# From Cairo and Carthage to the Rest of the World: Trade in Egypt and Tunisia

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#### Abstract

This article examines trade and globalization in Egypt and Tunisia. Though both countries are located in North Africa, they have different trading networks and spheres of influence on the rest of the world. Though the largest share of Egyptian trade is still with other countries in the Middle East, Egypt has expanded its traditional trading network. Tunisia has made great strides towards liberalizing trade policies and intensifying its trade connections with Europe. Additionally, the article analyzes some ethical challenges both countries face with regards to some aspects of international trade.

#### I. Introduction

One of the most important aspects of generating revenue for a country's economy is facilitating trade. The practice of trading goes back millennia to hunter gatherers to Marco Polo and the silk road throughout Asia. Countries and empires have gone to great lengths when trying to find land with abundant resources and valuable trading posts. Most cities and developments were built near rivers or oceans as these are places where trade could be done more easily. Both Tunisia and Egypt are countries strategically located where they can enact trade both regionally and globally.

This article examines the similarities and differences between Egypt and Tunisia in respect to international trade. Despite these countries being geographically located close to each other, they have different approaches and strategies for trade. For example, Egypt's top three exports markets are all in the Middle East: the United Arab Emirates, Saudi Arabia, and Turkey, which amount respectively to 10.7 percent, 6.4 percent, and 6.2 percent of Egypt's total exports. Tunisia's top three exports markets are all in Europe: France, Italy, and Germany, which amount respectively to 29.6 percent, 16.8 percent, and 13.9 percent of Tunisia's total exports.

<sup>&</sup>lt;sup>1</sup> International Trade Centre (2022a).

<sup>&</sup>lt;sup>2</sup> International Trade Centre (2022b).

This article is structured into six sections. Following this introduction, the article summarizes some recent publications that examine the trading regimens of these two countries. The article then provides some socio-economic background to illustrate how Egypt and Tunisia have done over time with regards to three basic development indicators. An analysis of facts related to trade will then highlight various trade issues of the two countries. The subsequent ethical analysis will shed some light on various ethical issues related to trade in Egypt and Tunisia. Lastly, a concluding section will recap the main issues.

## **II.** Literature Review

There has been an extensive amount of literature on trade in both Egypt and Tunisia over the last few decades. The rapid rise with economic growth and development within each country has propelled them to international attention with respect to trade. Kahn and Arielli (2019) as well as Reda Abu Hatab, Abdelhamed Shoumann and Xuexi (2012) are recent publications focusing on trade issues in Egypt. Jebli and Youssef (2015) and Meddeb (2021) are recent publications focusing on trade issues in Tunisia. Konan and Kim (2004) focus on both trade in Egypt and Tunisia. In all these publications, the authors look at how trade regulations have impacted trade in these two countries.

- Kahn and Arielli (2019) examine how the March 1979 peace agreement between Egypt and Israel has impacted the two countries' trade relations. Due to its strategic location, Egypt plays an important role in the global trade network. Following the peace agreement, the United States helped to set up the Qualified Industrial Zone (QIZ) to generate a positive flow of trade between Egypt, Israel and the United States. As a result, Egypt was able to dramatically increase its textile exports. The QIZ deal with Israel is consistent with efforts by the Egyptian government to open up the economy, increase economic growth, enhance job creation, and promote exports. Kahn and Arielli (2019) also note how all three countries involved (Egypt, Israel and the United States) have different political agendas but are effectively able to work together and benefit through trade.
- Reda Abu Hatab, Abdelhamed Shoumann and Xuexi (2012) review how Egypt, the first Arab and African country to enter diplomatic relations with the People's Republic of China in 1956, and China have seen a substantial expansion in their trade. China's demand for imports is expected to continue, driven by the effects of fast economic growth, higher incomes and rapid urbanization that leads to a prime market for Egypt to export to. The authors emphasize the importance of Egypt's positive relationship with China in order for Egypt to expand its horizon and trade with a country that is not seen as a typical trading partner. When looking at the comparative advantages for Egypt trading with China, Egypt chiefly exports mineral fuels, lubricants and related materials, chemicals and related products to the Chinese market. On the contrary, China's major exports to Egypt are manufactured goods, machinery and transport equipment, and chemical products.
- Jebli and Youssef (2015) focus on the many adjustments Tunisia made to liberalize their trading rules in order to be more productive and profitable. Tunisia joined the General Agreement on Tariffs and Trade (GATT) on August 19, 1990, the World Trade Organization (WTO) on March 29, 1995, and signed an association agreement with the European Union (EU) in July 1995. By removing all trade barriers, Tunisia became the first Mediterranean country to enter into a free trade area with the EU in 2008. Furthermore,

