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POLICY BRIEF

POWER SHARING: THE POLITICS OF EUROPEAN-TUNISIAN ENERGY COOPERATION

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SUMMARY

- Cooperation on clean energy will be an important facet of the EU's "Pact for the Mediterranean", a new strategic initiative to connect the bloc with its neighbours in North Africa and beyond.
- The EU and Tunisia share interests in accelerating the latter's nascent green transition. But President Kais Saied's increasing authoritarianism has helped relations sour in recent years.
- To date, Europeans have also struggled to find a coherent approach to clean energy cooperation with Tunisia, or factor the nuances of its political landscape into their engagement.
- A new approach following the ethos of the Pact for the Mediterranean—concrete projects that focus on mutual benefits for economies and people across society—could make further cooperation on renewables more feasible.
- This would boost Tunisia's economic development and empower its citizens beyond the usual elites. It could also act as a litmus test for the EU's green diplomacy in other challenging political environments.

Reintroductions

The residents of Gabès in southern Tunisia are used to being angry. Their city of around 150,000 people sits in what was once a lush coastal oasis, where rivers and acre upon acre of fertile soil met the Mediterranean Sea. Fishing, tourism and agriculture helped the city thrive. But today the rivers run dry, the beaches are black with soot, and the region's famed produce is under threat: "Even Gabès's pomegranates now taste like smoke," one activist told Reuters in October.

Environmental campaigners have long pointed to the city's state-run phosphate processing plant as the culprit. Phosphates, a critical mineral used to make fertilisers, have been one of Tunisia's main exports since the French protectorate in late 19th century. But turning them into fertiliser requires ammonia, which Tunisia mainly imports, and the process results in toxic and radioactive byproducts. In Gabès, activists link the plant to high rates of cancer, as well as bone, respiratory and a range of other diseases. During Tunisia's decade of democratisation after the 2011 Arab uprisings, they won a promise from the government to close the complex down.

This year, however, anger in Gabès has bubbled up once again. In March, the country's authoritarian president, Kais Saied, announced plans for a fivefold increase in fertiliser production in the city. September alone saw more than 120 people admitted to hospital with symptoms of suffocation. Despite the risk of reprisals, people took to the streets in their thousands, and unions paralysed the city through a general strike. By the end of October, protests had spread north to Tunis.

The president, for his part, condemned previous governments for "environmental assassination" and reportedly called for Chinese help to clean up the plant. But Tunisia's phosphates remain very much part of his plans for the country's flailing economy. And Gabès's fertiliser industry lies at the heart of Tunisia's plans to produce large amounts of green hydrogen, much of which will be destined for Europe as a clean energy source. What makes such hydrogen "green" is the use of renewables in the process that splits it from the oxygen in water. This hydrogen can then be used to make green ammonia. Naturally, to produce large amounts of green hydrogen and green ammonia, plentiful fresh water and renewable energy are requisites. And at present, neither Gabès nor Tunisia has much of either.

Gabès symbolises some of the dilemmas Europeans face as they work to cooperate on clean energy with Tunisia. Stability and energy security are among the EU's priorities in its foreign policies with its neighbourhood. But Russia's war on Ukraine and Israel's aggression against

Palestine have threatened the quest for stability, meaning energy has risen up the ranks in the EU's external engagement. To meet its targets for the decarbonisation of its energy supplies, the EU seeks (stable) neighbours to help it move further away from Russian gas.

Tunisia enjoys year-round sunshine and geographical proximity to Europe. The EU and Tunisia also have longstanding political ties: this year, they celebrate the 30th anniversary of their first association agreement. European optimism for Tunisia as a like-minded partner also got a boost during its post-2011 process of democratisation. But that period did not improve Tunisia's macroeconomic situation; nor did it lessen the country's socio-economic inequalities. This created fertile ground for Saied's populism to win him power in 2019, only to conduct a "self-coup" in 2021.

Tunisia's socio-economic situation has continued to deteriorate since then, and so have its relations with its European partners. In 2023, for example, Saied rejected an IMF bailout, sparking uncertainty over the country's financial stability and investment environment. The same year, the EU and Tunisia signed a memorandum of understanding to consolidate their cooperation in the green transition, migration and trade—but this has only managed to produce (contentious) cooperation on migration management.

The EU's new "Pact for the Mediterranean" aims to revamp the bloc's relations with and influence in Tunisia and its neighbours. The end goal of the initiative is to build a "common Mediterranean space", connected through tangible projects that bring value and mutual benefits for economies and people across societies. Clean energy projects and private sector investment have a big role to play in this approach. The EU underlined the importance of clean energy diplomacy and cooperation through the pact as part of its joint communication ahead of the UN climate conference (COP30) in November.

Europeans have already invested in accelerating Tunisia's nascent transition through solar and wind projects. They have also worked to develop trans-Mediterranean electricity interconnectors such as the ELMED project between Tunisia and Italy. And they have supported changes in Tunisia's regulatory frameworks to open up opportunities for private investment. In terms of green hydrogen, Europeans have focused their efforts to near-shore production on exports from Algeria and Tunisia via the SoutH2 corridor. But progress on clean energy cooperation has frequently stalled due to high-level tensions, Tunisia's unpredictable investment environment, and the often-conflicting goals of the many actors on both sides.

This paper argues that a more coherent European approach following the ethos of the Pact for the Mediterranean would help align the EU's and Tunisia's interests in the energy transition. This could have the added benefit of boosting projects under the EU's Global Gateway infrastructure initiative through "Team Europe" cooperation. Such joint efforts may, in turn, help secure green energy exports for Europe and promote opportunities for economic

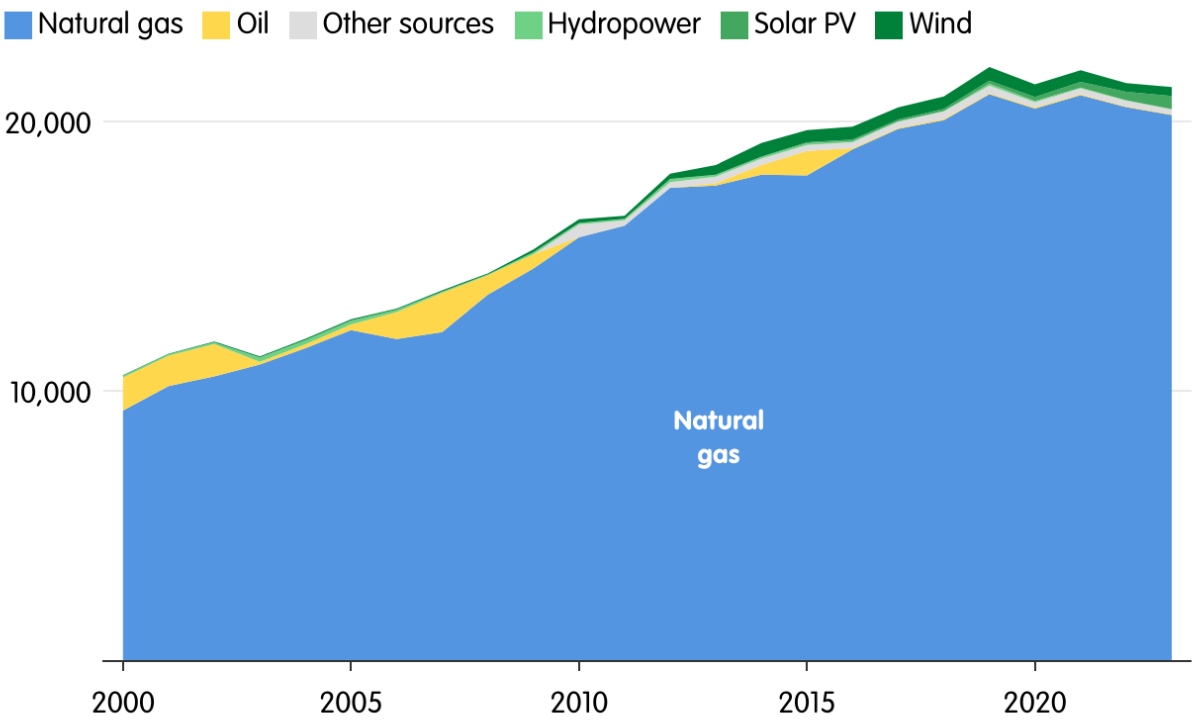
development in Tunisia. Renewables projects could also help improve Tunisia's investment environment, if Europeans can incentivise Saeid's and key unions' buy-in in a way that advances the necessary reforms. Crucially, joint renewables projects have the potential to feed into Tunisia's broader political, economic and industrial ecosystem: by bringing together various actors from policymaking, business, civil society and research on both sides of the Mediterranean, such initiatives should help uphold spaces for political dialogue and exchange.

