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Tunisia

Oilseeds and Products Annual

2014 Oilseeds and Products Annual

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Report Highlights:
Due to bad weather and lack of rain, the Tunisian Ministry of Agriculture estimates Tunisia olive production for MY 2013/14 at 400,000 MT, a decrease of more than 63 percent compared to last year. Olive oil production for MY 2013/14 is projected to be 80,000 MT, down from 220,000 MT the previous year. U.S. soybean exports continued to control 52 percent of the market with 220,000 MT while exports of soybean oil and soybean meal were absent. U.S. corn oil exports totaled 32,000 MT in CY 2013, representing a 56 percent market share.

Executive Summary:

Tunisia's olive production for MY 2013/14 is estimated at 400,000 MT, down from last year's production level of 1,100,000 MT (Ministry of Agriculture). Oilseed imports, principally consisting of soybeans, were maintained at the same level after a continuous increase that began in 2009 with the start of Tunisia's first and only oilseed crushing plant, Carthage Grains. For CY 2013, total soybean imports were estimated at 421,000 MT, down from 440,000 MT the previous year. The decrease was due to two months operation disruptions at Carthage Grains because of social problems and strikes. In CY2013, the United States maintained its 52 percent share of Tunisia's total soybean import market with U.S. soybean exports totaling $102 million.

Prior to the construction of the Carthage crushing plant in 2009, Tunisia had no oilseed meal production capacity. In CY 2013, the plant produced about 310,000 MT of soybean meal, down from 315,000 MT the previous year. Carthage grain production suffered from periodic shut downs and was not able to cover all domestic needs. To compensate for the lack of domestic soybean meal production, Tunisia imported 93,000 MT. U.S. soybean meal exports to Tunisia were absent in 2013.

Tunisia's olive oil production for MY 2013/14 is estimated at 80,000 MT, down from 220,000 MT in MY 2012/13. One third of Tunisia's edible oil consumption is provided by olive oil, as most of the domestic production goes to export markets. In MY2012/13, Tunisian olive oil exports totaled 151,000 MT, valued at $537 million and up from the $375 million the previous year. The U.S. ranked as the second largest export destination (after the EU market) for Tunisia's olive oil exports, absorbing about 16 percent of total exports with a value of $90 million. For MY 2013/14, Tunisia olive oil exports are projected to decrease considerably, following a poor harvest. Tunisia's requirements for edible oil are met through the imports of crude vegetable oils (refined locally) and, to a lesser extent, by its own olive oil production. Total Tunisian edible oils imports (valued at $350 million) remained stable in 2013 at 277,000 MT. According to official Tunisian trade data, U.S. corn oil exports in CY 2013 reached a total of 32,000 MT (56 percent market share) while U.S. soybean oil exports to Tunisia were absent in CY 2013.

Commodities:
Oilseed, Soybean

Production: Apart from olive production, Tunisia's oilseed production remains insignificant despite the Ministry of Agriculture's efforts to encourage farmers to grow rapeseed and sunflower crops in order to diversify oilseed production. Tunisia has about 75 million olive trees spread over one-third of Tunisia's arable land, making the olive crop the main domestic source of edible oils. Olive production in MY 2013/14 is estimated at 400,000 MT, 63 percent down from last year's production level of 1,100,000 MT. This severe decrease is mostly due to bad weather conditions especially the lack of rain registered in all parts of the country The Tunisian olive sector has not yet gained complete autonomy, despite abolishing the monopoly of the Office National des Huiles (ONH-the state-run edible oils board) in 2004. In 2013 GOT granted ONH with US $12 million in order to buy 5,000 MT from the market which will partially help maintain a good farmer's price. In the last few years there has been a notable increase in the role of the speculators in the olive oil market. These speculators are neither crushers nor exporters, and they buy olives on the trees well before the start of the crushing season in an attempt to dictate prices once the season begins. It is believed that the abolition of the state reference prices, as well as the absence of a formal price discovery mechanism, such as an olives exchange, have contributed to the wide fluctuations in olive prices

Consumption: For the MY 2013/14 olive crop, harvest began in early November and was almost achieved by the end of January. The bulk of the olive harvest was processed into various grades of oil by 800 olive mills scattered throughout the olive production areas. The mill-gate prices for olive oil reflect prices of green olives during the harvest season.

Trade:
In CY 2013, the sole oilseed crushing plant in Tunisia, Carthage Grain, imported about 421,000 MT of soybeans, down from 440,000 MT the previous year. This decrease in imports took place after regular years of increase and was mainly due to two months disruptions in the plant operation. The disruptions were caused by social tensions and strikes while disruptions for technical instability and low crushing margin as in October 2012 where definitely solved. At present, the crushing plant is at 70 percent its maximum operational capacity of 2,000 MT/day and has returned to normal working conditions. U.S. origin soybeans are usually imported in the first and last quarters of the year.

