



# Tunisia electric vehicle safety

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Effective January 2022, the GOT implemented a 50% customs duty reduction on hybrid cars and a full duty exemption on electric vehicles to encourage the expansion of the sector. However, the lack of charging station infrastructure, little after-sales service know-how, and the relatively higher prices of the vehicles compared to combustion-engine still hamper the segment's growth.

Automobiles with large-capacity engines carry a higher consumption tax, with rates up to 277% for gasoline engines and 360% for diesel-fueled engines. The government reduces these rates to 67% and 88%, respectively, if imported via authorized distributors. The reduced tax scale is intended to allow the price of automobiles sold through authorized dealerships to be competitive with vehicles purchased privately overseas and shipped back to Tunisia.

The pump price for diesel and gasoline is controlled by the government but comparable to fuel costs in the United States. Tunisian drivers pay more than their counterparts in neighboring Libya and Algeria but substantially less than European drivers. Two grades of diesel and unleaded fuel are available.

More than 260 automotive component companies, of which 65% are fully exporting, operate in Tunisia through the entire value chain of automotive spare parts, electrical cables and wires, electronics, engine components, design, plastic and rubber, and textile and leather. The automotive industry in Tunisia employs about 90,000 direct jobs as of 2022. The Tunisian Automotive Association, a leading Tunisian automotive component industry trade organization, has 40 member companies.

Post-revolution restructuring of the automotive sector has allowed for a more open market with more foreign brands. U.S. manufacturers should be sensitive to the current Asian and European dominated market structure. The motorization rate in Tunisia is very low, with only 187 vehicles per 1,000 inhabitants in 2021 (a quarter of the rate in Europe).

Attracting investment in the manufacture of automobile components for export is a priority for the GOT, especially during the current economic situation marked by the exit of several investors from Ukraine. Operations dedicated for export of automotive parts to European markets offer promise, and several U.S. companies have successfully invested in this sector. For domestic sales, Tunisians can be very price sensitive, and the price of spare parts often exceeds quality.

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The project aims to reduce the energy consumption and environmental impact of the transport sector through the introduction of electric / hybrid vehicles in the national vehicle fleet.

While Tunisia wants to reduce its greenhouse gas emissions (GHG) by 46% by 2030, the Finance Act 2023 recently adopted by the Tunisian parliament makes a nod to green mobility. In article 24, the text states that "customs duties on electric vehicle charging equipment have been reduced to 10% and the value-added tax (VAT) has been reduced to 7%". The initiative will promote the green economy through the development of low-carbon transport in this North African country.

These tax incentives, which will be valid until December 31, 2023, should facilitate the deployment of about 50,000 electric vehicles by 2025 in Tunisia and avoid 2.2 million tons of CO2 equivalent that cause air pollution. "This is likely to lead to a reduction in oil consumption of 5.9 million barrels, or a reduction in imports of fossil fuels of \$ 660 million over the period 2020-2030," said the Tunisian Ministry of Environment.

The decision of the Tunisian authorities to reduce customs duties and VAT on green mobility equipment comes at a time when the French oil group TotalEnergies is installing the first network of recharging electric vehicles in its 19 service stations in Tunisia, including Tunis. Moreover, it was in the capital that the Tunisian government put into circulation in 2018 the very first electric bus provided by the Chinese car manufacturer BYD. The bus with a range of 250 kilometers for 90 passengers has a recharging system of 3 hours installed in parks.

During the year 2023, tricycles and electric bicycles manufactured locally by the German-Tunisian start-up Bako Motors will be deployed in the governorates of Sousse, Kairouan, Tozeur, and Sfax as well as in the city of Hammam Lif where its factory is located. These solar-powered vehicles can travel 50 kilometers per day and are each equipped with a satellite positioning system (GPS). Bako Motors' initiative is in line with the Electric Mobility Promotion Program launched in 2018 by the Tunisian government through the National Agency for Energy Management (ANME).

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