The recommendations that close the paper set out how Europeans should make this happen. Still, cooperation on renewables can only open a crack in the door to democratic change in Tunisia: Saied has strongly consolidated his authoritarian turn, and joint wind and solar projects cannot substantially counter this. But success on renewables in Tunisia could also become a guide for such projects in other countries involved in the Pact for the Mediterranean, helping establish a series of best practices for green energy diplomacy that combine spaces for economic development with local benefits.

Tunisia's fraying wires

Since the 2000s, Tunisia's demand for energy has increasingly outstripped its domestic production. Tunisian electricity generation is still 94% gas-based, and the country's depleting domestic oil and gas reserves mean around 60% of Tunisia's total gas is imported, mostly from Algeria. Tunisia also relies on royalties, either in gas or currency, from the Trans-Mediterranean pipeline that runs through the country from Algeria on its way to Italy. Domestic renewable electricity production is limited to solar and wind, while hydropower and biomass electricity are almost non-existent, despite Tunisia's significant potential for the recycling of organic waste in power generation.

Electricity generation in Tunisia. 2000-2023, in GWh



Source: IEA
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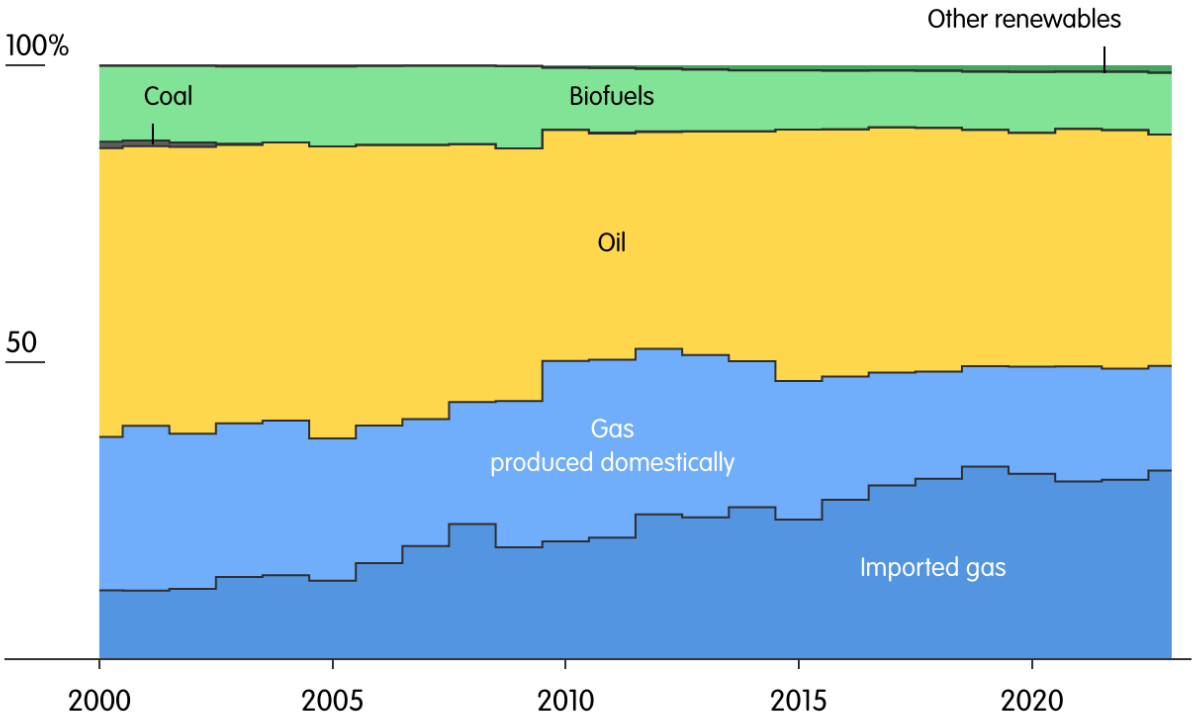
Total energy supply in Tunisia. 2000-2023, in %



Source: IEA
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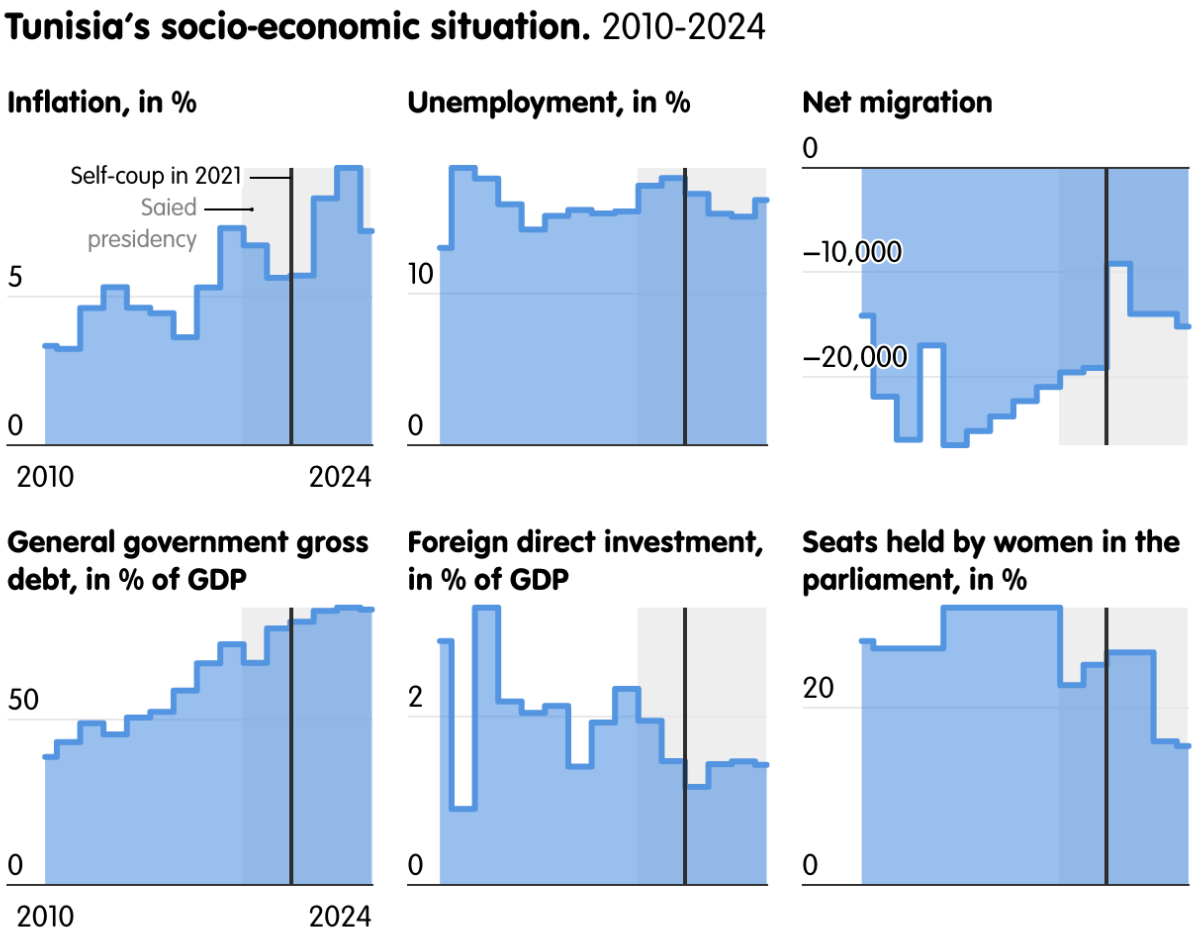
Tunisia's energy deficit thus contributes to its trade deficit—more than half of which comes from energy imports—and, in turn, to its (large) fiscal deficit. This trio feeds the country's economic woes. Tunisia's huge potential for domestic renewables production could help reduce all three deficits. But since his takeover in 2021, Saied has placed Tunisia's economy below consolidation of power and repression of dissent on his list of priorities.