the article examines the connection between renewable energy consumption and international trade for Tunisia. Since 1980, Tunisia's exports have grown tremendously thus resulting in a larger consumption of energy. Renewable energy has been used in Tunisia to help create a greener environment to ensure that all this productive trade does not in turn hurt the country in the long run.

- Meddeb (2021) focuses on Tunisia's informal trade, especially the impact of informal trade on Tunisia's strategic trading partners. Due to security issues negatively affecting Tunisia since 2011, many of Tunisia's trading partners in Europe have decreased their traditional trade with Tunisia. Tunisia's informal trade consists mostly of open-air imports of local vendors selling these imported goods. These goods are not necessarily being brought in illegally, but it has become an increasing part of Tunisian trade, which is difficult to monitor. In addition, new trading partners have emerged with countries like Turkey and China. On November 25, 2004, Turkey and Tunisia signed a free trade agreement that entered into force on July 1, 2005.
- Konan and Kim (2004) examine Egypt's and Tunisia's liberalization policies that were adopted to expand their international trade. A big contributor for Tunisia becoming the first country to be affiliated with the EU was the close political relationship between Tunisia and France (its former colonizer). While Tunisia is closely tied to Europe, Egypt is in a sense disconnected from the rest of the world's global trading system. Egypt's trade centers around petroleum and the Suez Canal, which is vital for international trade, but does not contribute much to Egypt's trade. Tunisia specializes in manufacturing, particularly clothing. Still, according to Konan and Kim (2004), both countries are taking great strides towards furthering the development of their respective countries and growing their global trade reach.

# III. Socio-Economic Background

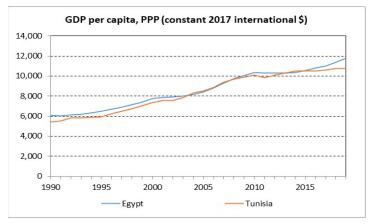
Figure 1 compares the purchasing power parity (PPP)-adjusted GDP per capita in constant dollar for both Egypt and Tunisia. Both countries have seen their GDP per capita increase at an overall steady and nearly identical rate over the last 30 years. In 1990, Egypt's GDP per capita was \$6,087, while Tunisia's was \$5,432. By 2019, both countries nearly doubled their GDP per capita: Egypt's PPP-adjusted GDP per capita reached \$11,763, while Tunisia reached \$10,756. There is a slight dip in both countries' GDP per capita following the Great Recession of 2008.

Figure 2 shows life expectancy for Egypt and Tunisia from 1970-2018. Egypt's life expectancy increased from 52.1 years in 1970 to 71.8 years in 2018, while Tunisia's life expectancy increased from 51.1 years to 76.5 years during the same period. Hence, Egypt added 19.8 years to its life expectancy, while Tunisia added 25.4 years. Comparing Figures 1 and 2, we can see that Tunisia's life expectancy has always been higher than that of Egypt (except for 1970 and 1971), even though Egypt's GDP per capita has been higher than that of Tunisia for nearly all years.

Figure 3 compares the literacy rates between Egypt and Tunisia. The chart shows that literacy rates have increased over the last four decades in both countries, though the most recent data shows some slight decline for both countries. Egypt's literacy rate increased from 38.2 percent in 1976 to a maximum of 73.9 percent in 2012, after which it declined to 71.2 percent in 2017. Tunisia's literacy rate increased from 48.2 percent in 1984 to in 80.2 percent in 2012, after which it declined to 79.0 percent in 2014 (the last year such data is available for Tunisia). Most of the increases in

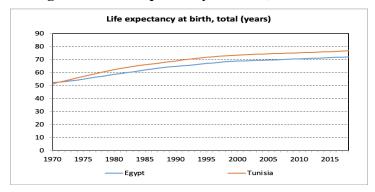
literacy rates of Egypt and Tunisia happened until the mid-2000s. Similar to life expectancy, the literacy rates are always higher in Tunisia than in Egypt, even though Egypt's GDP per capita has been higher than Tunisia's GDP per capita for most of the years.

