

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Tunisia

Oilseeds and Products Annual

US Soybeans to Continue Displacing Argentine SoyMeal

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Report Highlights:

Post forecasts Tunisia's MY 2018/19 soybean imports at 610,000 MT, compared to 580,000 MT in MY 2017/18. MY 2018/19 olive oil exports are forecast at 150,000 MT, compared to 200,000 MT in MY 2017/18.

Executive Summary:

Olive Oil

Olive oil production in MY 2018/19 is forecast at 180,000 MT following unusually good rainfall recorded in the center and southern regions that will mitigate annual cyclical disparities as production is supposed to be below average. As a direct result, Post forecasts MY 2018/19 exports to reach 150,000 MT.

Production figures and estimated exports for MY 2017/18 are increased from 240,000 MT to 260,000 MT and maintained at 200,000 MT respectively.

Soybean Complex

Soybean imports are forecast at 610,000 MT in MY 2018/19 with Tunisia's current lone crushing facility having stabilized an effective capacity of 2,000 MT/day with peaks of 2,200 MT/day.

Soybean imports for MY 2017/18 are increased to 580,000 MT, although still lower than the initial forecast of 640,000 MT, as a result of unforeseen technical constraints following the crushing facility's expansion.

Increased crushing capacity will continue to squeeze demand for imported soybean meal – estimated at 110,000 MT for MY 2018/19 – as feed demand continues to grow slowly as a result of strong controls limiting growth to poultry production. Increased crush will also lead to lower import demand for soybean oil in MY 2018/19 – forecast down to 135,000 MT from 140,000 MT – as consumer demand remains largely limited by the local economy.

Estimates for MY 2017/18 crush are revised up, although down from Post's original forecast, increasing crush from 530,000 to 557,000 MT. Total soybeans imports and imports from United States are revised higher from 540,000 to 580,000 MT, and from 200,000 MT to 280,000 MT respectively in MY 2017/18. Soybean meal imports are lowered from 190,000 MT to 120,000 MT in MY 2017/18 while soybean oil imports are lowered from 160,000 MT to 140,000 MT.

Commodities:

Oilseed, Soybean
Oil, Olive

Area Harvested:

Apart from olives, 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 88 million olive trees planted over 1.9 million hectares, which represent one-third of total arable land. Olive area is likely to steadily increase in the coming years as Tunisia continues to aggressively promote new plantations.

Production:

MY 2018/19 olive production is forecast slightly above average at 900,000 MT, thanks to unusually good Winter 2017/18 rainfall in the center and southern regions, which will positively contribute to increased vegetation and flowering in 2018 while mitigating the trees' natural cyclical downward production in the forecast year.

For the MY 2017/18 olive crop, production is estimated at 1.3 MMT and was driven by relatively good weather conditions in Winter 2016/17 as well as supported by the trees' alternate high-fruit bearing cycle. Harvest began in early-November 2017 and is near finished in February 2018.

Consumption:

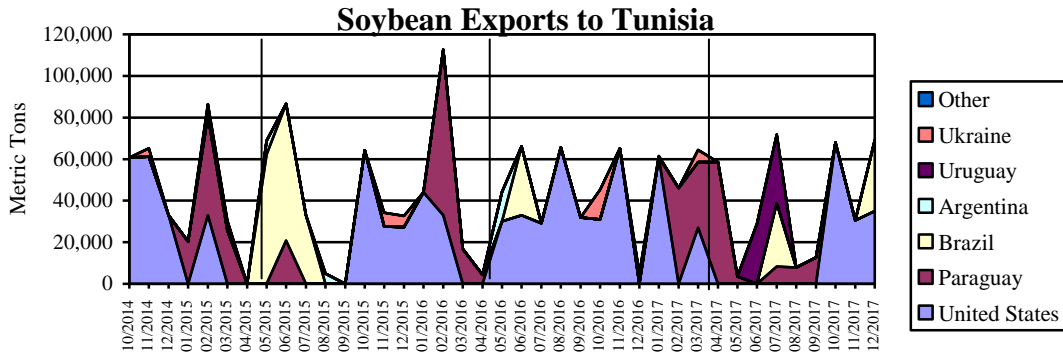
For MY 2018/19, soybean crush is forecast at 604,000 MT, as Tunisia's crusher operates near an effective full capacity of 2,000 MT/day with peaks to 2,200 MT/day for the entire marketing year.