To be sure, the post-2011 governments that came before him failed to address the country's economic malaise. The covid-19 pandemic did not help; nor did the fallout from Russia's war in Ukraine. Tunisia's economy also suffers from the impact of climate change: the country only emitted 0.08% of greenhouse gas globally in 2024, but sectors like agriculture and tourism have been severely affected by heatwaves, desertification and coastal erosion. A five-year drought has been particularly damaging, and has contributed to food insecurity and rising inflation.

Saied's macroeconomic policies have made matters worse. Notably, in 2023 he broke with the IMF, rejecting the conditionalities it attached to an agreement as Western "diktats". To compensate for the loss of finance, Saied monetised Tunisia's fiscal deficit, which led to record inflation of 9.3% that year. The state also increased domestic borrowing—forecast to rise to $7bn in 2025, up from $3.5bn in 2024. Unemployment stands at just over 16%, rising to almost 40% among people under the age of 24, and over 20% among graduates (and even higher for

women). Economic disparities are also strong between the wealthier northern and eastern coasts, and the interior regions in the west and south where the poverty rate is significantly higher.



Meanwhile, Saied has continued to centralise power; for instance, he adopted a new hyper-presidentialist constitution in 2022 despite low voter turnout in the referendum that approved it. His consolidation has also involved structural human rights violations against political opponents, (some Europe-supported) civil society organisations, and journalists and independent media. He has sought out more scapegoats in migrants from sub-Saharan Africa who transit through the country on their way to the Mediterranean coast, echoing the "great replacement" conspiracy theory that has become increasingly mainstream in Europe over the past few years. Another rhetorical enemy is "the West" itself, which he argues interferes with Tunisia's sovereignty in more ways than through the IMF.

This has all contributed to tensions with Tunisia's European partners. It has also coincided with Saied making, mainly rhetorical, moves towards non-Western powers. He has, for example,

shown interest in joining BRICS—which he presents as a form of cooperation that is not intrusive to Tunisia's sovereignty. But membership has not yet come to fruition, and BRICS members like China have so far not provided substantial financial support.

So, despite all the rhetoric, Saied continues to rely on European funding and the EU remains the country's main trading partner. He maintains strong bilateral relations with France, which hosts a sizable Tunisian diaspora. Germany is also highly invested in its relations with Tunisia, notably on the green hydrogen front, given the role hydrogen will play in the decarbonisation of energy-hungry industries like steel and cement. Saied also enjoys a clear convergence of interests with Italy's prime minister Giorgia Meloni. Indeed, Meloni was instrumental in concluding the 2023 memorandum of understanding with Tunisia, through which Saied aimed to attract more financial support. Migration management was central to the memorandum and has proven controversial, leading to accusations of EU complicity in Tunisian security forces' human rights abuses. But even that memorandum included a green transition that aims to enhance both sides' energy security and increase investment in Tunisia.

Cash inflows in exchange for joint renewables projects are therefore a material interest for Saied, and such interests could help him overcome what he frames as ideological objections to further cooperation with Europeans. But the president is not a central actor in Tunisia's green transition. He has made few public pronouncements on energy, has shown little understanding of the potential of renewables to improve the country's economic situation, and his recent concern about environmental issues seems to be a reactive response aimed at containing public anger. Rather, the power to accelerate Tunisia's transition lies with an array of public and private—and domestic and foreign—actors.

Mapping Tunisia's renewables actors

The Tunisian **energy ministry** and the National Agency for Energy Conservation (**ANME**) are the country's main policymakers in the sector. The ANME focuses on promoting renewables and energy efficiency on the consumption side, notably in the industrial sector. The **ministry of environment** intervenes in climate negotiations and adaptation; the **ministry of agriculture** oversees water issues.

Electricity production in Tunisia is 95% controlled by the public Tunisian Company of Electricity and Gas (**STEG**), founded in 1962 in the aftermath of Tunisia's

independence. Having achieved large-scale grid development and an electrification rate of 99%, STEG has become a symbol of successful state-led infrastructure roll-out in the country. But, as of February 2025, STEG was in debt to the tune of around 4bn dinars (€1.2bn)—largely due to unpaid customer bills, as well as international loans.

Laws passed in 2015 and 2019 opened up the renewable energy market for private investment. **International investors** bring capital for the development of large-scale solar and wind farms. They partly subcontract the construction and technical development of these to **Tunisian small and medium-sized businesses**, which are also active in solar module assembly and installation and the development of smaller solar parks. **Employer organisations** represent the private sector's interests among policymakers.

The Tunisian General Labour Union (**UGTT**) is the country's largest trade union and was central to Tunisia's democratic transition after the Arab uprisings in 2011. UGTT's electricity branch is the General Federation of Electricity and Gas (**FGEG**), which represents members of STEG. The unions strongly oppose privatisation and international investment. But the Saied regime is increasingly targeting trade unions with repression and sidelining them in dialogue with government. **Civil society groups**, including **NGOs** and **social movements**, support the unions' stance on privatisation while demanding energy and climate justice in the green transition.

Despite these often-divergent interests, the potential economic benefits mean Tunisian policymakers are highly motivated to accelerate the energy transition. Clearly, this cannot stand in for structural socio-economic reform in the country. But, if they can ensure the transition takes place in a way that it does not rely on empty promises of "trickle down" effects and short-term employment opportunities, it could help build a stronger and more climate-resilient economy. Ultimately, this would enable Tunisians to mitigate the effects of climate change on their economy, without depending on pledges for funding on this front from wealthy polluters. Europeans share many of these goals. But they have a long way to go if they are to cooperate more fruitfully with Tunisians on the transition and offer genuine mutual benefits to economies and people on both sides of the Mediterranean.

Alternating currents

Since the publication of Tunisia's solar plan in 2009, the country has regularly issued renewable energy targets, guided since 2015 by Nationally Determined Contributions under the Paris agreement. The latest target is an integration of 35% renewables in the electricity mix by 2030. The government also published a green hydrogen strategy in 2023 and aims to begin production, as a pilot in Gabès, in 2030.

Moreover, Tunisian policymakers are invested in improving domestic grid stability and interconnectivity for the on-demand import of electricity from and exports to Algeria, Italy and Libya. This should enable interconnectors like ELMED to help balance demand, given the less stable supply inherent in wind and solar power generation.

The ELMED project between Sicily and Tunisia will become Europe's second electricity interconnector with the African continent, after the Spain-Morocco cables that were commissioned in 1997 and 2006. ELMED is set for completion in 2028. But it will likely be some time before the mutual import and export of green electricity via ELMED happens. Tunisia's 2030 renewables target is probably overambitious, given current integration is 6% with only five years to go. Moreover, the increase in domestic renewables production will initially go towards filling the country's energy deficit.

