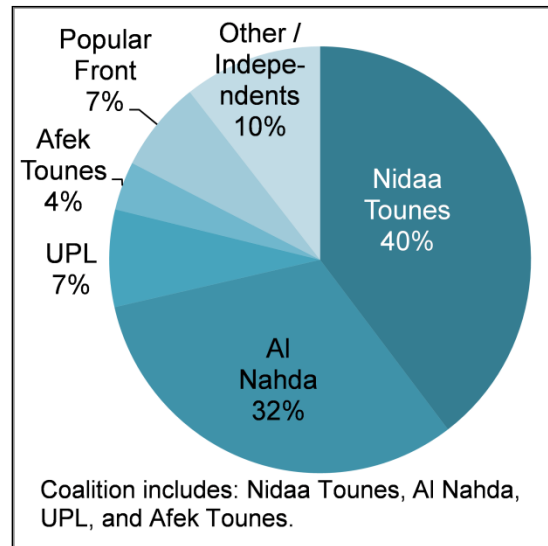
Nahda both have national constituencies, the electoral results also pointed to an enduring regional divide: Nidaa Tounes won majorities in most of the urban districts along the northern coast, while Al Nahda and Marzouki came in first in much of the poorer and more rural south and interior.

Nidaa Tounes' electoral success may be attributable to several factors, including voters' apparent desire for a stronger response to security threats, dissatisfaction with the previous Nahda-led government and, perhaps, nostalgia for greater public order pre-2011. At the same time, Nidaa Tounes exhibits internal ideological divisions, and some question whether the party can outlast its charismatic founder, who is 88 years old. Critics argue that the party lacks internal democracy, and some have questioned Nidaa Tounes leaders' commitment to security sector reform, transitional justice, and government checks-and-balances.¹³

In early 2015, after protracted negotiations, Nidaa Tounes formed a four-party coalition government that includes Al Nahda. The decision was controversial within Nidaa Tounes, with some leaders arguing that working with Al Nahda would betray their supporters. Al Nahda leader Rached Ghannouchi, who had called for a "national unity" government, praised the decision, although there were some indications of disagreement within his party as well. Within the opposition, the secularist Popular Front party holds the largest block of seats. The two politicians assassinated in 2013 were from the Popular Front. The party is more strongly leftist than Nidaa Tounes and includes prominent activists from parties that were banned under Ben Ali.

Not all Tunisian Islamists back Al Nahda, and the party's willingness to compromise may have cost it some support among more radical factions of public opinion. Some religiously conservative Tunisian Salafists,¹⁴ who have become more visible since 2011, openly support the creation of an Islamic state, and some have challenged government authorities—as well as artists, labor union activists, journalists, academics, and women deemed insufficiently modest—through protests, threats, and/or violence. A handful of Salafist groups have registered as political parties, but many appear to prefer to operate outside the formal political system. In some areas, Salafist groups reportedly control mosques and have set up security and service-provision networks.¹⁵ A crackdown on unregistered mosques was initiated under the Nahda-led government and has since continued—and intensified following the recent terrorist attacks—sparking concerns among some civil liberties advocates.

Figure 3. Party Distribution in Parliament



¹³ Fadil Aliriza, "Old Political Habits in Tunisia," Carnegie Endowment for International Peace, June 16, 2015.

¹⁴ "Salafism" refers to a broad subset of Sunni Islamic reformist movements that seek to purify contemporary Islamic religious practices and societies by encouraging the application of practices and views associated with the earliest days of the Islamic faith. Salafist movements hold a range of positions on political, social, and theological questions. A subset of Salafists advocate violence in pursuit of their aims, but many instead pursue non-violent preaching, charity, and (for some) political activities. See CRS Report RS21745, *Islam: Sunnis and Shiites*, by (name redacted).

¹⁵ Aaron Y. Zelin, "Meeting Tunisia's Ansar Al-Sharia," *Foreign Policy*, March 8, 2013.

Key Figures

President Béji Caïd Essebsi. Caïd Essebsi, 88, won Tunisia's first free and fair direct presidential election in 2014. Caïd Essebsi founded Nidaa Tounes in 2012, positioning the party to rally diverse opponents of political Islam and of the Nahda-led Troika government in particular. He campaigned on improving the economy and countering terrorism, but has provided few detailed policy proposals. Caïd Essebsi ultimately agreed to a coalition that includes Al Nahda. Caïd Essebsi is a lawyer and was a close aide to Tunisia's first president, Habib Bourguiba, serving in a variety of posts including Interior Minister and Defense Minister. He also held government positions under Ben Ali, in the late 1980s and early 1990s, but was not at the forefront of the regime. In 2011, he served as Interim Prime Minister, overseeing the initiation of political reforms and the organization of the October 2011 National Constituent Assembly elections.