For MY 2017/18, soybean crush is estimated at 557,000 MT, up from the official estimate of 530,000 MT but down from Post's original forecast of 590,000 MT. Following expansion in early 2017, the facility was delayed in reaching full performance due to technical issues. Labor-related shutdowns were limited in 2017/18 compared to 2016/17.

Utilization of soybean extruders by feed millers has progressed slower than expected with mixed expectations for their greater use in the current and forecast marketing year.

Trade:

Post forecasts imports in MY 2018/19 at 610,000 MT and revises MY 2017/18 soybean imports higher to 580,000 MT to meet crushing needs. Tunisian importers are willing to pay a price premium for U.S. soybean quality.



Source: Global Trade Atlas

Policy:

The Tunisian olive sector has not yet gained complete autonomy, despite abolishing the monopoly of the National Oil Board (ONH) in 2004. In the last few years there has been a notable increase in the role of middlemen in the olive oil market. In general, these individuals have financial resources to buy olives from farmers or land-owners on the tree before the start of the crushing season, organize labor for harvest, and then sell them to crushers.

Commodities:

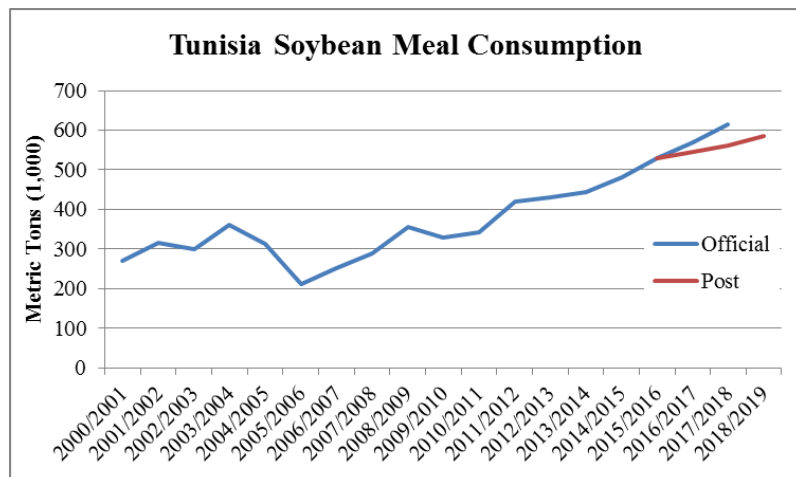
Meal, Soybean

Production:

As a derivative of soybean crush, soybean meal production is forecast to reach 500,000 MT in MY 2018/19 and revised up from the official estimate to 450,000 MT in MY 2017/18. Increased production will continue to displace soybean meal imports, most of which come from Latin America (See Trade below).

Consumption:

Tunisian consumption of soybean meal for MY 2018/19 forecast at 585,000 MT compared to an estimated 561,000 MT in MY 2017/18 following a dramatic slowdown 2016/17 connected in part with government's reintroduction of quotas into the poultry sector in to limit production.