The market opportunity for U.S. exports created by the opening of this crushing plant has made U.S. soybean exports, during the last few years, among the leading products of all U.S. exports to Tunisia. According to Carthage Grain, imports from United States of soybeans in CY2013 remained stable in volume with 220,000 MT registering a slight increase in market share (52 percent).It is important to note that according to USDA Global Agricultural Trade System database(GATS), soybean imports from the US were limited to 153,000MT. According to GATS, U.S. exports of soybeans for CY 2013 totaled $102 million (23 percent decrease). This amount represented about 70 percent of total U.S. agricultural and food exports to Tunisia. .For CY 2014 Tunisia's soybean imports are projected to reach 500,000 MT and the strong performance of U.S. soybean exports to Tunisia is expected to continue for CY 2014, with U.S. exports projected to command about 50 percent of the market. However, the United States will continue to face strong competition from Argentina, Paraguay and Uruguay.

Commodities:
Meal, Soybean

Production:
Prior to the construction of the Carthage crushing plant, Tunisia had no oilseed meal production capacity. In CY 2013, the plant produced about 310,000 MT of soybean meal down from 315,000 MT. In 2013 Carthage grain production suffered from periodic shut down and was not able to cover all domestic needs. Note also that the company faced social tensions and two months of strikes. However it succeeded in fixing several technical problems including issue of tight profit margin for crushing. Apart from the two months shutdown, Carthage Grain Company was highly competitive and captured almost 77 percent share of the Tunisian soybean meal market in 2013. Furthermore, Carthage Grain Company is expected to continue to dominate the market in 2014, mostly displacing soybean meal imports from Argentina and Brazil.

Consumption:
Soybean meal consumption is mainly driven by the poultry sector, where it is estimated that 75 percent of the soybean meal is used in broiler, turkey and egg production. The remainder is included in cattle feed rations (dairy and feedlot operations). Soybean meal is often mixed with other feed ingredients by about 350 feed manufacturers to produce various types of compound feed according to standardized formulas. Total animal feed production in Tunisia is estimated at about 1,700,000 MT annually. Tunisian consumption of soybean meal for CY2013 was stabilized at around 400,000 MT. New-to-market feed ingredients derived from corn such as corn gluten meal, and more recently, distillers dried grains with soluble (DDGS) are used by feed manufacturers on a relatively small scale.

Trade:
Tunisia's soybean meal imports are mostly driven by an inelastic demand due to a short production cycle in the poultry sector, the main end-user of soybean meal. Before 2008, Tunisia's soybean meal imports accounted for almost the country's entire source of protein meal. With the start of local soybean meal production in 2009, the amount of imports steadily decreased (59 percent in 2010 and 12.5 percent in 2011). In 2012, frequent shut downs of the sole crushing plant reduced local production and increased imports while in 2013 imports decreased by 32 percent with less re-export operations to the neighboring countries. U.S. soybean meal exports to Tunisia totaled 13,000 MT in CY 2012 and were absent in CY2013.

According to the National Statistical Institute, Tunisia's soybean meal imports steadily declined over the last five years, as is indicated in the below table:

Tunisian Soybean Meal Imports 2008-2012

	Calendar Year				
Units	**2009**	**2010**	**2011**	**2012**	**2013**
Quantity (1000 MT)	190	79	35	137	93

Value ($Million)	82	31	15	80	56
CIF Unit price ($/T)	478	392	428	583	611
Year-on-year quantity growth	-29%	-59%	-12.5%	290%	-32%

Tab 1-Source: Institut National de Statistiques (INS)

Commodities:

Oil, Olive

Oil, Soybean

Production:

Olive oil remains the principal edible oil produced in Tunisia. Olive oil production in MY 2013/14 is estimated at 80,000 MT, down from 220,000 MT in MY 2012/13.The total supply available for MY2013/14 is around 100,000 MT including 20,000 MT of stock. One third of Tunisia's total edible oil consumption is supplied by domestic olive oil while the rest of the domestic production goes to export markets. In the last few years, the continuing depressed world prices and a disorganized supply chain exposed Tunisian producers to huge financial difficulties forcing them to sell their production early in order to pay off their obligations to the creditors. For MY2013/14, the government decided to help olive farmers and olive oil producers by requiring the state oil buying agency (ONH) to buy 5,000 MT of local olive oil at a set price from producers and resell it to consumers. The price of olive oil in the local market jumped in early 2014 to US$4 up from an average price of US$3.20 in 2013.