Prime Minister Habib Essid. Essid, 65, was appointed by President Caïd Essebsi and confirmed by parliament. In 2011, Essid served as Interior Minister in the interim government headed by then-Prime Minister Caïd Essebsi. Some civil society leaders faulted him for reportedly slowing ambitious reforms initiated immediately after the revolution. Previously, Essid served under President Ben Ali, including in the Ministries of Agriculture, Fishery, Environment—and, in the late 1990s, the Ministry of Interior, which was a pillar of the regime. Despite this history, Essid apparently has the backing of Al Nahda leaders; he served as an advisor on security issues in the Nahda-led Troika government.

Assembly President Mohamed Ennaceur. Ennaceur, 80, of Nidaa Tounes, heads the Assembly of the Representatives of the People (ARP), the 217-seat legislature created by the 2014 constitution. He was elected by a majority vote among MPs, including crucial support from Al Nahda. Ennaceur is a former government minister, diplomat, and civil society figure. Like President Caïd Essebsi, he began his career in government under founding President Bourguiba and also served in posts under Ben Ali.

Foreign Minister Taïeb Baccouche. Baccouche, 70, a founding member of Nidaa Tounes, is a union activist, human rights advocate, and linguistics professor. He was among the Nidaa Tounes leaders who opposed including Al Nahda in the ruling coalition. Baccouche served as Minister of Education in the interim government in 2011—a period of contestation over Tunisia's ban on the full face-veil (*niqab*) in educational settings, which he defended.

Al Nahda Leader Rachid Ghannouchi. Ghannouchi, 73, is a political activist, author, and theorist of Islam and democracy. He co-founded and heads Tunisia's main Islamist political party, Al Nahda ("Renaissance"). He has not held or sought any elected position, but wields substantial political influence through his ability to shape Al Nahda's policy positions. Ghannouchi lived in exile for two decades under Ben Ali and returned to Tunisia in 2011 under a general amnesty adopted soon after the revolution. Ghannouchi has emphasized the importance of political "consensus" in post-revolutionary Tunisia, and has often appeared to overrule the party's base in order to reach agreements with other political interest groups. Secularist critics often accuse him of claiming to be moderate while intending to gradually introduce restrictive laws and institutions.

Nidaa Tounes Leader Mohsen Marzouk. Marzouk, 50, became secretary-general of Nidaa Tounes in May 2015 after serving as a top advisor to President Caïd Essebsi and, previously, as his campaign manager. During his brief time as a presidential advisor, he co-signed a new U.S.-Tunisia "memorandum of understanding" on bilateral relations as the counterpart to Secretary of State John Kerry. Marzouk is a veteran activist in leftist, trade union, and human rights circles, and directed the Middle East program at Freedom House between 2002 and 2008.

Security Concerns

Tunisia has suffered its two deadliest terrorist attacks to date in 2015—an attack on the Bardo museum in downtown Tunis in March and an attack on a hotel in the coastal city of Sousse in June. These killed 24 and 38 people, respectively. Both attacks targeted tourist destinations popular with foreigners, leading some to question whether the economic impact of terrorism could undermine political stability. Following the Sousse attack in June, the Tunisian government declared a state of emergency for a renewable period of 30 days, with President Caïd Essebsi warning that "if another attack were to occur, the state would collapse."¹⁶ The state of emergency limits some civil liberties, such as public assembly, and grants security forces additional authority. The government also announced it would build a sand barrier along its entire border with Libya, with guard posts, to prevent terrorist infiltration. In late July, Tunisia's parliament approved new

¹⁶ TunisieNumerique, "BCE: Le pays fait face à un péril imminent," July 4, 2015; CRS translation of quote.

counterterrorism legislation granting security forces broad surveillance powers, expanding pretrial detention, and allowing the death penalty for convicted terrorists.

Tunisian political leaders across the ideological spectrum, including Al Nahda, condemned the Bardo and Sousse attacks and joined large public rallies against terrorism. Some opposition parties and civil society groups criticized the government's response, however, expressing concerns that the state of emergency could lead to authoritarian abuses.¹⁷ As noted above ("Political Transition: Key Issues"), human rights groups have criticized the new law as well.

The Sousse and Bardo Attacks

On June 26, 2015, a gunman opened fire on Western tourists at the Hotel Riu Imperial Marhaba in the coastal city of Sousse, killing 38 people, most of them British nationals. The shooter, who was killed at the scene by police, was identified as 23-year old engineering student Seifeddine Rezgui. Rezgui reportedly trained in Libya in early 2015, although reports differ on whether he trained with a group loyal to the Islamic State or with Al Qaeda-linked Ansar al Sharia Tunisia (AST). While the Islamic State claimed responsibility for the attack, some Tunisian officials attributed responsibility to AST.¹⁸

