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# Tunisia

# Oilseeds and Products Annual

# 2013 Oilseeds and Products Annual

**Approved By:**
Sarah Hanson, US Embassy, Rabat

**Prepared By:**
Youssef Chahed, Agricultural specialist, Tunis

**Report Highlights:**
Tunisia olive production for MY 2012/13 is estimated at 1,100,000 MT, an increase of more than 20 percent over last year. Olive oil production for MY 2012/13 is projected to be 220,000 MT, up from 180,000 MT in previous year. For CY 2012, Tunisia's olive oil exports totaled 153,000 MT with a value of $375 million. Tunisia soybean imports decreased slightly in CY 2012 after several years of increase. The decrease was mainly due to operation disruptions at the sole crushing plant in the country. The United States maintained a 50 percent market share of Tunisia's soybean imports reaching 220,000 MT in CY2012. U.S. exports of soybeans and products, including soybean meal, totaled $137 million (17% increase) in CY 2012 and represented 60 percent of total U.S. agricultural and food exports to Tunisia. U.S. corn oil exports totaled 56,000 MT in CY 2012, representing a 61 percent market share.

## Executive Summary:

Tunisia's olive production for MY 2012/13 is estimated at 1,100,000 MT, up from last year's production level of 900,000 MT. Oilseed imports, principally consisting of soybeans, were reduced after a continuous increase that began in 2009 with the start of Tunisia's first and only oilseed crushing plant, Carthage Grains. For CY 2012, total soybean imports were estimated at 440,000 MT, down from 490,000 MT the previous year. The decrease was due to operation disruptions at Carthage Grains because of technical problems and low crushing margins. In 2012, the United States maintained its 50 percent share of Tunisia's total soybean import market with U.S. soybean and soybean product exports totaling $137 million.

Prior to the construction of the Carthage crushing plant in 2009, Tunisia had no oilseed meal production capacity. In CY 2012, the plant produced about 315,000 MT of soybean meal, down from 350,000 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, the Government of Tunisia (GOT) authorized local operators to import up to 75,000 MT with 0% duties. Total imports for CY 2012 rose to 137,000 MT (up from 35,000 MT in CY 2011) of which 25,000 MT were re-exported to neighboring countries. U.S. soybean meal exports to Tunisia totaled 13,000 MT in CY 2012 after two years of absence in the market.

Tunisia's olive oil production for MY 2012/13 is estimated at 220,000 MT, up from 180,000 MT in MY 2011/12. One third of Tunisia's edible oil consumption is provided by olive oil, as most of the domestic production goes to export markets. In 2012, Tunisian olive oil exports totaled 153,000 MT, valued at $375 million and up from the $287 million the previous year. The average export price for Tunisian olive oil is estimated at about 3.80 TD ($2.45) per liter. The U.S. ranked as the second largest export destination (after the EU market) for Tunisia's olive oil exports, absorbing about 25 percent of total exports with a value of $96 million. For MY 2013/14, Tunisia olive oil exports are projected to continue to increase, following the large harvest of quality production in 2012. 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 $376 million) decreased by 20 percent in volume in CY 2012 mostly due to lower local consumption following the departure of Libyan refugees after the war in Libya. Imports of corn oil and soybean oil decreased while imports of palm oil remained stable. According to official Tunisian trade data, U.S. corn oil exports in CY 2012 reached a total of 56,000 MT (61% market share). U.S. soybean oil exports to Tunisia were absent in CY 2012.

**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 2012/13 is estimated at 1,100,000 MT, up 22% from last year's production level of 900,000 MT. This increase is registered for the second year consecutively and is mostly due to good weather conditions. Olive harvest started in early November with fears of lack of manpower that were finally resolved. A controversy consumed local media for weeks after the Ministry of Employment called unemployed graduates from universities to work as olive harvest employees instead of waiting for qualified jobs. The Tunisian olive sector has not yet gained complete autonomy, despite abolishing the monopoly of the Office National des Huiles (the state-run edible oils board) in 2004. 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. In 2012, several large scale olive farms that used to belong to the ousted President's family continued to face difficulties, with olive production and harvest disruption.