Figure 1: PPP-adjusted GDP per capita, 1990-2019



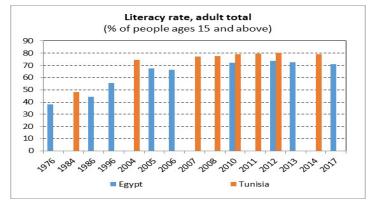
Source: Created by author based on World Bank (2021).

Figure 2: Life Expectancy at Birth, 1970-2018



Source: Created by author based on World Bank (2021).

Figure 3: Adult Literacy Rate (percent), all available years



Source: Created by author based on World Bank (2021).

# IV. Analysis of Facts

This section reviews the evolution of the two countries' share in world GDP and four key traderelated indicators for Egypt and Tunisia for the last five decades: the share in world exports, the exports-to-GDP ratio, the imports-to-GDP ratio, and the average tariff rates.

#### IV.1. Share in World GDP

Tunisia is much smaller economy than Egypt. From 1970 to 2018, Egypt's GDP constituted on average 0.25 percent of world GDP, while Tunisia's GDP constituted on average 0.06 percent of world GDP. Given these different levels, Figure 4 uses two vertical axes, Egypt's share is displayed on the left vertical axis, while Tunisia's share is shown on the right vertical axis. Figure 4 shows that neither country has ultimately seen any substantial increase in its share of world GDP during the last five decades, even though both Egypt and Tunisia have seen a close to doubling of their GDP per capita from 1990 to 2018 (as was shown in Figure 1 above).

From 1970 to 2009, Egypt's share in world GDP fluctuated between 0.15 percent and 0.30 percent. It then shot up in the next few years, reaching 0.44 percent in 2015, but then declined sharply from 2016 to 2017, and then recovered a bit in 2018 at 0.35 percent, compared to 0.29 percent nearly five decades earlier in 1970. Tunisia's share in world GDP also fluctuated over time, though a bit less than Egypt's and the up and down cycles being a bit longer than in Egypt. Tunisia's share in world GDP reached an all-time high of 0.078 percent in 1980, and an all-time low of 0.044 percent in 2019, which is however only marginally lower than what it was in 1970 (0.049 percent).

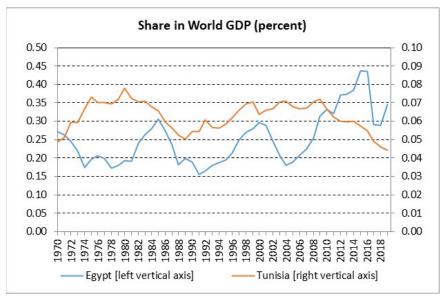


Figure 4: Share in World GDP, 1970-2019

Source: Created by author based on World Bank (2021).

## **IV.2.** Shares in World Exports

Figure 5 illustrates some important trends happening over the last 50 years in regard to Egypt's and Tunisia's shares in world export. Both countries follow a similar pattern, with both countries having their highest peaks in world export shares in the 1980s. During the last five decades,

Egypt's average share in world exports was 0.22 percent, while Tunisia's average share in world exports was 0.11 percent (exactly half of Egypt). The blue and red trendlines, respectively for Egypt and Tunisia, are nearly identical, showing an about 20 percent decline over the last five decades.

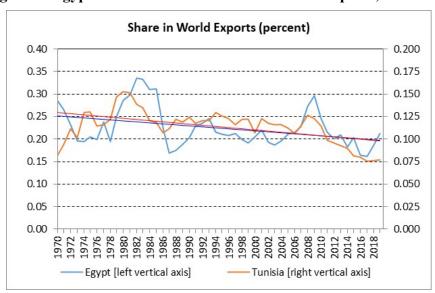


Figure 5: Egypt's and Tunisia's Shares in World Exports, 1970-2019

Source: Created by author based on World Bank (2021).