Three months earlier on March 18, gunmen killed at least 21 foreign tourists visiting the national Bardo Museum in downtown Tunis, as well as three Tunisian nationals, including a police officer, according to news reports. On March 19, the Islamic State released an audio recording claiming responsibility for the Bardo attack. The Okba Ibn Nafaa Brigade also released a statement praising the attack. Subsequently, a new group calling itself *Jund al Khilafa in Tunisia* ("soldiers of the caliphate") claimed responsibility, although the Tunisian government blamed it on the Okba Ibn Nafaa Brigade (see below) and killed the latter group's reported leader in a military strike in retaliation. Tunisian officials stated that two identified gunmen, both Tunisian, had traveled to Libya in December for weapons training.¹⁹ Some news reports have suggested that the training was conducted in the Libyan city of Derna, which has served as a base for both Ansar al Sharia in Libya and for a separate group loyal to the Islamic State. British security officials in early August stated that there were "strong links" between the Bardo and Sousse attacks.²⁰

Violent extremist groups across North and West Africa are exploiting porous borders and the weaknesses of security forces. These groups—such as Al Qaeda in the Islamic Maghreb (AQIM), its affiliates and break-away factions, and movements calling themselves Ansar al Sharia (Supporters of Islamic Law)—are also capitalizing on divisive identity issues as well as popular frustrations with poor governance. Tunisia has not been overwhelmed by insecurity, as in neighboring Libya, but it has not been immune to these trends. Apparent competition between groups aligned with Al Qaeda and those that support the Islamic State organization could conceivably spur new efforts to carry out large-scale attacks in North Africa with the goal of enticing recruits by demonstrating organizational viability.

Several Tunisia-based extremist groups have emerged since 2011, including Ansar al Sharia in Tunisia (AST) and a group known as the Okba Ibn Nafaa Brigade (alt: *Katibat Uqba Ibn Nafi*). The latter is reportedly affiliated with Al Qaeda in the Islamic Maghreb (AQIM), an Algerian-led regional network, but elements reportedly have ties to the Islamic State. U.S. and Tunisian officials blamed AST for an attack in 2012 against the U.S. Embassy and American school in Tunis, along with several other attacks. Tunisia declared AST a terrorist group in 2013, and the U.S. State Department designated it a Foreign Terrorist Organization (FTO) in 2014. The group's leader, known as Abou Iyadh, relocated to Libya where he was reportedly killed in a U.S. airstrike in June 2015.²¹ The Tunisian military has led operations to counter terrorist cells near the

¹⁷ Tunismag, "Etat d'urgence: Le Front populaire juge la décision infondée," July 5, 2015.

¹⁸ Reuters, "Tunisia's president declares state of emergency after hotel attack," July 4, 2015.

¹⁹ "Tunis gunmen trained with Libyan militia, says security chief," *Guardian*, March 20, 2015.

²⁰ "Tunisia beach massacre 'linked' to museum killings," BBC online, August 5, 2015.

²¹ *New York Times*, "Jihadist from Tunisia died in strike in Libya, U.S. official says," July 2, 2015. Another Tunisian (continued...)

northwestern border with Algeria, reportedly in close cooperation with Algerian authorities. Insecurity along the Libyan border and in the remote desert south, both transit areas for heavily armed smugglers, is also of concern.

Some observers attribute the increase in jihadist activity since 2011 to the release of over 1,000 “political prisoners” of various stripes in early 2011 (one was Abou Iyadh, who later founded AST); security force disorganization after the revolution; and events in Mali and Libya. Jihadist groups may also draw on support from Tunisian Salafist groups and communities.²² Officials regularly claim to have broken up domestic terrorist plots, including some targeting the 2014 elections.²³ In early 2015, the Interior Ministry announced two large-scale arrests of people suspected of planning assassinations and “spectacular attacks” against government targets, but it is unclear how advanced any preparations may have been.²⁴ A French-Tunisian militant was implicated in the 2013 political assassinations, and more recently has been linked to the Islamic State.²⁵ He was reportedly a former member of a Paris-based Islamist cell which has also been tied to the January 2015 attack on the Paris newspaper *Charlie Hebdo*.²⁶

Tunisia is also reportedly a top source of Islamist foreign fighters in Syria and Libya, and authorities have expressed concern about those who may return to perpetuate attacks at home. A U.N. working group reported in July 2015 that there were some 4,000 Tunisians in Syria, between 1,000 and 1,500 in Libya, and smaller numbers in Iraq, Mali, and Yemen.²⁷ Tunisian officials have also claimed to have prevented several thousand more Tunisians from traveling to Syria—although they have not publicly defined criteria for preventing individuals’ travel, such as whether restrictions are implemented on the basis of specific threats.

The Economy

Tunisia is an upper-middle-income country, and prior to 2011 it was considered one of the best-performing non-oil-exporting countries in the Middle East and North Africa. Textile exports, tourism, and phosphate mining are key sectors. Tunisia also exports agricultural products and petroleum, although it is a net energy-importer. Strong annual growth prior to 2011, however, masked inequalities that fed discontent. Wealth is concentrated along the Mediterranean coast, while the interior suffers from relative poverty and a lack of investment. Many Tunisians are highly educated, but the economy has generally created low-skilled and low-paid jobs, creating a large pool that is underemployed.