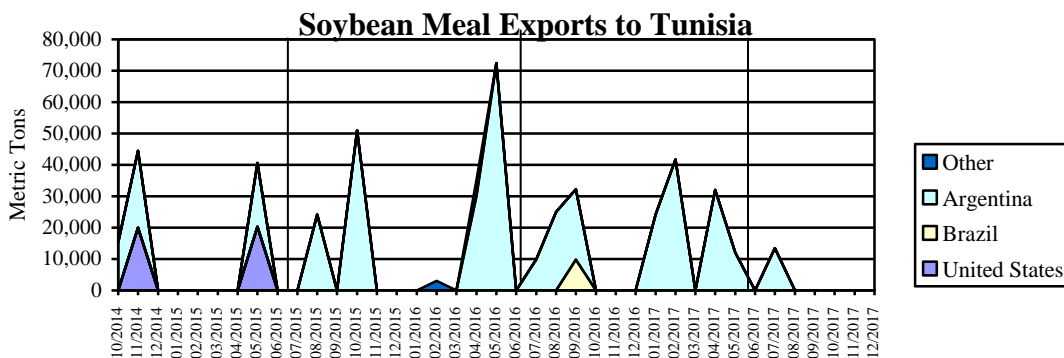


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Sources vary on current and future growth prospects. While total animal feed production is expected by some to increase from 2,400,000 MT in MY 2016/17 to 2,450,000 MT in MY 2017/18 to 2,500,000 MT in MY 2018/19, others have a more optimistic view that poultry production may still be growing at 4-6 percent per year. Industry sources estimate 70 percent of soybean meal is destined for the poultry and egg sectors.

Trade:

For MY 2017/18, soybean meal imports are estimated at 120,000 MT and are forecasted at 110,000 MT in MY 2018/19. Imports are expected to fall as domestic production capacity increases faster than consumption demand.



Source: Global Trade Atlas

Commodities:

- Oil, Olive
- Oil, Soybean
- Oil, Rapeseed

Production:

MY 2018/19 production of olive oil is forecast at 180,000 MT. The bulk of the olive harvest is processed into various grades of oil by 1,700 olive mills scattered throughout the production area.

Soybean oil production in MY 2018/19 is forecast at 118,000 MT while the 2017/18 estimate is revised higher to 108,000 MT, reflecting higher crush (though still lower than Post’s earlier forecast).

Rapeseed oil production is in the early stages; however, it is developing fast with the crushing plant and Government assistances with production forecasted at 11,000 MT in MY 2018/19, up from an estimated production of 5,000 MT in MY 2017/18. The crushing plant continues with contracting production by providing the needed inputs to framers in addition to a technical support. The target is to double the planted area to 26,000 HA in the next few years.

Consumption:

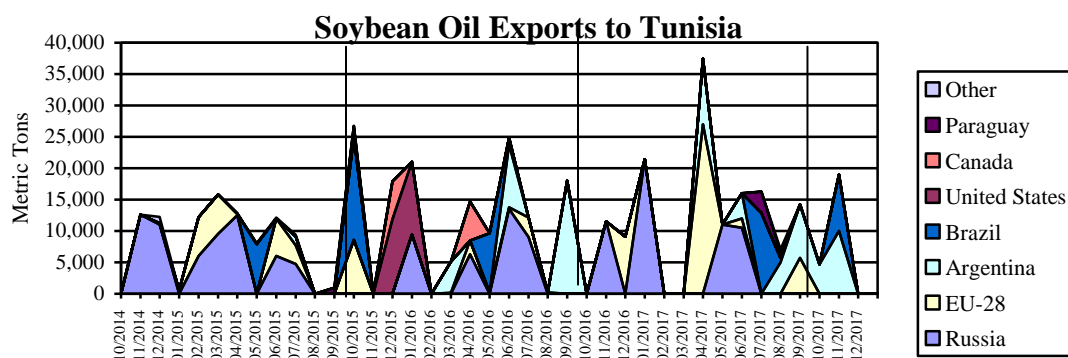
Olive oil consumption is calculated at 40,000 MT in MY 2016/17 based on residual supply with 2017/18 and 2018/17 held relatively steady at 40,000 MT. Olive oil remains relatively expensive for a large segment of Tunisian households as consumer purchasing power remains weak with little signs of improvement over the next year. The average domestic price for Tunisian olive oil is currently \$4.10 per liter, compared to \$3.40 the same time last year.

Vegetable oils (e.g., soybean, palm, and corn oil) are imported, refined, and bottled locally and ultimately serve as the primary cooking oil. Prices are subsidized by the government to ensure their affordability on the retail market (See Policy below). Palm oil consumption is lowest in the winter months (October through February) and does not have a good reputation among consumers.

