



The effect of clustering in Tunisia

FINDINGS

Tunisian firms often choose to locate near each other in Central Business Districts (CBDs) in coastal areas where there is high local demand

More than 83% of industrial firms are located on the country's coast, with nearly 40% of these located in either the Tunis governorate or the Sfax governorate

The clustering of industries in specific areas has improved industrial productivity in a number of countries. Since the mid-1990s in Tunisia, concerted policies have been introduced which focus on improving the efficiency of the labour force, and the productivity of firms by creating clusters of industries. This has, however, been accompanied by an unequal spatial distribution of economic activities and has engendered large regional disparities in economic performance between coastal urban areas and interior governorates. Why have firms chosen to cluster in certain areas, and what has been the impact?

Why do firms cluster?

Firms normally cluster in one location due a rich and dense 'knowledge environment' in which there are fruitful exchanges between industries. Evidence from Tunisia indicates that firms choose to cluster in areas where there is high local demand—strategically locating near the majority of customers allows firms to save on transport costs. Within individual clusters, the transmission of innovative ideas is encouraged, thus creating a form of commercial relationship between competing firms.

The impact of clustering on productivity in Tunisian industries

For industrial firms that choose to locate in clusters in the greater Tunis area, there are significant benefits associated with clustering. Areas that have substantial concentration of industrial activity, thus greater competition, tend to be more attractive to new firms surveying desirable locations. When firms choose to locate near one another, they benefit from the knowledge and expertise of other firms in the same domain.

The advantages derived from industrial agglomerations in Tunisia highlight the importance of CBDs for productivity and information sharing. In the littoral region of the country, CBDs facilitate information-sharing and access to transportation and infrastructure. They also play an important role in creating a competitive environment that has the potential to spark further employment growth.

Regional disparities

Over time, due in part to the tendency of firms to cluster in Central Business Districts (CBDs) in coastal areas, the interior zones of Tunisia have been more or less neglected by industrial development.



New bridge near Rades industrial zone, Tunisia. © Dana Smillie / World Bank



Port industry and cranes
in Bizerte, Tunisia.
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Consequently differences between the more developed coastal region and interior regions have become more pronounced not only due to geographic distance but also unequal infrastructure, transportation and information networks.

More than 83% of industrial firms are located on the country's coast, with nearly 40% of these located in either the Tunis governorate or the Sfax governorate where there are superior infrastructure and transportation networks more conducive to industry. In general, larger firms tend to be located in Tunis while smaller firms are located in Sfax. The majority of the firms in these governorates produce products for export. In contrast, only industries that fabricate products aimed at local markets are more diversified around the country.

Recommendations for future industrial policies

Research clearly indicates that firms in agglomerations in Tunisia benefit from the proximity of other firms. Clustering results in a commercial relationship based on sharing rather than a division and exploitation of different sectors, allowing firms to take advantage of the innovative ideas of other firms within the cluster. In order to facilitate further industrial growth and to more equitably distribute industrial productivity more extensively throughout Tunisia, the connectivity of interior zones must be improved by developing infrastructure, transportation, and information networks that will enable the creation of additional CBDs.

IMPLICATIONS

The connectivity of interior zones must be improved by developing infrastructure, transportation, and information networks in order to facilitate the creation of more CBDs to reduce regional disparities