Socioeconomic grievances were a key factor in the 2011 uprising, but efforts to address them have been undermined by new economic strains—attributable, in part, to investor perceptions of political instability, negative regional security trends, and the downturn in the European Union

(...continued)

was killed in a U.S. airstrike in Iraq in June 2015: Ali Ani al Harzi, a U.S. “Specially Designated Global Terrorist” accused of involvement in the 2012 Benghazi attacks. Al Harzi was detained in Tunisia in 2012 but released in 2013.

²² International Crisis Group (ICG), *Tunisia: Violence and the Salafi Challenge*, February 13, 2013.

²³ TAP, “Tunisian Interior Ministry Confirms Plans by Terrorist Group to Target Polls,” September 18, 2014.

²⁴ Kuwait News Agency, “Tunisia dismantles terrorist cell targeting security, military officials,” January 25, 2015; Reuters, “Tunisia arrests 32 militant Islamists planning ‘spectacular’ attacks,” February 8, 2015.

²⁵ *The New York Times*, “Tunisia: ISIS Fighters Claim 2 killings,” December 18, 2014.

²⁶ *The Washington Post*, “Suspect in Paris attack had ‘long-term obsession’ carrying out terror attack,” January 8, 2015.

²⁷ U.N. Office of the High Commissioner for Human Rights, “Preliminary findings by the United Nations Working Group on the use of mercenaries on its official visit to Tunisia, 1 to 8 July, 2015.”

(EU), Tunisia's largest trading partner. Protests and labor disputes have also hampered efforts to attract investment. Declines in tourism and foreign direct investment have been particularly damaging, and Tunisia's international credit ratings have been downgraded. The Bardo and Sousse attacks appear to have been partly aimed at scuttling Tunisia's economic growth by targeting the vital tourism sector. As much as 15% of Tunisia's GDP may be attributable to tourism, along with 7% of total employment.²⁸ According to the *Economist Intelligence Unit*, "Some 1.9m tourists arrived from the start of 2015 to June 20th, 22% fewer than in the same period of 2014 and 28% fewer than in the same period of 2010, the year before the revolution."²⁹

In order to stabilize Tunisia and support its transition to democracy, international financial institutions have provided additional aid. In 2013, the International Monetary Fund (IMF) and Tunisia agreed to a two-year, \$1.75 billion loan program, of which about \$1.15 billion had been disbursed as of December 2014; it was extended in May 2015.³⁰ Additional financial support has been provided by bilateral partners, including the United States, Europe, and Gulf countries.

Tunisia's Next Challenge: Reforming the Economy

Western donors have urged Tunisia to liberalize its labor laws, restructure the banking sector, loosen currency restrictions, and reform the investment code and other business regulations to encourage greater private sector competition and attract more foreign investors.³¹ The IMF has also urged reductions in state pensions and subsidies for basic goods. Such actions could boost growth and jobs in the long-term. However, some could also have a negative impact on many Tunisian households in the near term, for example by making some goods more expensive or laying off state workers—which could, in turn, undermine support for the government. Tunisian politicians generally agree that reforms are needed, but they often differ over which actions to take and how to mitigate any socioeconomic impacts. Nidaa Tounes leaders have provided few concrete proposals and have struggled to achieve consensus about priorities. Some structural reform proposals face opposition from a key element of the party's base: powerful trade unions that defend labor protections and have called successfully for public wage increases. An embrace of trade protectionism is also common even among business leaders otherwise supportive of reforms.

Foreign Relations

The EU is Tunisia's largest trading partner, and it provides trade benefits and aid. France is a leading source of investment and tourism revenues, but bilateral relations suffered in the aftermath of the 2011 uprising due to close French ties with the Ben Ali regime, as well as a distrust of Islamist political movements among many French politicians. Since 2011, Tunisian officials have appealed for increased Western financial assistance—including from the United States—while also seeking to increase ties with other Arab and African states, particularly under the Nahda-led government in 2012-2013.³²

Tunisia has generally sought cordial relations with its larger, energy-rich neighbors, Algeria and Libya. President Caïd Essebsi's first official state visit was to Algeria, where he lauded the two

²⁸ World Travel & Tourism Council, *Travel & Tourism Economic Impact 2014: Tunisia*. Figures include the "indirect" impact of tourism. Estimates vary regarding the proportion of Tunisia's GDP attributable to tourism.

²⁹ EIU.com, "Tourism sector was struggling even before Sousse attack," June 30, 2015.

³⁰ IMF, "IMF Approves 7-Month Extension of the Stand-By Arrangement for Tunisia," May 19, 2015.