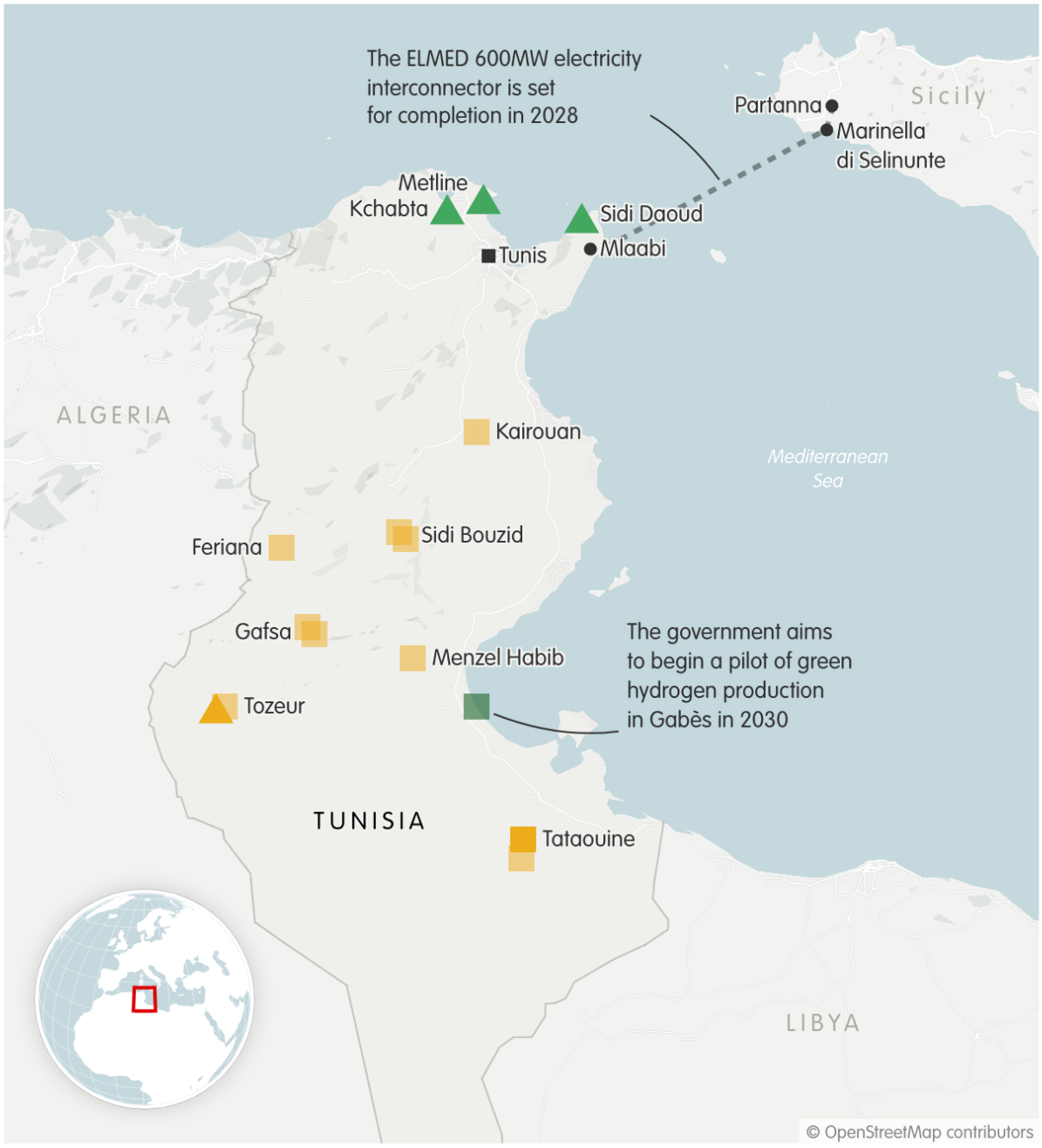
The positives

Tunisian policymakers have guided the construction of some renewable energy sites and the roll-out of the new regulatory framework to enable green investment. In the 2000s and 2010s, STEG built two large wind farms and two smaller solar farms. Then in 2015 and 2019, the laws opening up the sector put in place three regimes for private investment in electricity generation: "self-production" (for households and individual companies), "authorisation" (less than 10 megawatts (MW) for solar and less than 30MW for wind), and "concession" (more than the thresholds for the authorisation regime).

Renewable projects in Tunisia (selection)

Solar Wind Hydrogen

By ownership: Private Public



Source: Global Energy Monitor and author's research
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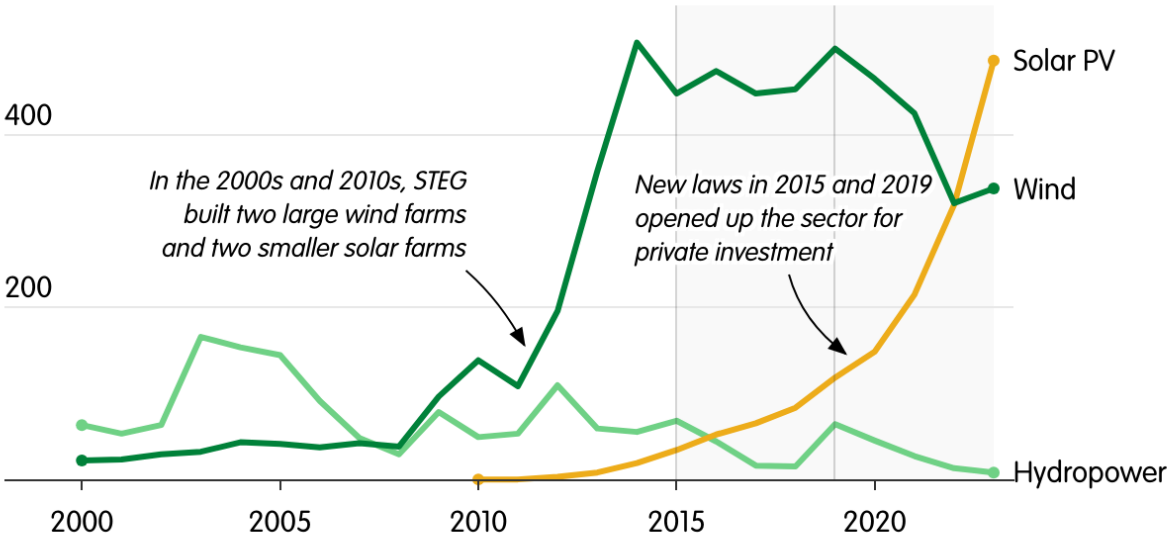
The opening up of the sector helped Tunisia's electricity generation from solar technologies reach approximately 500 gigawatt hours (GWh) at the end of 2023. But wind generation fell from a peak of 507GWh in 2014 to 338GWh in 2023.

Renewable electricity generation in Tunisia. 2000-2023, in GWh



Source: IEA
ECFR · ecfr.eu

This reflects European and Tunisian policymakers' joint interest in promoting the country's energy transition and underlines the potential for future collaboration and investment. The German development agency GIZ, for example, strongly supported Tunisian policymakers in setting up the regulatory framework; France's Proparco helped fund early private sector projects. But the focus on foreign investment for large-scale projects means Tunisian companies tend to be excluded from the concession level.

In terms of decentralised production, the energy ministry and ANME have launched programmes to improve household access to solar water heaters (Prosol) and panels (Prosol Elec). In 2024 they expanded the latter to help Tunisians on lower and middle incomes buy solar panels for their homes. "*Prosol Elec Économique*" and "*Prosol Elec Social*" aim to reduce energy poverty via subsidies and offer lower interest rates for borrowing connected to self-production. The self-production regime also includes industries and private companies, enabling them to sell surplus electricity to STEG.

Europeans have also had some joy working with Tunisians through decentralised cooperation. European development agencies, for instance, are involved in the regulatory and financial support of the "Alliance of municipalities for energy transition" initiative, which enhances green energy deployment and management at the municipal level. Likewise, the German development bank KfW funds the TEEP project that works to decarbonise public buildings, helping create tangible decarbonisation and efficiency improvements in Tunisia's institutions. Here again, European and Tunisian interests align—and in many projects such as these, the

benefits are more immediately evident at all levels of Tunisian society.