# IV.3. Exports to GDP and Imports to GDP Ratios

Figures 6 and 7 illustrate the share of exports and imports in GDP, respectively for Egypt and Tunisia, which can be summarized in a three key messages. First, Tunisia is a far more open economy than Egypt. During 1970 to 2019, the sum of exports and imports averages to 49.0 percent of GDP in Egypt, while the sum of exports and imports averages to 84.4 percent of GDP in Tunisia. Second, both countries import typically more than they export. During 1970 to 2019, Egypt's average trade deficit (exports minus imports) stood at 8.1 percent of GDP, while Tunisia's average trade deficit stood at 5.1 percent of GDP. Third, while both countries display a relatively high volatility in both their exports and imports, Egypt's exports and imports show a slight decline as a percent of GDP over the last five decades, while Tunisia's exports and imports show a solid positive trend as a percent of GDP.

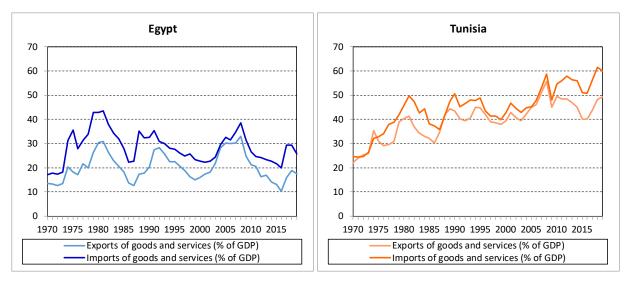
For the year of 2020, Egypt's three main exports were refined petroleum, gold, and nitrogenous fertilizers, representing respectively 10.1 percent, 9.8 percent, and 3.5 percent of Egypt's total exports.<sup>3</sup> Tunisia's three main exports were insulated wire, pure olive oil, and non-knit men's suits, representing respectively, 13.4 percent, 6.3 percent, and 5.9 percent of Tunisia total exports in 2020. <sup>4</sup> With regards to imports, Egypt's three main imports were wheat, crude petroleum, and cars, representing respectively 6.8 percent, 4.5 percent, and 3.8 percent of Egypt's total imports in

<sup>&</sup>lt;sup>3</sup> Observatory of Economic Complexity (OEC) (2022a).

<sup>&</sup>lt;sup>4</sup> Observatory of Economic Complexity (OEC) (2022b).

2020.<sup>5</sup> Tunisia's three main imports were refined petroleum, cars, and wheat, representing respectively 6.3 percent, 2.8 percent and 2.8 percent of Tunisia's total imports in 2020. <sup>6</sup>

Figures 6 and 7: Exports and Imports as Percent of GDP, 1970-2019, respectively for Egypt and Tunisia



Source: Created by author based on World Bank (2021).

#### IV.4. Tariffs

Figure 8 shows the average tariff rate for Egypt and Tunisia for all available years. Overall, we can see that both countries reduced their tariff rates over time, hence, adopting more liberal trade policies. Egypt had an average tariff rate of 23.1 percent during the second half of the 1990s, which was reduced to an average of 20.3 percent in the first 10 years of the 2000s, despite the exceptional peak of 40.9 percent in 2002. Egypt's average tariff rate was then further reduced during the 2010-2018 period, when it averaged 9.3 percent. Tunisia reduced its average tariffs from an average of 29.0 percent during the 1990s to an average of 24.0 percent in the first decade of this millennium, which was then reduced further to 11.4 percent during the 2010-2016 period. While Egypt's tariffs are overall lower than Tunisia's tariffs, Tunisia is a more open economy than Egypt, which can be explained with the fact that Tunisia is a much smaller economy than Egypt, hence relying more on international trade.

Tariffs play a major role in world trade and how integrated countries are in the world economy, but country size plays typically an even more dominant role. Having a low tariff rate is an integral part towards both nations increasing their ability to manufacture products to trade as well as influence their local economies. Also, a lower tariff rate decreases the likelihood of people or groups smuggling goods into the country. One negative side effect of lower tariffs are reductions in government revenues as the increased value of trade resulting from the tariff reduction is typically not compensating fully for revenues lost due to the reduced tariff rate.

<sup>&</sup>lt;sup>5</sup> Observatory of Economic Complexity (OEC) (2022a).

<sup>&</sup>lt;sup>6</sup> Observatory of Economic Complexity (OEC) (2022b).