³¹ See, e.g., IMF, *Tunisia: Fifth Review Under the Stand-By Arrangement [...]*, December 29, 2014; World Bank, *The Unfinished Revolution*, May 2014; and U.S. Millennium Challenge Corporation (MCC), *Identifying Tunisia's Binding Constraints to Broad-Based Growth*, January 2013.

³² Reuters, "Economics, Politics Underpin Qatar Aid to North Africa," August 16, 2012; AFP, "La Tunisie de l'après Ben Ali veut retrouver toute sa place en Afrique," January 29, 2012.

countries' growing counterterrorism cooperation.³³ With regard to Libya, Caïd Essebsi has expressed support for regional political mediation and opposition to external military intervention.³⁴ Turmoil in Libya is an economic concern for Tunisian officials in addition to a security concern. Previously, work opportunities in Libya helped to absorb some of Tunisia's low-skilled labor surplus, while today, in addition to bemoaning the loss of such jobs, some Tunisians blame cross-border smuggling and the large number of Libyan refugees in their country for driving up prices. Former Interim President Moncef Marzouki attempted to revitalize the Arab Maghreb Union, which includes Tunisia, Algeria, Morocco, Libya, and Mauritania, but the organization remains inactive due to tensions between Morocco and Algeria, among other factors.

Tunisians broadly sympathize with the Palestinians, and Tunisia hosted the Palestine Liberation Organization (PLO) headquarters in exile from 1982 to 1993. Tunisia had an interests office in Israel from 1996 until the outbreak of the second Palestinian *intifada*, or uprising against the Israeli occupation of the West Bank and Gaza Strip, in 2000. Criticism of Israel and Israeli policies is common across Tunisia's political spectrum, although Tunisia has also annually welcomed Israeli tourists during a pilgrimage to a historic synagogue on Djerba Island. In 2012, the Nahda-led government hosted visits by senior Hamas officials.

U.S. Policy

President Obama met with newly elected Tunisian President Béji Caïd Essebsi at the White House in May 2015 and subsequently designated Tunisia as a "major non-NATO ally."³⁵ Secretary of State John Kerry and then-presidential advisor Mohsen Marzouk also signed a memorandum of understanding (MOU) that the State Department described as "outlining how our countries plan to work together to enhance both our security and our economic cooperation."³⁶ The text of the MOU has not been made public. President Obama declared in 2014 that Tunisia's transition "continued to inspire" people in the Arab world and beyond,³⁷ and his 2015 National Security Strategy commits to "work with Tunisia to further progress on building democratic institutions and strengthening its economy."

In February 2014, Secretary of State John Kerry traveled to Tunis, where he pledged "our commitment to stand with Tunisia ... to help move down this road to democracy."³⁸ Kerry also announced a new U.S.-Tunisia Strategy Dialogue, the first session of which was held in Washington in April 2014. Then-Prime Minister Mehdi Jomaa, who led Tunisia's delegation, also met with President Obama at the White House. A joint statement emphasized support for "Tunisia's historic democratic transition" and cooperation on economic development, educational and cultural affairs, and security and counterterrorism.³⁹

³³ AFP, "La Tunisie pas préparée à affronter seule le terrorisme, dit son président," February 4, 2015.

³⁴ Tout sur l'Algérie, "Caïd Essebsi s'exprime sur les relations avec l'Algérie, le Printemps arabe, la Libye et le Sahara occidental," February 4, 2015.

³⁵ The designation, notified to Congress on June 10, entails the prioritization of the delivery of U.S. excess defense articles (EDA) to Tunisia over many other countries (22 U.S. Code §2321j), among other potential implications for bilateral security ties.

³⁶ State Department press briefing, May 20, 2015. Marzouk has since become leader of the ruling Nidaa Tounes party.

³⁷ The White House, "Statement by the President on Parliamentary Elections in Tunisia," October 26, 2014.

³⁸ State Department, "Secretary of State Kerry Holds News Conference in Tunis, Tunisia," February 18, 2014.

³⁹ The White House, "Joint Statement by the United States of America and the Tunisian Republic," April 4, 2014.

U.S. officials have supported Tunisian efforts to attract greater foreign investment through aid, trade delegations, and negotiations under the U.S.-Tunisia bilateral trade investment framework agreement (TIFA), which was signed in 2002. The two countries also have a bilateral investment treaty and an agreement to avoid double taxation. In 2012, then-Secretary of State Hillary Clinton expressed support for a free trade agreement, but there have been few concrete steps toward achieving one.⁴⁰ Tunisia is the United States' 92nd-largest trading partner; in 2014, U.S. exports to Tunisia totaled \$831 million and U.S. imports from Tunisia totaled \$521 million.⁴¹ Given limited U.S. aid resources and structural obstacles to deepening bilateral economic ties—including a language barrier, Tunisia's small domestic market, and its trade orientation toward Europe—U.S. policymakers have encouraged other partners, such as the EU, to commit resources for Tunisia.