Moreover, projects large and small have boosted the Tunisian market for solar assembly and installation, thereby strengthening Tunisia's green economy. This has helped small and medium-sized businesses and, to some extent, the country's labour market. The International Renewable Energy Agency estimates around 3,000 renewable energy jobs existed in Tunisia in 2023. This could rise to 70,000 by 2035. But projections for green jobs are dependent on local green industrialisation—and the transition can only make a meaningful dent in Tunisia's unemployment figures if said jobs are not limited to short-term construction and assembly. Green graduate jobs, for example, are in short supply in Tunisia, despite the range of research and development organisations that support the transition ecosystem through the Borj Cedria Technopark (in Greater Tunis), and the country's planning offices and consultancies.

The resistance

Since the first concession tenders were finalised in the late 2010s, tensions between the energy ministry and private solar investors have increased. These disagreements largely revolve around pricing, and have led some companies to withdraw from big solar projects. Foreign investors also complain about STEG's dominant position in the energy market, bureaucratic hurdles in project development, and inconsistent regulations and opaque processes. Largely thanks to covid-era supply chain bottlenecks, Tunisian solar assembly and installation companies are grappling with rising prices for photovoltaic equipment. They have also suffered from delays in state subsidies due to the government's economic difficulties. Such economic pressure on Tunisian companies has led to job losses, underlining the volatility of the green labour market. These factors, as well as difficulties in onshore wind familiar to Europeans around land ownership and permits, have also blocked the approval and development of any private sector wind farms.

The politicisation of the energy field has led to other rhetorical and physical hurdles for Tunisia's green transition. Communities near STEG's Sidi Daoud wind farms have also long protested absent resident consultations, a lack of local benefits and the proximity of the wind turbines to their homes and land. In the solar field, between 2020 and 2022, opposition to privatisation and foreign investment led a group of UGTT members to block connection to the national grid of the solar farm in Tataouine. This underlines how Tunisian policymakers have not achieved viable buy-in of trade unions, civil society groups and local communities that oppose larger green infrastructure projects.

Technical obstacles also abound. The STEG-run national electricity grid was mostly developed in the post-independence period of the 1960s onwards. This ageing grid regularly shows its limits through power cuts in some poorer and rural areas, especially during peak consumption

in summer. This limits the development of the renewables sector because, similarly to how interconnectors help balance variable solar and wind supply, modern grids can transport such inconsistent outputs over longer distances from production to consumption sites.

Technical limitations also affect Tunisia's public water infrastructure, particularly its pipe systems. The ministry of agriculture has set out a plan to address Tunisia's water crisis by 2050. This involves the modernisation of distribution infrastructure, and increased seawater desalination and wastewater treatment, all of which would help integrate renewable energy sources. Much like renewables projects, there is potential for European companies and agencies to work with Tunisia's public sector on this infrastructure. But, to avoid the kinds of blockages that have beset solar and wind projects, this will have to create local value and show tangible benefits across society.

Tunisia's and Europe's joint green hydrogen ambitions hinge in part on addressing this water scarcity. The country's green hydrogen development is thus at an early stage—as it is in most countries, including those whose macroeconomic and regulatory landscapes are quite different (such as Arab Gulf states). Germany's GIZ supported the regulatory foundations of Tunisia's green hydrogen strategy to lay the groundwork for future imports via the SoutH2 corridor, which aims to transport clean hydrogen from potential production sites in Algeria and Tunisia to Italy, Austria and Germany through mostly repurposed gas pipelines. In January 2025, representatives of the five governments involved in the corridor (Algeria, Austria, Germany, Italy and Tunisia) signed a joint declaration of political intent in Rome, illustrating the shared enthusiasm for green hydrogen trade on both sides of the Mediterranean.

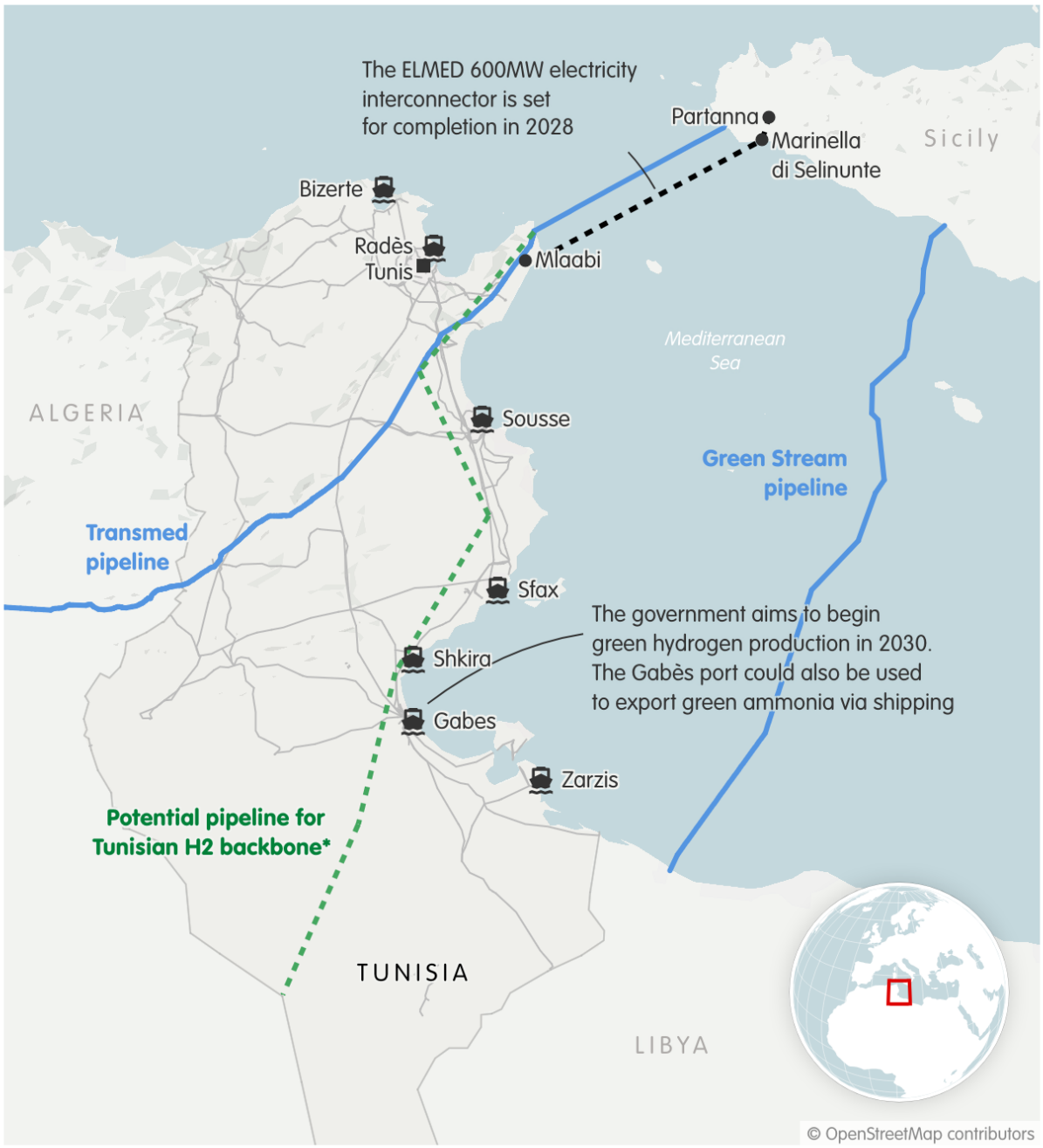
But Tunisian policymakers and researchers have pointed out that the local industrial use of green hydrogen remains limited, thereby restricting the added value of green hydrogen production for Tunisia's economy. GIZ helped Tunisian policymakers identify green ammonia as a derivative that the complex in Gabès could use for fertiliser production, which in theory would reduce the country's dependence on ammonia imports. It would, however, also involve maintaining the polluting and health-damaging phosphate industry in the city. Well before the protests and general strike in autumn 2025, civil society groups and movements mobilised against large-scale export projects such as green hydrogen and ammonia in the city. Their main concerns besides pollution are land expropriations (to build solar farms) and exacerbated water scarcity, for the production of the hydrogen but also the cleaning of solar panels.