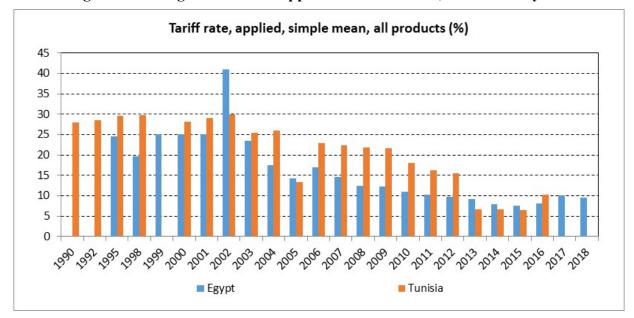


Figure 8: Average Tariff Rate Applied on all Products, all available years

Source: Created by author based on World Bank (2021).

# V. Ethical Analysis

Ethics in trade is a major talking point in relation to how countries are viewed from a global perspective but also by their own citizens. In order for a country to be successful in terms of their trade, they have to take an ethical approach. Building on Barry and Wisor (2015), four types of ethical concerns regarding trade will be discussed in this section: the content of trade, the process by which trade has come about, the possibility of trade having caused unjustified harm, and trade bringing about an unfair distribution of benefits.

# V.1. Content Being Traded

One way in which trade can be unethical is due to the content that is being traded. This can be in reference to things like illegal substances (like ivory), rare cultural artifacts, and human trafficking. This sub-section only covers issues related to human trafficking.

While there are no reliable data specifically for Egypt and Tunisia, the International Labour Organization and Walk Free Foundation (2017) provided global and regional numbers for modern day slavery in 2016, broken down into forced labor and forced marriage. As shown in Table 1, while the numbers for modern day slavery are relatively low in absolute numbers for the Arab countries, the Arab countries have the third highest prevalence (numbers per thousand people in the population) among the five regions. With regards to unethical contents being traded, the most relevant modern day slavery category relates to forced marriage, which are mostly domestic cases in Egypt and Tunisia, though there are some cases across these countries' borders, and hence, these forced marriages across borders of mostly girls below 18 years old constitute unethical trade in people.

As reported by Lateef (2021), people from the Arabian Gulf like Kuwait and Saudi Arabia purchase Egyptian women to use them as sex slaves. "Human Trafficking in Egypt is also targeting

men and women from Southeast Asia and other parts of the world. Ethiopians, Sudanese, Indonesians and Filipino women voluntarily relocate to Egypt and experience domestic forced labor." Though Egypt has regulations in place that prohibit foreigners from marrying an Egyptian woman if there is a gap in age of more than 10 years, marriage dealers have managed to find a way around this by altering birth certificates to ensure the women/girls look older and the men younger. In 2010, the Egyptian government established a law to criminalize sex and labor traffickers and instituted punishments ranging from three to 15 years imprisonment as well as fines, but human trafficking in Egypt continues to require attention in order to reduce it. 8

Table 1: Number and Prevalence of Persons in Modern Slavery by Region, 2016

			Total forced labour	Forced marriage	Modern slavery
World		No. (thousands)	24 850	15 442	40 293
		Prevalence (per thousand)	3.4	2.1	5.4
Region	Africa	No. (thousands)	3 420	5 820	9 240
		Prevalence (per thousand)	2.8	4.8	7.6
	Americas	No. (thousands)	1 280	670	1 950
		Prevalence (per thousand)	1.3	0.7	1.9
	Arab States	No. (thousands)	350	170	520
		Prevalence (per thousand)	2.2	1.1	3.3
	Asia and the Pacific	No. (thousands)	16 550	8 440	24 990
		Prevalence (per thousand)	4.0	2.0	6.1
	Europe and Central Asia	No. (thousands)	3 250	340	3 590
		Prevalence (per thousand)	3.6	0.4	3.9

Source: International Labour Organization and Walk Free Foundation (2017), Table 2, page 19.

In Tunisia, human trafficking is a problem that has been prevalent so much so that the government has finally cracked down on it and began to enforce strict punishments to those involved. In July of 2019, Tunisia began to make procedures and guidelines for the National Authority as well as committees for handling human trafficking violations. As stated by Keffe (2021, Fact #1): "The new law will criminalize sex and labor trafficking". In respect to these laws, the Tunisian government is trying to close down workplaces that engage in human labor trafficking. Many of the human trafficking victims are smuggled to Tunisia from other countries. The government in Tunisia has also set up a program to help these victims receive legal assistance and medical care. The services being provided by the government are a crucial piece towards ensuring human trafficking does not happen to a person twice. Furthermore, the United Nations has partnered with Tunisia to provide workshops to aid in preventing and eliminating human trafficking in Tunisia.<sup>9</sup>

<sup>&</sup>lt;sup>7</sup> Lateef (2021), paragraph 4.