U.S. engagement with Tunisian security forces prior to 2011 was heavily focused on conventional military grants and sales. As terrorist threats have increased, and as the relationship between Tunisia's government and its security services continues to evolve, the United States has provided new types of security assistance to support counterterrorism and reforms. Tunisian officials have welcomed increased U.S. engagement, but the potential presence of U.S. military personnel, including for training activities, is politically sensitive.⁴² Tunisia cooperates with NATO's Operation Active Endeavor, which provides counterterrorism surveillance in the Mediterranean; participates in NATO's Mediterranean Dialogue; and allows NATO ships to make port calls.

The attack on the U.S. embassy and American school in September 2012 appeared to lead to a temporary cooling of relations, and U.S. officials criticized the Nahda-led interim government's handling of the investigation and prosecution of suspects.⁴³ The State Department's decision to lift a travel warning in 2014, ahead of then-Prime Minister Jomaa's visit, appeared to signal increased confidence.

U.S.-Tunisian relations date back over 200 years. Tunisia was also the site of significant World War II battles, and a U.S. cemetery and memorial in Carthage (outside Tunis) holds nearly 3,000 U.S. military dead. During the Cold War, Tunisia pursued a pro-Western foreign policy, despite an experiment with leftist economic policy in the 1960s. Still, U.S.-Tunisian ties were strained by the 1985 Israeli bombing of the Palestine Liberation Organization headquarters in Tunis, which some Tunisians viewed as having been carried out with U.S. approval.⁴⁴

U.S. Foreign Assistance

Tunisia was not a major recipient of U.S. foreign assistance prior to 2011, but U.S. aid and defense cooperation have grown significantly since then. In total, the Administration, with congressional agreement, allocated about \$580 million in aid between FY2011 and FY2014 (**Table 1**, below), equivalent to ten times the bilateral funding appropriated for Tunisia over the prior four fiscal years.⁴⁵ The Administration has signaled a desire to further increase aid in the

⁴⁰ Senate Appropriations Subcommittee on State, Foreign Operations, and Related Programs, hearing, "FY13 Department of State and Foreign Operations Budget Request," February 28, 2012. Progress toward an FTA would be subject to an interagency process and congressional approval, among other factors.

⁴¹ U.S. International Trade Commission data, accessed at http://dataweb.usitc.gov/scripts/cy_m3_run.asp.

⁴² David S. Cloud, "U.S. Military Presence in Africa Growing in Small Ways," *LA Times*, March 7, 2014.

⁴³ On May 29, 2013, the U.S. embassy in Tunis released a public statement criticizing the relatively lenient sentences given to several low-level suspects in the Tunis embassy attack. The statement called for a "full investigation" and accused Tunisia's government of failing to uphold its stated commitment to oppose those who use violence.

⁴⁴ Jonathan C. Randal, "Raid Left Scars on U.S.-Tunisia Ties," *The Washington Post*, March 5, 1987.

⁴⁵ Much of the initial post-revolution aid relied on funds reprogrammed from other intended recipients and programs. (continued...)

wake of Tunisia’s 2014 elections, and has requested \$134 million in bilateral funding in FY2016—more than twice the FY2015 request. Some 60% would be for State Department-administered security assistance—a slightly higher proportion than the FY2015 request or FY2014 allocation, and proportionately much higher than FY2011-2013.

U.S. economic aid since 2011 has included at least \$60 million for a U.S.-Tunisia “Enterprise Fund” intended to boost economic growth by investing in local firms,⁴⁶ as well as \$79 million for the cost of two sovereign loan guarantees that allowed Tunisia to borrow (at a more favorable interest rate) \$485 million in 2012 and \$500 million in 2014 on the international debt market. In May 2015, the Administration stated that it was “prepared to consider” a third loan guarantee supporting up to \$500 million in borrowing “to advance the Government of Tunisia’s ongoing reform program.”⁴⁷ Administration officials have encouraged increased U.S.-Tunisia trade and investment, while urging economic reforms.⁴⁸ The United States has also supported economic aid through multilateral financial institutions, such as the World Bank, International Monetary Fund (IMF), African Development Bank (AfDB), and European Bank for Reconstruction and Development (EBRD), all of which receive U.S. financing.

U.S. security assistance seeks to bolster Tunisia’s counterterrorism capabilities and also to support institutional reforms, including within the opaque internal security services. At least \$58 million in State Department-administered International Narcotics Control and Law Enforcement funds have been allocated since 2011 for police and justice-sector reform programs. Tunisia is also one of six focus countries of the Administration’s “Security Governance Initiative” (SGI), announced during the U.S.-Africa Leaders Summit in 2014.⁴⁹

Table I. U.S. Foreign Assistance for Tunisia Since 2011

\$ millions, estimated allocations as of January 2015

	FY2011	FY2012	FY2013	FY2014	FY2015 (req./est.)	FY2016 (req.)
Subtotal, Bilateral Aid	81.48	211.34	107.70	57.78	65.98 requested ^b + 10.00 reprogrammed	134.40 requested
<i>of which, ESF</i>	57.85	154.80	74.47	25.00	30.00	55.00
<i>of which, FMF</i>	17.12	29.50	20.55	20.00	25.00	62.50

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Estimated FY2011-FY2014 allocations, as of January 2015, provided by the State Department, Bureau of Foreign Assistance; FY2007-FY2010 figures from State Department *Congressional Budget Justification-Foreign Operations*.