Renewing renewables

Europeans can build on this cooperation in Tunisia's green transition to aid the country's economic development. Through this, Europeans could also reduce their own dependence on

imported fossil fuels. Success in this mission would result in a picture of connectedness between Tunisia and Europe that adds green energy to their deep historical, economic and political ties. This would be a small step towards the "common Mediterranean space" envisaged in the EU's new strategic approach.

Tunisia-Europe connectivity



* As per routing option 1 in the National strategy for the development of green hydrogen and its derivatives in Tunisia

Source: Ministry of Industry, Mines and Energy of Tunisia; European Union Joint Research Centre (JRC); Global Energy Monitor
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But, alongside jumpstarting wind and solar projects, interconnectors such as ELMED and green hydrogen development are two key areas in which Europeans need to overcome barriers to make the most of their shared interests.

Connecting interconnectors

Interconnector projects like ELMED should help improve Europe's grid stability and integration towards the Mediterranean. This is particularly the case for Italy. The southern parts of the country and the island of Sicily have limited grid integration for higher green energy capacities, which is why Italian grid operator TERNA plans several new power lines in the region besides ELMED. Similarly to Tunisia, this would help Italy better capitalise on its great potential for solar and wind power.

ELMED is set for completion in 2028 and will allow for two-way electricity flows and imports from Tunisia to the Italian and European electricity market. TERNA has been working closely with STEG to develop the cable. The European Commission has contributed funding through its Connecting Europe Facility, and development banks such as the European Investment Bank and the European Bank for Reconstruction and Development have helped finance the project.

For the project to be technically feasible, several infrastructure adjustments are also taking place on both sides of the Mediterranean, mainly new converter stations and onshore grid connections. Project developers have finished planning, social and environmental assessments, and the selection of the Italian group Prysmian as a cable supplier, with construction expected to start by early 2026. STEG and TERNA have also fostered cross-border skills and technology exchange throughout the planning stage.

ELMED is not the only ambition for cross-Mediterranean electricity connections: the Desertec project aimed to install large solar capacities in North African countries' deserts for exports to Europe in the 2000s and 2010s. The private TuNur project, a joint venture between companies from Britain, France, Malta and Tunisia, likewise envisages large-scale green energy production in southern Tunisia for export.

But ELMED is the only project to have advanced in any significant way. This is because it has received public funding through STEG and European public sector institutions, but also since it permits two-way electricity flows instead of focusing on exports. The cable should therefore help ensure grid flexibility by adapting electricity provision to each country's respective needs: Tunisia would primarily import electricity in peak consumption during summer and sell energy to Italy during the winter. For cable linkages with Tunisia to be viable, Europeans cannot conceive of the country as a mere exporter. Instead, they need to find a balance with Tunisia's interests in grid stability and local consumption as ELMED aims to do.

Moreover, European and Tunisian policymakers' public communication on ELMED's downstream use remains opaque. Plans envisage those vital two-way flows. But it is not clear what role the different actors from Italy and Tunisia will play in future electricity generation, and how the project will affect the respective energy markets. Which side will primarily produce for whom? Will ELMED exclusively transport green or also fossil-based electricity? And will Tunisia have to pay European prices if it imports energy from the EU, particularly in the early days of its operation? Now is the moment for European policymakers to provide clearer guidance and fine-tuning of expected output beyond the technical elements.

Connecting green hydrogen

The EU plans to import around half of its green hydrogen needs by 2050. But it is not clear whether the development of clean hydrogen in Tunisia is viable, given local production conditions may lead to less competitive prices compared with countries like Egypt, Morocco and Arab Gulf states. Moreover, European industries may not commit to buying Tunisian hydrogen: big companies such as Germany's ArcelorMittal, for instance, have cancelled ambitions for hydrogen-based steel manufacturing over cost and feasibility concerns.

Crucially, European policymakers have not found a local use for green hydrogen in the Tunisian economy. The green ammonia solution would add to the discord in Gabès. As would the seawater desalination as suggested in the Tunisian hydrogen strategy, which is cost- and energy-intensive and damages marine ecosystems and fishing through the diffusion of toxic brine. On the transport side, around 65% of existing pipelines in the SoutH2 corridor can be repurposed for hydrogen transport, but doing so will still involve costly technical modifications and new construction for the other 35%.

This implies European policymakers can only move forward in green hydrogen cooperation with Tunisia through clear procurement for industries on both sides of the Mediterranean.

Connecting ideas

ELMED and green hydrogen exports depend on Tunisia's domestic renewables cooperation more broadly. But the array of European actors involved means connecting the various interests and initiatives on the go will be no mean feat.

To boost Tunisia's green electricity generation and energy economy, the European Commission is promoting a 1.7 gigawatt renewable energy programme to strengthen tenders in the concession regime and provide support for "power-purchase agreements" (that is, long-term contracts to ensure the energy produced has buyers in place). The programme is part of the

EU's Global Gateway infrastructure initiative, which aims to increase connections with the EU's neighbourhood in line with broader sustainability goals and horizontal partnerships.

Global Gateway incorporates a "Team Europe" approach that combines EU and member state efforts, but Europeans have struggled to get projects off the page. Successful efforts to turn this around in Tunisia could therefore provide valuable lessons for Global Gateway projects in other countries. The commission has also added the "Medlink" project to its list for prioritised cross-border projects. This initiative aims to install 10GW of renewable energy generation in Tunisia and Algeria. It also aims to connect this new capacity with Europe and improve market integration.

In line with the "Team Europe" strategy, Germany, France and Italy use their bilateral energy relations with the Tunisian government to help to merge individual country specialisations. Germany's energy partnership particularly covers regulatory and technical assistance to boost green energy and hydrogen production as well as grid development in Tunisia. France puts a strong focus on financial support for the private sector, smart grids and green finance labelling. For Italy, one key interest is to enhance energy interconnectivity through ELMED to increase grid stability in both Tunisia and Southern Italy. Such initiatives are in line with the country's Mattei Plan that promotes energy projects in Africa to achieve broader economic development.

As discussed, development agencies like France's Proparco and Germany's GIZ have provided technical and financial support in the set-up of Tunisia's regulatory frameworks and opening up to private investment. National development banks have also provided loans to Tunisian state institutions, for example STEG has borrowed from the German KfW. This is all part of agencies' and banks' push for more reforms in the Tunisian energy market to enable private investment and reduce STEG's role to an energy buyer and distributor. They are also invested in supporting the Tunisian state to set up a transparent and reliable energy system, for example, through the introduction of an energy regulator, capacity building for officials and the reduction of fossil-fuel subsidies.

The EU has an array of other forums and networks it can connect to leverage joint green energy interests. For example, the Mediterranean Association of National Agencies for Energy Management enables the exchange of best practices and joint projects between energy agencies, including Tunisia's ANME and European countries' agencies. In addition, the Euro-Mediterranean Regional and Local Assembly connects local authorities from the EU and southern Mediterranean countries such as Tunisia, opening up possibilities for decentralised cooperation beyond the national level. These spaces also foster European interests in a firmer Tunisian ecosystem for research and development that stabilises the energy transition. Cross-border engagement like the Arab-German Young Academy of Sciences and Humanities or Tunisia's association with the Horizon Europe research facility strengthen scientific and

industrial innovation for climate change-induced challenges on both shores.

European countries and the European Commission also aim to increase skill sharing and labour migration for Tunisian citizens to Europe's industries. In line with the ambitions for shared skills development in the 2023 memorandum of understanding, the European Commission has laid the groundwork for Talent Partnerships with Tunisia. European universities and research centres have cooperated with their Tunisian counterparts at least since Tunisia's association with the Horizon Europe research programme in 2016, pointing to similar objectives for shared skills development and green industrial innovation.