**Consumption:**

For the MY 2012/13 olive crop, harvest began in early November and will continue until the end of February. 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. The olive price varied in CY 2012 between 0.22 and 0.41 US$

**Trade:**

In CY 2012, the sole oilseed crushing plant in Tunisia, Carthage Grain, imported about 440,000 MT of soybeans, down from 490,000 MT the previous year. This decrease in imports took place after regular years of increase and was mainly due to several disruptions in the plant operation. The disruptions are caused either by technical instability or because of low crushing margin as in October 2012 when the plant was closed for the whole month. At present, the crushing plant is near 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. The United States maintained a 50 percent market share of Tunisia's soybean imports reaching 220,000 MT. U.S. exports of soybeans and products including soybean meal totaled $137 million (17% increase) in CY 2012. This amount represented about 60 percent of total U.S. agricultural and food exports to Tunisia, or about 23 percent of all U.S. exports to this country. For CY 2013, Tunisia's soybean imports are projected to reach 500,000 MT. The strong performance of U.S. soybean exports to Tunisia is expected to continue for CY 2013, with U.S. exports expected to command about 50 percent of the market. However, the United States will still 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 2012, the plant produced about 315,000 MT of soybean meal down from 350,000 MT. Carthage grain production suffered from periodic shut down and was not able to cover all domestic needs. The company remains fragile because of a tight profit margin for crushing and several technical problems.

**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 CY 2012 increased to 400,000 MT up from 385,000 MT. The increase is mainly driven by the growing consumption of poultry products, re-exports to Libya, and some smuggling activities due to the unstable security situation at the border. 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% in 2010 and 12.5% in 2011). In 2012, frequent shut downs of the sole crushing plant reduced local production and increased imports. To compensate for the lack of local soybean meal production, the GOT authorized local operators to import up to 75,000 MT with 0% duties. Total imports for CY 2012 rose to 137,000 MT (up from 35,000 MT in CY 2011) of which 25,000 MT were re-exported to neighboring countries. U.S. soybean meal exports to Tunisia totaled 13,000 MT in CY 2012 after 2 years of absence.

Apart from a shutdown in October 2012 due to low crushing margins, Carthage Grain Company was highly competitive and captured almost 78 percent share of the Tunisian soybean meal market in 2012. Furthermore, Carthage Grain Company is expected to continue to dominate the market in 2013, mostly displacing soybean meal imports from Argentina.

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 | **2008** | **2009** | **2010** | **2011** | **2012** |
| Quantity (1000 MT) | 267 | 190 | 79 | 35 | 137 |
| Value ($Million) | 122 | 82 | 31 | 15 | 80 |
| CIF Unit price ($/T) | 457 | 478 | 392 | 428 | 583 |
| Year-on-year quantity growth | +3.5% | -29% | -59% | -12.5% | 290% |

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 2012 is estimated at 220,000 MT, up from 180,000 MT in MY 2011. One third of Tunisia's total edible oil consumption is supplied by domestic olive oil, as most 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. In 2012, the newly elected government decided to help olive farmers and olive oil producers by requiring the state oil buying agency (Office de l'huile) to buy specified quantities of local olive oil at a set price from producers and resell it to consumers. For 2013, the price increased considerably after Spain's production was hit brutally by a drought. The price of olive oil in the local market jumped in early 2013 to US$3.20.

In CY 2012, the Carthage crushing plant produced about 83,000 MT of soybean oil, down from 90,000 MT. After the revolution, the Company was able to have an agreement with the government to resolve a longstanding dispute that prevented the Office de l'huile 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 2012, around 90 percent of the soybean oil produced by the Carthage plan was sold on the domestic market and 10 percent went to export markets.

## 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 153,000 MT, valued at $375 million and up from the $287 million earned the previous year. About 80 per cent of Tunis's olive oil production is destined for exports, with only 12 percent of the exported quantity sold in bottles; the remainder is sold in bulk. The average export price for Tunisian olive oil is estimated at about 3.80 TD (US$2.45) per liter. The U.S. ranked as the second largest export destination (after the EU market) for Tunisia's olive oil exports, absorbing about 25 percent of total exports with a value of $96 million. For MY 2013/14, Tunisia olive oil exports are projected to continue increasing due to a large harvest and quality production in 2012. Tunisian olive oil is also expected to be more competitive given the reduced competition from Spain where there was a severe drought.

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** | **2008** | **2009** | **2010** | **2011** | **2012** |
| Soybean oil | 238 | 140 | 165 | 161 | 107 |
| Palm oil | 60 | 71 | 55 | 62 | 66 |
| Corn oil | 46 | 31 | 58 | 118 | 91 |

| | | | | | |
|---|---|---|---|---|---|
| Other oils, including sunflower seed oil | 16 | 26 | 8 | 8 | 16 |
| **Total** | **360** | **268** | **286** | **349** | **280** |

Source : Institut National de Statistiques (INS)

Total Tunisian edible oils imports (valued at $376 million) decreased by 20 percent in volume in CY 2012. This was mostly due to less local consumption after the departure of the Libyan refugees following the end of the war in Libya. Imports of corn oil and soybean oil decreased while imports of palm oil remained stable.