⁴⁶ A GAO report released in February 2015 stated that the Tunisia enterprise fund had made one investment to date, of over \$2.4 million, in a private equity fund that invests in Tunisian small and medium-sized enterprises. The report also identified several “gaps in implementation” of the Tunisia fund and a fund established for Egypt, which, it said, could “pose challenges for USAID’s oversight.” (*Egypt and Tunisia Funds Are Established; Additional Steps Would Strengthen Compliance with USAID Grant Agreements and Other Requirements*, GAO-15-196, February 2, 2015.) A State Department Office of the Inspector General report on the U.S. Embassy in Tunisia in July 2015 recommended “an evaluation of the enterprise fund’s performance” prior to providing any additional financing.

⁴⁷ The White House, “FACT SHEET: Enduring U.S.-Tunisian Relations,” May 21, 2015.

⁴⁸ Secretary of Commerce Penny Pritzker, “Tunisia’s Moment,” www.whitehouse.gov, March 5, 2015.

⁴⁹ See The White House, “Fact Sheet: Security Governance Initiative,” August 6, 2014.

	FY2011	FY2012	FY2013	FY2014	FY2015 (req./est.)	FY2016 (req.)
of which, IMET	1.95	1.84	2.16	2.30	2.00	2.30
of which, INCLE	1.50	22.50	8.00	9.00	17.00 [of which 10.000 reprogrammed in Nov. 2014]	12.00
of which, NADR	3.06	2.70	2.52	1.48	1.98	2.60
Defense Department “Section 1206” global train & equip	13.03	6.87	-	-	20.77 ^c	-
Other (State & USAID regional, global, and centrally-managed economic and humanitarian assistance; multiple accounts)	44.12	33.72	17.36	5.70	-	-
TOTAL	138.62	251.92	125.06	63.48	- (see note b)	134.40

Source: State Department, Bureau of Foreign Assistance, response to CRS query, February 2015; and State Department, FY2016 Congressional Budget Justification, Foreign Operations, Appendix 3.

Notes: Allocations do not necessarily correspond to appropriations by year, and are subject to shift. Other than “Section 1206,” does not include non-State Department/USAID foreign assistance resources. Multi-country programs that may, in part, benefit Tunisian participants are also excluded. Totals may not sum due to rounding.

ESF = Economic Support Fund; FMF = Foreign Military Financing; IMET = International Military Education and Training; INCLE = International Narcotics Control and Law Enforcement; NADR = Nonproliferation, Antiterrorism, Demining and Related Programs;

“-” = none or to be determined.

- a. Includes funding reprogrammed for Tunisia after being appropriated for other countries and/or purposes.
- b. Estimated FY2015 bilateral allocations not yet available.
- c. Since January 2015, the Defense Department has notified to Congress its intention to provide about \$48 million in additional “Section 1206” (now codified as Section 2282) train-and-equip assistance for Tunisia, of which \$14 million was appropriated as “Counterterrorism Partnerships Fund” (CTPF).

The Administration has announced plans to provide Tunisia with substantial new counterterrorism assistance in FY2015 and FY2016 through regional and global programs, including under the Defense Department’s global train-and-equip authority, Section 2282 (previously, Section 1206).⁵⁰ The Defense Department has notified Congress of its intent to provide at least \$68

⁵⁰ Originally authorized as Section 1206 of the FY2006 National Defense Authorization Act (NDAA), the global train- (continued...)

million in equipment and training under Section 2282 in FY2015, of which \$13.7 million would be funded through the new Counterterrorism Partnerships Fund (CTPF).⁵¹ Such aid is in addition to the bilateral funding requested specifically for Tunisia, referenced above.

In 2014, the Administration notified Congress of its intent to agree to sell Tunisia defense articles and services worth an estimated \$700 million, including 12 Black Hawk helicopters, through the Foreign Military Sales (FMS) program. Tunisia has also purchased at least two U.S.-made C-130J military transport aircraft in recent years.⁵²

Recent Legislation

H.R. 2772, the FY2016 Department of State, Foreign Operations, and Related Programs Appropriations bill, would authorize additional Economic Support Fund (ESF) for the cost of additional loan guarantees for Tunisia. The report accompanying H.R. 2772 (H.Rept. 114-154) recommends the appropriation of \$134 million in aid for Tunisia, which is the same as the Administration's request. The report accompanying the Senate version of the FY2016 foreign aid appropriations bill (S.Rept. 114-79, accompanying S. 1725), would provide substantially lower budget authority for several types of bilateral aid to Tunisia than the Administration has requested. The relevant accounts include ESF, Foreign Military Financing (FMF), and International Narcotics Control and Law Enforcement (INCLE). The report recommends, for ESF and INCLE, that the Administration add to the FY2016 appropriation by reprogramming existing funds for Tunisia, particularly monies that would have been spent in Yemen.