Difficulties in moving all these plans and initiatives forward are linked to siloed governance from the European side. Development agencies and banks regularly consult one another on energy-related projects and advancements in a coordination group. But they could still more clearly identify intersecting or conflicting interests and potential duplications. European private companies and trade chambers are likewise involved in energy investment, but current exchange channels between European policymakers and companies are not always effective in streamlining the EU's policy goals with the private sector.

The EU's aims for large-scale solar, wind and hydrogen development also involve cross-cutting questions surrounding natural resources such as water. This is linked to individual member states' siloed and short-term projects. It is also because European development agencies promote water protection and green agricultural practices. This could create conflict depending on the EU's priorities and those of each member state, and even among the range of actors within member states.

Working with the currents

European objectives also sometimes collide with segments of Tunisia's policymaking ecosystem. Indeed, some European aims are simply not feasible in this environment—such as reducing the role of STEG to a buyer and distributor of renewable electricity. For mutually beneficial European-Tunisian cooperation to happen, the EU, member states and other European actors will have to factor in the complexities of Tunisian politics at all levels.

Tunisia's state and public actors

European support for private capital risks conflict with Saied and his government's vision of sovereignty. This manifests in his rhetorical rejections of foreign funding schemes and of international interference, and ties in with the opposition to privatisation and international funding that unions and civil society organisations demonstrate. Likely to avoid the social

tensions privatisation would bring, Saied opposes the dismantling of state-owned companies. But he has urged STEG to find solutions for customer debt, illustrating his openness to reforms that involve public companies.

Despite Saied's flirtations with BRICS and China, the EU maintains the strongest position in external support to Tunisia. And most investments in large solar projects still come from European companies. However, consortiums from China, Japan and the Gulf have also entered the market, for instance in the Kairouan power plant between Dubai-based AMEA Power and Chinese TBEA Xinjiang New Energy. The Tunisian government has simultaneously signed memorandums with Gulf companies such as Saudi Arabia's ACWA Power while pushing ambitions for regional grid integration with Algeria and Libya.

Europeans will therefore have to consolidate their strategic advantages and shared interests—or others may take over political support and investment in their place. This would limit the EU's control over its external energy supply and pathways for economic stabilisation in Tunisia. Ultimately though, the EU's financial support remains bigger and more reliable than that of other countries, enhancing European actors' leverage to push energy cooperation forward with new incentives.

As the recent mobilisation in Gabès shows, UGTT and FGEG remain powerful actors capable of influencing public discourse on energy issues, including through public advocacy. This is despite their repression under Saied and their marginalisation in social dialogue. As recently as July, the unions also called for STEG strikes in the run-up to salary negotiations. Given that union-supported STEG still controls 95% of Tunisia's electricity production, Europeans will have to strengthen their dialogue with the unions to find adequate measures for continued support for STEG. In the context of STEG's increasing debt, this also implies European will have to rethink financing models and prevent new loans pulling the Tunisian state into deeper debt cycles.

Governance dilemmas

European and Tunisian policymakers aim to ensure Tunisia's transition takes into account economic and social justice across society. But, as discussed, civil society groups and local communities have criticised their exclusions from decision-making processes on renewable energy projects. European top-down engagement could exacerbate this, further undermining a sustainable and stabilising green transition. If European policymakers do not address national and local governance concerns, the green transition could promote exclusion and disaffection rather than the inclusive growth and stability that Europe seeks.

Similarly, European actors have failed to establish a stable and inclusive dialogue between the range of Tunisian government actors, unions, energy sector interests and civil society. Instead, civil society actors have criticised the lack of transparency and accountability in energy investment while export-oriented projects risk exacerbating social conflict between these different stakeholders. Europeans have as yet not offered convincing solutions to unions and civil society groups on how European green investment can deliver local benefits as past capital flows have not stimulated inclusive economic growth.

European development agencies and Tunisian policymakers have mainly focused on technical experts and administrators in their public consultations for green hydrogen development. They have neglected the broader perspectives of civil society, local communities and small-scale businesses, which are all under-represented. Without more emphasis on securing the local buy-in of diverse stakeholder groups beyond elites, including by finding local downstream uses of renewable energy for economic stabilisation and industrialisation, new joint projects could well flounder or fail to promote stability and inclusive growth in Tunisia.

As seen in Gabès, the Tunisian public is also loath to accept the use of natural resources such as water for energy projects in a context of increasing drought. Environmental activists also fear land grabs and negative impacts on agriculture through large-scale infrastructure projects. This dynamic was also evident in the protests against STEG's wind farms.

Indeed, some Tunisian environmental activists have perceived energy relations with Europe as neo-colonialism and green extractivism. This stems from their exclusion from decision-making, as well as concerns about the environment and a lack of local economic benefits from export-focused projects. They are right that European and Tunisian policymakers' engagement with non-state actors has primarily targeted elites like private investors. This endangers the social viability and public acceptance of green energy projects for both domestic consumption and export. Europeans need to integrate the ecological dimensions of renewable energy production more strongly to respond to local opposition and realise the environmental standards set out in the Global Gateway initiative.

In Tunisia's increasingly authoritarian environment, European development agencies and project developers cannot view the buy-in of civil society groups, local communities and unions as an optional extra. They need to treat it as central element in decisions about the socio-economic viability and local rootedness of energy projects. European policymakers will have to provide active guidance on the inclusion of civil society and public perspectives in decision-making spaces throughout project planning and implementation.

Tunisia's private sector

Tunisia's public and private renewable energy sector remains strongly dependent on foreign financial support. But investors, banks and policymakers may hesitate to back projects in a country they perceive as unstable, undergoing a process of re-autocratisation and lacking a transparent operating environment. This is because complex legal frameworks and limited public accountability lead to uncertain investment conditions. The country's economic appeal for European and Tunisian companies is also hampered by unclear points of contact in state institutions and a lack of experience among Tunisian authorities in processing larger renewable energy deals. As Tunisia's political volatility goes hand in hand with economic instability, the green transition's environment for European investment and ventures with Tunisian companies is under pressure.

Moreover, smaller private companies in sectors such as manufacturing and agriculture have not yet implemented self-production of renewables on a large scale due to bureaucratic and financial constraints, or a lack of awareness. The EU's carbon border adjustment mechanism (CBAM) could be an incentive to accelerate their energy transition. This would also boost Tunisian companies that work in the assembly and installation of solar panels, as well as in steel tower production for wind turbines.

But the CBAM, a tariff on carbon-intensive products entering the EU, will likely hurt Tunisian export-oriented companies, especially in polluting steel, fertiliser and cement production. This could have a contradictory effect on the EU's support for economic development through promoting the green transition. So far, companies lack the necessary guidance to fulfil the mechanism's criteria and to provide documentation on their products' carbon-intensity. [1] This implies European policymakers will have to strengthen economic development that goes beyond international investment only and nurtures small Tunisian businesses.

In addition, the three regimes in Tunisia's renewable energy framework reinforce divisions between Tunisian and multinational investors. Large-scale solar parks in the concession regime have exclusively been developed by European and international companies while Tunisian developers have only built small and medium projects, due to a lack of capital and experience. As European companies seek new markets in Tunisia, they risk undermining local companies' possibilities for investment and transferring economic profits to Europe without local added value.

There is hence no guarantee that green energy expansion generates growth that is beneficial to Tunisia's private sector and the desired broader economic stabilisation. That is, not without targeted steering and joint ventures between European and Tunisian companies.

How to stabilise the connections

European actors need to adjust their policies using the following strategies to navigate the diverse challenges and interests in Tunisia's energy transition. If they can do this, then a picture of green connectivity between Tunisia and its northerly neighbours may really begin to take shape.

Merge divergent approaches

European development agencies and EU and member state delegations should integrate cross-cutting elements such as inclusive socio-economic development in negotiations and project implementation. This will help them and their Tunisian partners go beyond the mere technicalities of energy projects, assure the long-term viability of projects and secure state and union buy-in.