In CY 2013, the Carthage crushing plant produced about 70,000 MT of soybean oil, down from 83,000 MT. After the revolution, the Company was able to have an agreement with the government to resolve a longstanding dispute that prevented ONH from buying locally produced soybean oil. For three years, the Office de l'huile prohibited the company from participating in tenders, while relying on imported crude vegetable that are refined and packaged locally to satisfy local market needs in Tunisia. In CY 2013, all the soybean oil produced by the Carthage plan was sold on the domestic market.

Consumption:

Consumption of olive in Tunisia oil is very price-elastic with the quantity consumed fluctuating widely between 20,000 MT and 60,000 MT. For the last ten years, the average domestic consumption was estimated at about 45,000 MT. Olive oil prices are mainly driven by supply and demand forces in the EU market, which is the main export destination for Tunisian olive oil. Regardless of the size of the domestic crop, olive oil remains relatively expensive and thus unaffordable for a large segment of Tunisian households. In recent years, local consumption has been met through buying cheaper imported vegetable oils, such as soybean and corn oils, which are refined and bottled locally. Olive oil tends to be consumed mostly as salad dressing, whereas imported vegetable oils are used mainly in every-day cooking. Corn oil is considered as a mid-range product, positioned between the low-quality subsidized cooking oil and the up-scale olive oil.

Trade:

In MY 2012/13, Tunisian olive oil exports totaled 151,000 MT, valued at $537 million. About 75 per cent of Tunis's olive oil production is destined for exports, with only 10 percent of the exported quantity sold in bottles; the remainder is sold in bulk. The average export price for Tunisian olive oil was about

5.7 TD (US$3.55) per liter. Tunisian olive oil met good market conditions in MY2012/13 given the reduced competition from Spain where there was a severe drought. The U.S. ranked as the second largest export destination (after the EU market) for Tunisia's olive oil exports, absorbing about 16 percent of total exports with a value of $90 million. For MY 2013/14, Tunisia olive oil exports are projected to decrease to 70,000MTdue to a bad harvest.

For other edible oil imports, Tunisia continues to rely heavily on soybean oil to meet domestic market demand. The below table shows the breakdown of the Tunisian edible oil imports the last five-years:

Tunisian Vegetable Oil Imports (1000 MT)

	Calendar Year				
Product	**2009**	**2010**	**2011**	**2012**	**2013**
Soybean oil	140	165	161	107	140
Palm oil	71	55	62	66	75
Corn oil	31	58	118	91	57
Other oils, including sunflower seed oil	26	8	8	16	5
Total	**268**	**286**	**349**	**280**	**277**

Source : Institut National de Statistiques (INS)

Total Tunisian edible oils imports (valued at $350 million) remained stable in CY2013 at 277,000MT. According to official Tunisian trade data, U.S. corn oil exports in CY 2013 reached 32,000 MT down from 56,000 MT in CY 2012. The U.S. share of the Tunisian corn oil market was estimated at 56 percent with little decrease compared to CY 2012 (61 percent). U.S. soybean oil exports to Tunisia continued to be absent in CY 2013 mainly due the price competitiveness of South American exports (Argentina, and Brazil) that control the largest share of the Tunisian vegetable oil market, as well as recent exports from Germany and Spain. Imports form the ONH reached 120,000 MT while private imported 20,000MT.

Policy:

The Tunisian Government continues its policy concerning edible oils to help achieve three main objectives:

1. To promote the export of the olive oil, given its importance as a major source of the country's hard currency earnings.
2. To fulfill the bulk of the domestic demand of vegetable oils through imports of crude soybean, corn and palm oils at the lowest cost possible. Those imports, carried over by the state-run National Oil Board (ONH), are handed over to local refiners according to a refining quota system.
3. To continue subsidizing vegetable oil purchased by ONH in order to maintain a relatively low market price at the retail level. Through the Compensation Fund (Caisse Generale de

Compensation), the government would write off the losses incurred by the ONH resulting from selling at prices that are lower than purchase costs.

To maintain low prices of edible oils in the local market, the government confirmed the reduction and removal of taxes and VAT on a list of edible oils (palm oil, soybean oil, corn oil, and sunflower oil) (#decree 2014-002 on January 2014).

Oilseed and Vegetable Oils

Products	Custom Duties	Value Added Taxes
Palm Oil - Raw	-0-	-0-
Palm Oil - Refined	10%	-0-
Sunflower Oil – Raw	-0-	-0-
Sunflower - Refined	10%	-0-
Rapeseed Oil - Raw	-0-	-0-
Rapeseed Oil - Refined	10%	-0-
Corn Oil - Raw	-0-	-0-
Corn Oil - Refined	10%	-0-
Soybean Oil – Raw	-0-	-0-
Soybean Oil - Refined	-10-	-0-

B-The GOT policy concerning oilseeds and meals continues to aim at two main components:

1. To diversify oilseed meal imports using a price-driven approach (including rapeseed and sunflower).

2. To compensate shortages in production of oilseed crops through the development of domestic production of triticale and leguminous plants.