Congress authorized funding for loan guarantees and the creation of the Tunisian-American Enterprise Fund in the FY2012 Department of State and Foreign Operations Appropriations Act (Division I of P.L. 112-74).⁵³ Congress made new funds available for loan guarantees and the enterprise fund in the FY2015 and FY2014 foreign aid appropriations acts (§7034 [r], Division J of P.L. 113-235; and §7041[g], Division K of P.L. 113-76, respectively). The explanatory statement accompanying the FY2015 act, P.L. 113-235, specified \$30 million in ESF budget authority for Tunisia, the same as the Administration's FY2015 request.⁵⁴

The FY2014 Department of State, Foreign Operations, And Related Programs Appropriations Act (Division K of P.L. 113-76) prohibited any foreign assistance from being used to support a Millennium Challenge Corporation (MCC) "threshold" program in a country that is not a candidate for a full MCC compact. The Administration had planned a roughly \$20 million MCC

(...continued)

and-equip authority was codified in the FY2015 NDAA (P.L. 113-291) as 10 U.S.C. Section 2282.

⁵¹ The FY2015 Consolidated and Further Continuing Appropriations Act (P.L. 113-235) established the CTPF, and the FY2015 NDAA (P.L. 113-291) authorized \$1.3 billion for it. See CRS In Focus IF10040, *DOD Train and Equip Authorities to Counter the Islamic State*, by (name redacted) .

⁵² AP, "US Delivers Tunisia 2nd Military Transport Plane to Bolster Fight Against Terrorism," January 8, 2015.

⁵³ Some Members of Congress called in 2012 for cutting U.S. aid over Tunisia's handling of an alleged suspect in the terrorist attacks on U.S. facilities in Benghazi, Libya. See, e.g., *The Cable*, "Graham Threatens Tunisia Over U.S. Access to Benghazi Suspect," October 31, 2012; Rep. Frank Wolf, "Cut Off Aid to Tunisia in Light of Obstructing Benghazi Investigation," December 11, 2012; and *The Washington Times*, "Benghazi Attack Suspect's Release Spurs Calls to Punish Tunisia," January 9, 2013. The suspect, Ali Ani al Harzi, a Tunisian, was detained in Turkey and transferred to Tunisian custody in October 2012. U.S. investigators were reportedly initially denied permission to question him in Tunisian custody, and he was released from detention in January 2013 due to a purported lack of evidence. Al Harzi was later implicated in the two political assassinations in 2013 and was reportedly charged in Tunisia with belonging to a terrorist organization. He was reportedly killed in a U.S. strike in Libya in 2015.

⁵⁴ State Department, FY2015 Congressional Budget Justification, Foreign Operations, March 2014.

threshold grant for Tunisia that was to focus on addressing constraints to economic growth and job creation.⁵⁵ However, Tunisia's relatively high income level renders it ineligible for a compact.⁵⁶ The Joint Explanatory Statement on P.L. 113-76 referred explicitly to Tunisia, stating that, "Efforts by the Administration to provide MCC assistance to countries that do not meet MCC criteria undermine the integrity of the MCC model."

Outlook

Tunisia has peacefully achieved many milestones since 2011, prompting observers to portray it as the lone success story of the "Arab Spring." Internal political tensions, socioeconomic pressures, terrorist threats, and regional dynamics are nonetheless likely to pose ongoing challenges. Despite a relative lack of conflict, Tunisia remains a potential locus of regional struggles among rival political ideologies, and among violent extremist groups vying for prominence and recruits. Key questions include whether Tunisia's new elected government is likely to remain cohesive, and whether it will effectively respond to terrorist threats, advance political and economic reforms, foster civil liberties, and satisfy popular demands for quality-of-life improvements. Tunisian leaders have welcomed U.S. assistance since 2011, but the local appetite for outside policy influence, now that the transitional period is formally over, remains to be seen.

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⁵⁵ State Department, "U.S. Government Assistance to Tunisia," December 14, 2012. On MCC threshold grants, see CRS Report RL32427, *Millennium Challenge Corporation*, by (name redacted)

⁵⁶ The pool of possible candidate countries for an MCC compact is limited by the authorizing statute to those falling under the threshold for the World Bank's classification for upper-middle income countries. Tunisia falls just above the per-capita gross national income threshold, at \$4,210, according to the World Bank.

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