<sup>&</sup>lt;sup>8</sup> Lateef (2021), paragraph 4.

<sup>&</sup>lt;sup>9</sup> This paragraph is based on Keffe (2021).

# **V.2.** Process by Which Trading Comes About

A second way trade can be unethical focuses on the process in which the trading comes about, which refers to trade that is based on coercion, deception, or child labor. Focusing on child labor, both Egypt and Tunisia are still struggling with this issue.

In Egypt, child labor has been a particular struggle in the last century. With education for all slowly starting to take precedence in Egyptian society, the issues with child labor are getting better. The Bureau of International Labor Affairs of the U.S. Department of Labor (2019, p. 2) presents an eye-opening fact, stating that: "Many children drop out of school because of school-related costs, such as transportation, clothing, and food." In addition, despite there being a 93.8 percent attendance rate at school, the children that are working, work in typically difficult conditions. This intense form of child labor is happening in the agricultural sector but also in the industry sector.

Although the Egyptian government has made great strides towards reducing child labor, there are still loopholes in their policies which allow the worst form of child labor to happen in particular with brick making. Someone who is looking at importing bricks from Egypt might not know about the extremities of the circumstances for the employees due to the company hiding this from the customer. The power of education should be the priority for the Egyptian government and there needs to be more of an effort to keep these kids in school. Preventing such situations from happening is vital to reducing child labor and ultimately making for a more productive economy. <sup>10</sup>

In Tunisia, children engage in the worst forms of child labor, including in forced labor in domestic work and begging, each sometimes as a result of human trafficking. Children also perform dangerous tasks in scavenging for garbage and in street work. Though Tunisia has minimum age laws, these laws cannot be enforced with respect to children who are engaged in work in the informal sector without permission of the property owner or a court order to access the property. A 2017 National Child Labor Survey indicated that 7.9 percent of all Tunisian children are engaged in child labor, with 63.2 percent of those involved in hazardous work. The report indicated that 48.8 percent of the children working below the country's minimum age work in agriculture and fishing, 20.2 percent in commerce, 10.9 percent in manufacturing, 6.4 percent in domestic labor, and 4.7 percent in construction.<sup>11</sup>

#### V.3. Trade Causes Unjustified Harm

There are many facets on how trade can cause unjustified harm. For example, it could be based on some people being worse off as a result of trade, restrictions in producing certain products due to intellectual property rights, trade being distorted by government subsidies, and trade only benefiting certain groups or an unethical government.

In the case of Egypt, the most problematic issue within this category of trade causing unjustified harm is the refinement of petroleum. As stated by Barboza Mariano and Lèbre La Rovere (2014, p. 227): "Oil refineries are major polluters, consuming large amounts of energy and water, producing large quantities of wastewaters, releasing hazardous gases into the atmosphere and generating solid waste that are difficult both to treat and to dispose of." The reason these environmental issues cause unjustified harm within the arena of international trade for Egypt is that refined petroleum is Egypt's largest export product, constituting 10.1 percent of Egypt's total

<sup>&</sup>lt;sup>10</sup> This paragraph is based on U.S. Department of Labor, Bureau of International Labor Affairs (2019a).

<sup>&</sup>lt;sup>11</sup> This paragraph is based on U.S. Department of Labor, Bureau of International Labor Affairs (2019b).

exports in 2020. 12 On the other hand, Egypt is importing crude petroleum (which constitutes its second largest import product). Hence, Egypt imports crude petroleum, which is then refined in Egypt to be exported to the rest of the world.

While the profits from these petroleum refinements accrue to the corporations undertaking the refinement, Egypt's population suffers from the environmental consequences. A recent World Bank report concluded that "19,200 people died and over 3 billion days were lived with disease in Egypt in 2017 from (...) air pollution in Greater Cairo and inadequate water, sanitation, and hygiene nationwide." Given the size of Egypt's petroleum refinement industry and the low environmental standards in Egypt's petroleum refinement industry, petroleum refinement is a major contributor to these environmental consequences for the Egyptian people.