According to official Tunisian trade data, U.S. corn oil exports in CY 2012 reached 56,000 MT. The U.S. share of the Tunisian corn oil market was estimated at 61% with little increase compared to CY 2011 (57%). U.S. soybean oil exports to Tunisia were absent in CY 2012 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. With the Carthage crushing plan expanding its production capacity, Tunisia's soybean oil imports are expected to decline in 2013.

**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 2012-002 on January 2012).

**<u>Oilseed and Vegetable Oils</u>**

| 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 continue to be assessed at 9 percent import duties and taxes. This measure will help the sole oilseed crushing plant and will enhance its competitive position against soybean meal and ensure the economic viability of the company in the long term.

**Production, Supply and Demand Data Statistics:**

**PSD Soybean Meal**

| Meal, Soybean Tunisia | 2011/2012 | | 2012/2013 | | 2013/2014 | | |
|---|---|---|---|---|---|---|---|
| | Market Year Begin: Oct 2011 | | Market Year Begin: May 2012 | | Market Year Begin: Oct 2013 | | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post | |
| Crush | 450 | | 460 | 440 | | 500 | (1000 MT) |
| Extr. Rate, 999.9999 | 1. | 0. | 1. | 0. | | 0. | (PERCENT) |
| Beginning Stocks | 0 | 0 | 8 | 0 | | 17 | (1000 MT) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Production | 353 | 350 | 361 | 315 | | 360 | (1000 MT) |
| MY Imports | 65 | 35 | 45 | 107 | | 60 | (1000 MT) |
| MY Imp. from U.S. | 0 | | 0 | 13 | | 0 | (1000 MT) |
| MY Imp. from EU | 0 | | 0 | | | | (1000 MT) |
| Total Supply | 418 | 385 | 414 | 422 | | 437 | (1000 MT) |
| MY Exports | 32 | 20 | 0 | 20 | | 10 | (1000 MT) |
| MY Exp. to EU | 0 | 0 | 0 | 0 | | 0 | (1000 MT) |
| Industrial Dom. Cons. | 0 | | 0 | 0 | | 0 | (1000 MT) |
| Food Use Dom. Cons. | 0 | | 0 | 0 | | 0 | (1000 MT) |
| Feed Waste Dom. Cons. | 378 | 365 | 386 | 385 | | 400 | (1000 MT) |
| Total Dom. Cons. | 378 | 365 | 386 | 385 | | 400 | (1000 MT) |
| Ending Stocks | 8 | 0 | 28 | 17 | | 27 | (1000 MT) |
| Total Distribution | 418 | 385 | 414 | 422 | | 437 | (1000 MT) |
| CY Imports | 35 | 35 | 15 | 107 | | 60 | (1000 MT) |
| CY Imp. from U.S. | 0 | | 0 | 13 | | 0 | (1000 MT) |
| CY Exports | 0 | 20 | 0 | 20 | | 10 | (1000 MT) |
| CY Exp. to U.S. | 0 | 0 | 0 | 0 | | 0 | (1000 MT) |
| SME | 378 | 365 | 386 | 385 | | 400 | (1000 MT) |
| TS=TD | | 0 | | 0 | | 0 | |
| Comments | | | | | | | |
| AGR Number | | | | | | | |