This implies they need to factor in unions' demands that STEG play a central future role in electricity generation, in parallel to a private sector scale-up. It also means they need to help promote job stability. These demands are in line with Saied's stance on protecting state-owned companies and could therefore also help leverage his government's buy-in. Only this can bring acceptance of European and private sector investment and reduce the risk of blockages to further reforms of the investment environment. And only this can bring transparency from the state in processing tenders for energy projects.

European governments could further increase unions' and Saied's acceptance if they more clearly pointed out the green transition's economic and infrastructure benefits for Tunisia. Notably, they should highlight the key state interests of energy security and enhanced grid stability. European governments' and development banks' cooperation with Tunisian ministries, ANME and STEG should include jointly identifying where the Tunisian side needs support for the development of additional infrastructure. Beyond high voltage transmission, grid development for electricity (low and middle voltage) and water (pipes and pumping systems) should enhance reliable supply to residents and business consumers. Climate-resilient infrastructure supports the country's broader economic stabilisation through predictable production conditions. France, Germany and Italy should tease out adapted funding schemes to achieve better coordination in infrastructure support, for example, through Global Gateway.

Since energy infrastructure has such an impact on Tunisia's water and land politics, European development agencies need to strengthen resource sustainability and socio-economic distribution in their national and local projects with Tunisian authorities. This will help prevent side-effects such as aggravated water scarcity. European development banks should work with

the Tunisian ministries of energy, environment and agriculture, as well as ANME, to identify how urgently Tunisia needs the pledged funding for climate adaptation (particularly in water management, agriculture and buildings). This could then be merged with the energy transition to minimise costs and intervention, for example, through combined technologies or synergies in blended climate finance.

Crucially, European actors need to better coordinate and streamline their policy strategies across the EU, member state and subnational level. This would help them overcome disconnections between individual states and improve consistency (including to effectively support commitment from the Tunisian side). They should also develop shared project pipelines between embassies, development agencies and development banks to better identify aligned objectives.

One key focus of this process should be to develop a clearer regulatory framework and transparency for investment in Tunisia. As information flows and policy goals are strongly siloed between Tunisian state institutions, an institutionalised EU-Tunisian committee with regular working groups could provide clearer guidance on timelines and obstacles. This would help to merge member states' policy goals and improve the EU's coherence in international energy and climate action.

Strengthen energy use in Tunisia's economy

European actors must acknowledge that downstream uses of renewable energy in Tunisia are a requisite for stable green industrialisation. This is the only way they can avoid projects having a predominantly export focus. Renewable energy is no panacea, but long-term added value creation through an anchored green ecosystem could also increase Saied's and unions' acceptance of green energy cooperation. European development agencies and governments should therefore support green energy integration in Tunisian sectors such as manufacturing, tourism and agriculture.

They should also connect European research and development organisations with Tunisian industries, research centres (for example, the Borj Cedria Technopark), and think-tanks to strengthen mutually beneficial industrial research on green technologies via Tunisia's integration in Horizon Europe. European governments should also guide their trade chambers to connect European and Tunisian private companies. This would help support near-shored local manufacturing of technologies and renewable energy components in Tunisia, including to boost green value chains, job creation and industries' preparedness for the CBAM. Tunisia's skilled labour force combined with locally produced green energy could incentivise European companies to partly relocate or outsource some of their production steps.

Green industrial development may reduce economic motivations for emigration (of Tunisians, bearing in mind the country is a transit country also) if EU member states revamp their existing policies. In short, renewables can only effectively contribute to curbing irregular migration to Europe if long-term job opportunities in Tunisia are coupled with programmes for high-value business opportunities, ranging from small and medium companies to larger industries. To boost the European Commission's Talent Partnerships in the green sector, member states should facilitate and simplify circular migration of Tunisian energy professionals to the European energy sector (including through visa delivery and diversified target groups) to enhance skills sharing in the sector.

Invest in and with public companies

STEG maintains the strong support of unions and has local expertise in energy production and grid development. To make the Tunisian energy market more predictable, European development banks should maintain and diversify their financial support for STEG. Joint ventures (including public-private and public-public partnerships) with the company could combine different funding schemes (as is the case with ELMED).

Targeted investment through STEG would also align with the latest negotiation round between UGTT's electricity branch and the Tunisian energy ministry in July 2025. These discussions included union demands to assign larger quantities of green energy production to STEG. Europeans will therefore likely come up against less opposition from unions by following this path. European financial support and investment should aim to prevent STEG becoming more indebted through UN-supported swaps, as the Tunisian government has announced it may be open to. Through these, parts of STEG's debt would then be exchanged for EU-supported green investment.

Guide European investors

European governments should use state funding to better organise their private sectors and catalyse their businesses amid competition with Gulf and Chinese investors. They could do so, for example, by working with Tunisian partners to create investment frameworks, elaborate memorandums of understanding, and promote trade chamber cooperation. This would also facilitate joint ventures and business opportunities between European and Tunisian companies to generate local value.

To realise the Global Gateway's standards of human rights and transparency in energy investment, EU delegations and European governments should elaborate frameworks for private companies to couple investments and funding with compliance in transparent access to

information. These frameworks should also include public consultations with local communities in social impact assessments. Such mechanisms should aim to ensure a level playing field for investment in the Tunisian energy market and should align with the EU's broader framework for corporate due diligence duties, particularly Directive 2024/1760.

European governments and private companies would thus demonstrate their reliability and accountability to Tunisian state institutions, businesses, unions and civil society as an alternative to less transparent Gulf or Chinese investments.

Diversify stakeholder engagement

European actors should avoid exacerbating Tunisia's authoritarian structures through the energy transition. To do so, they will need to diversify their engagement beyond elites, also to help reduce public opposition. Such inclusive participation that involves sidelined groups from the public sector, small and medium-sized enterprises, and civil society will help prevent Europeans forming dependencies on a limited number of Tunisian state actors.

This will also help spread socio-economic benefits across various sectors and regions, which might increase acceptance from Saied's government. This should include private companies (in and beyond Tunis), decentralised entities (for example, municipalities and local union sections), and culturally adapted participation formats for communities in rural areas (for instance, regular consultations and public information events).

Don't be scared to go small

In parallel to support for large-scale projects, European development agencies and decentralised entities (for example, regions and cities) should build on small-scale programmes such as Prosol. In so doing, they should share European experiences in distributed solar power and community energy. Small-scale generation such as this can snowball to big impact, especially amid Tunisia's increasing electricity demand.

Development agencies could use schemes similar to the Horizon 2020 project "SHAREs" to boost the capacities of state authorities and civil society groups in decentralised energy production. They should include energy poverty in this, in accordance with the new *Prosol Elec Économique* and *Social* schemes. They should also design follow-up initiatives to build on their experiences of the projects "Alliance of municipalities for energy transition" and TEEP for public buildings' energy transition to go beyond limited project cycles. Finally, agencies should emphasise agricultural photovoltaics and biogas production. This would help enhance the local rootedness of the energy transition in rural areas, resolve land conflicts and bolster the

economic resilience of the agricultural sector while diversifying the Tunisian energy transition.

"Let us breathe"

Speaking to Reuters in October, one Gabès resident said, "We no longer ask for food or jobs. We want one thing: dismantle the chemical units. Let us breathe." Basic rights such as access to clean air and water should be very much part of the EU's revamped engagement with countries in its neighbourhood. But Europeans will also need to go beyond the basics.

This includes the promotion of their new approach at COP30 in Brazil. European policymakers seem to acknowledge the strategic character of renewable energy cooperation: it plays into economic development and can create public and industrial benefits as a positive side-effect. If the EU finds coherent long-term responses to the increasingly politicised Tunisian energy transition, it can align both sides' interests beyond the elite level and shape more inclusive forms of connectivity and stability. Europeans may then have a chance of building on this to restore mutual political trust and widen stability throughout the countries that line the shores of the Mediterranean.

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[1] Author's discussion with a European trade chamber in Tunis, online, November 2024.

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