In the case of Tunisia, COVID-19 seriously affected the many small traders who live near the border with Libya and engage in cross-border trading on a daily basis. According to an article by Kimball (2021), these traders bring cheap fuel, supply the phone shops with SIM cards, bring in food, and help hospitals and pharmacies with medicines. This is all because the products are cheaper in Libya. However, the Tunisian government having control over this trade has created an economic crisis for the locals in these border towns by closing the border during the height of the COVID-19 pandemic. Despite the government having the borders reopened, anti-COVID measures have made it nearly impossible to survive through border trade, and in turn it is hurting the people of Tunisia. In other words, in this case, the unethical aspects are the restrictions of trade and there is an ethical dilemma of balancing the costs and benefits of COVID-19 restrictions on cross-border trading.

#### V.4. Trade Bringing about an Unfair Distribution of Benefits

The two main categories for how trade can bring about an unfair distribution of benefits are related to mostly developing country producers not getting a fair price for their products (which has led to the emergence of fair trade activists) and unfair intertemporal benefits of trade. One way trade can have unfair intertemporal benefits across countries is that many developing countries initially have a comparative advantage in agricultural goods. However, countries specializing in exporting agricultural products may lose out in the long-run as demand (and hence prices) for agricultural products will not increase as people get richer, while countries producing consumer products benefit from overall increases in income over time. This contributes to a long-term decline in the relative price of primary goods, which contributes to a secular decline in the terms of trade, which is commonly known as the Prebisch-Singer hypothesis. 14

Figure 9 shows the evolution of the terms of trade for Egypt and Tunisia from 1980 to 2018. We can see a sharp decline in Egypt's terms of trade during the 1980s, with then experiencing some stabilization from around 1990 to 2005, followed by some minor improvements. Overall, Egypt's terms of trade are still much lower today than they were four decades earlier, and hence, an argument could be made that Egypt did suffer from decreasing terms of trade. The same is however not the case for Tunisia, where despite some short-term volatility, the terms of trade have overall remained relatively stable.

<sup>&</sup>lt;sup>12</sup> Observatory of Economic Complexity (OEC) (2022a).

<sup>&</sup>lt;sup>13</sup> Larsen (2019), p. 20.

<sup>&</sup>lt;sup>14</sup> This paragraph is based on Chapter 12 of Todaro and Smith (2015).

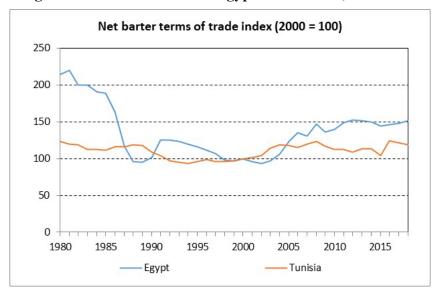


Figure 9: Terms of Trade of Egypt and Tunisia, 1980-2018

Source: Created by author based on World Bank (2021).

# VI. Conclusion

During the last two decades, Egypt and Tunisia have been relatively successful with increasing GDP per capita, but progress with increasing life expectancy has slowed down and literacy rates have stagnated. With regards to trade, both countries have liberalized their trading policies during the last four decades, but Egypt's and Tunisia's shares in world exports have shown an overall declining trend from 1970-2019. Both, the exports to GDP ratio and the imports to GDP ratio have been stagnating in Egypt, while they have been increasing in Tunisia.

Both countries face several ethical concerns related to trade. First, women and girls are smuggled into Egypt and Tunisia for under-age marriage and sexual exploitation. Second, child labor is still a big problem in both countries, making these exports produced with child labor unethical. Egypt's refinement of imported crude petroleum, which is then again exported, cause considerable harm to Egypt's population in terms of environmental consequences resulting from petroleum refinement. Tunisia faces an ethical dilemma of balancing the costs and benefits of COVID-19 restrictions on cross-border trading along its border with Libya. Egypt also experienced declining terms of trade.

Though Egypt and Tunisia have started to address most of these issues, they need to intensify their efforts to make their trade ethical. Through further education, access to clean water and sanitation, and a government working with the people in the interest of the people, Egypt and Tunisia can reverse their declining trends in world export shares and be guiding examples for other Arab countries looking to follow suit.

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