Comments To Post

# PSD Soybean Oil

| Oil, Soybean Tunisia | 2011/2012 | | 2012/2013 | | 2013/2014 | |
|---|---|---|---|---|---|---|
| | Market Year Begin: Oct 2011 | | Market Year Begin: May 2012 | | Market Year Begin: Oct 2013 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Crush | 490 | 490 | 500 | 440 | | 500 | (1000 MT) |
| Extr. Rate, 999.9999 | 0. | 0.1837 | 0. | 0.1886 | | 0.19 | (PERCENT) |
| Beginning Stocks | 19 | 19 | 16 | 40 | | 60 | (1000 MT) |
| Production | 91 | 90 | 93 | 83 | | 95 | (1000 MT) |
| MY Imports | 130 | 161 | 125 | 107 | | 80 | (1000 MT) |
| MY Imp. from U.S. | 0 | 0 | 0 | 0 | | 0 | (1000 MT) |
| MY Imp. from EU | 40 | 40 | 30 | 45 | | 50 | (1000 MT) |
| Total Supply | 240 | 270 | 234 | 230 | | 235 | (1000 MT) |
| MY Exports | 62 | 75 | 60 | 10 | | 20 | (1000 MT) |
| MY Exp. to EU | 0 | | 0 | 0 | | 0 | (1000 MT) |
| Industrial Dom. Cons. | 0 | | 0 | | | | (1000 MT) |
| Food Use Dom. Cons. | 162 | 155 | 162 | 160 | | 170 | (1000 MT) |
| Feed Waste Dom. Cons. | 0 | | 0 | 0 | | | (1000 MT) |
| - | 0 | | 0 | | | | (1000 MT) |
| Total Dom. Cons. | 162 | 155 | 162 | 160 | | 170 | (1000 MT) |
| Ending Stocks | 16 | 40 | 12 | 60 | | 45 | (1000 MT) |
| Total Distribution | 240 | 270 | 234 | 230 | | 235 | (1000 MT) |
| CY Imports | 130 | 161 | 125 | 107 | | 80 | (1000 MT) |
| CY Imp. from U.S. | 3 | 0 | 3 | 0 | | 0 | (1000 MT) |
| CY Exports | 60 | 75 | 60 | 10 | | 20 | (1000 MT) |
| CY Exp. to U.S. | 0 | 0 | 0 | 0 | | 0 | (1000 MT) |
| TS=TD | | 0 | | 0 | | 0 | |
| Comments | | | | | | | |
| AGR Number | | | | | | | |

Comments To Post

## PSD Olive Oil

| Oil, Olive Tunisia | 2011/2012 | | 2012/2013 | | 2013/2014 | | |
|---|---|---|---|---|---|---|---|
| | Market Year Begin: Nov 2011 | | Market Year Begin: May 2012 | | Market Year Begin: Nov 2013 | | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post | |
| Area Planted | 0 | | 0 | | | 0 | (1000 HA) |
| Area Harvested | 0 | | 0 | | | 0 | (1000 HA) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Trees | 75,000 | | 75,000 | | | 75,000 | (1000 TREES) |
| Beginning Stocks | 4 | 4 | 10 | 4 | | 1 | (1000 MT) |
| Production | 180 | | 180 | 180 | | 220 | (1000 MT) |
| MY Imports | 1 | | 0 | 0 | | 0 | (1000 MT) |
| MY Imp. from U.S. | 0 | | 0 | 0 | | 0 | (1000 MT) |
| MY Imp. from EU | 1 | | 0 | 0 | | 0 | (1000 MT) |
| Total Supply | 185 | 4 | 190 | 184 | | 221 | (1000 MT) |
| MY Exports | 135 | | 140 | 153 | | 180 | (1000 MT) |
| MY Exp. to EU | 100 | | 105 | 95 | | 120 | (1000 MT) |
| Industrial Dom. Cons. | 0 | | 0 | 0 | | | (1000 MT) |
| Food Use Dom. Cons. | 40 | | 40 | 30 | | 30 | (1000 MT) |
| Feed Waste Dom. Cons. | 0 | | 0 | 0 | | 0 | (1000 MT) |
| Total Dom. Cons. | 40 | 0 | 40 | 30 | | 30 | (1000 MT) |
| Ending Stocks | 10 | 4 | 10 | 1 | | 11 | (1000 MT) |
| Total Distribution | 185 | 4 | 190 | 184 | | 221 | (1000 MT) |
| CY Imports | 0 | | 1 | 0 | | 0 | (1000 MT) |
| CY Imp. from U.S. | 0 | | 0 | 0 | | 0 | (1000 MT) |
| CY Exports | 135 | | 140 | 153 | | 180 | (1000 MT) |
| CY Exp. to U.S. | 25 | | 25 | 37 | | 40 | (1000 MT) |
| TS=TD | | 0 | | 0 | | 0 | |
| Comments | | | | | | | |
| AGR Number | | | | | | | |

Comments To Post

## Export Trade Matrix Olive Oil

| | | | |
|---|---|---|---|
| **Export Trade Matrix** | **Commodity: Oil, Olive** | | |
| **Country:** | **Tunisia** | **Units:** | **1,000 MT** |
| **Exports for** | **CY 2011** | | **CY2012** |
| U.S. | 25 | U.S. | 37 |
| EU | 65 | EU | 95 |
| | | | |
| Others not listed | 10 | | 21 |
| **Grand Total** | **100** | | **153** |