Soybean meal imports duties and taxes were raised in 2014 to 15 percent in order to better protect the sole oilseed crushing plant and enhance its competitive position against imported soybean meal and ensure the economic viability of the company in the long term.

Production, Supply and Demand Data Statistics:

Meal,Soybean Tunisia	2011/2012	2012/2013	2013/2014
	Market Year Begin: Oct 2011	Market Year Begin: Oct 2012	Market Year Begin: May 2013

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	450	440	460	421	460	500
Extr. Rate, 999.9999	1.	0.7159	1.	0.7363	1.	0.74
Beginning Stocks	12	12	7	39	16	42
Production	353	315	361	310	361	370
MY Imports	87	137	110	93	100	60
MY Imp. from U.S.	0	13	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	452	464	478	442	477	472
MY Exports	12	25	12	0	12	25
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	433	400	450	400	450	400
Total Dom. Cons.	433	400	450	400	450	400
Ending Stocks	7	39	16	42	15	47
Total Distribution	452	464	478	442	477	472
CY Imports	95	137	105	93	100	60
CY Imp. from U.S.	0	13	0	0	0	0
CY Exports	12	25	12	0	12	0
CY Exp. to U.S.	0	0	0	0	0	25
SME	433	400	450	400	450	400
TS=TD		0		0		0
Comments						
AGR Number						

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PSD Soybean Oil

Oil, Soybean Tunisia	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: May 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Crush	450	440	460	421	460	500	(1000 MT)
Extr. Rate, 999.9999	0.	0.1886	0.	0.1663	0.	0.17	(PERCENT)
Beginning Stocks	10	10	11	30	13	70	(1000 MT)
Production	83	83	85	70	85	85	(1000 MT)
MY Imports	160	107	160	140	160	100	(1000 MT)

MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	40	45	30	35	0	0	(1000 MT)
Total Supply	253	200	256	240	258	255	(1000 MT)
MY Exports	70	10	70	0	70	25	(1000 MT)
MY Exp. to EU	15	0	10	0	10	0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Cons.	172	160	173	170	174	180	(1000 MT)
Feed Waste Dom. Cons.	0	0	0	0	0	0	(1000 MT)
-	0	0	0	0	0	0	(1000 MT)
Total Dom. Cons.	172	160	173	170	174	180	(1000 MT)
Ending Stocks	11	30	13	70	14	50	(1000 MT)
Total Distribution	253	200	256	240	258	255	(1000 MT)
CY Imports	160	107	160	140	160	100	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
CY Exports	80	10	80	0	80	25	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	(1000 MT)
TS=TD		0		0		0	
Comments							
AGR Number							

Comments To Post

PSD Olive Oil

Oil, Olive Tunisia	2012/2013		2013/2014		2014/2015		
	Market Year Begin: May 2012		Market Year Begin: May 2013		Market Year Begin: May 2014		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	0	0	0	0		0	(1000 HA)
Area Harvested	0	0	0	0		0	(1000 HA)
Trees	75,000	0	7,500	0		0	(1000 TREES)
Beginning Stocks	10	10	10	20		0	(1000 MT)

Production	180	220	180	80		150	(1000 MT)
MY Imports	0	0	0	0		0	(1000 MT)
MY Imp. from U.S.	0	0	0	0		0	(1000 MT)
MY Imp. from EU	0	0	0	0		0	(1000 MT)
Total Supply	190	230	190	100		150	(1000 MT)
MY Exports	140	151	140	70		120	(1000 MT)
MY Exp. to EU	105	95	105	50		80	(1000 MT)
Industrial Dom. Cons.	0	0	0	0		0	(1000 MT)
Food Use Dom. Cons.	40	59	40	30		30	(1000 MT)
Feed Waste Dom. Cons.	0	0	0	0		0	(1000 MT)
Total Dom. Cons.	40	59	40	30		30	(1000 MT)
Ending Stocks	10	20	10	0		0	(1000 MT)
Total Distribution	190	230	190	100		150	(1000 MT)
CY Imports	1	0	1	0		0	(1000 MT)
CY Imp. from U.S.	0	0	0	0		0	(1000 MT)
CY Exports	140	151	140	70		120	(1000 MT)
CY Exp. to U.S.	25	25	25	15		15	(1000 MT)
TS=TD		0		0		0	
Comments							
AGR Number							