Trade:

In MY 2018/19, Tunisian olive oil exports are projected to decrease to 150,000 MT. Tunisia’s primary export markets are Italy, the United States, and Spain. Most of Tunisia’s olive oil exports are sold in bulk, with 18 percent sold in bottles in MY 2016/17. The volume of bottled olive oil exports continues to grow and is estimated to reach 25,000 MT in MY 2017/18. It remains a priority within the government, and as the volume grows, export destinations should diversify.

Dominated by soybean oil, total edible oil imports for MY 2018/19 are forecast to decrease to 250,000 MT, down from 270,000 MT in 2017/18 and 320,000 MT in MY 2016/17. Corn and palm oil imports satisfy most of the remaining domestic market demand with sunflower, palm kernel, and coconut oil making a small contribution.



Source: Global Trade Atlas

Policy:

There have been no major changes in edible oil policy, and Tunisia maintains the following key objectives with regards to the sector:

1. To increase annual average production of olive oil from 180,000 MT to 250,000 MT by 2020 through (1) an aging olive tree renewal plan, which represents 20 percent of olive trees and (2) plans for a new plantation in northwest Tunisia.
2. To increase olive trees yields from a low average of 0.15 MT of olive oil per hectare to no less than 0.2 MT per hectare through improvement of olive tree cultivation techniques and a national olive disease protection program

3. To mitigate the large disparity of olive oil production during drought years (almost 2/5 years), the government targets increasing irrigated area of olive trees from 90,000 HA to 120,000 HA in the next few years, which would increase olive oil production from irrigated orchards to 100,000 MT that would guarantee a minimum level of production during the drought years.
4. To promote olive oil exports, given its importance as a major source of the country's hard currency earnings.
5. To fulfill the vast majority of domestic demand for imported vegetable oils at the lowest cost possible
6. To continue subsidizing vegetable oil purchased by ONH in order to maintain relatively low market prices at the retail level. Through the Compensation Fund (Caisse Generale de Compensation), the government would write off losses incurred by ONH resulting from them selling at prices below purchase costs.
7. Ultimately, transition vegetable oil imports from the state-run National Oil Board (ONH) to local refiners via a refining quota system.

To maintain affordable prices of edible oils for consumers, the government continues to maintain reduced taxes and VAT on a list of edible oils (e.g., palm, soybean, corn, and sunflower) through the application of Decree 2014-002 of January 14, 2014.

Products	Custom Duties %	Value Added Taxes
Peanut Oil - Raw	0	0
Peanut Oil - Refined	10	0
Palm Oil - Raw	0	0
Palm Oil - Refined	10	0
Sunflower Oil - Raw	0	0
Sunflower Oil - 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

Tunisia's policy concerning oilseeds and meal has two main components:

1. To promote production of domestically produced oilseed crops, including rapeseed, sunflower, and leguminous plants.
2. To promote the import of soybeans over soybean meal through the application of higher import duties on the processed product.

Products	Custom Duties %	Value Added Taxes
Soybean	0	0
Soybean Meal	15	0

Production, Supply and Distribution Tables:

PSD Soybeans

Oilseed, Soybean Market Begin Year Tunisia	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	36	36	2	2	0	20
Production	0	0	0	0	0	0
MY Imports	471	471	540	580	0	610
MY Imp. from U.S.	184	184	200	280	0	290
MY Imp. from EU	0	0	0	0	0	0
Total Supply	507	507	542	582	0	630
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	500	500	530	557	0	604
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	5	5	5	5	0	6
Total Dom. Cons.	505	505	535	562	0	610
Ending Stocks	2	2	7	20	0	20
Total Distribution	507	507	542	582	0	630
CY Imports	485	485	650	650	0	0
CY Imp. from U.S.	360	360	425	425	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	0	0	0	0	0	0

(1000 HA) ,(1000 MT) ,(MT/HA)

PSD Soybean Meal

Meal, Soybean Market Begin Year Tunisia	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	500	500	530	557	0	604
Extr. Rate, 999.9999	0.778	0.778	0.7792	0.8079	0	0.8278
Beginning Stocks	101	101	58	58	0	54
Production	389	389	413	450	0	500
MY Imports	150	125	190	120	0	110
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	640	615	661	628	0	664
MY Exports	12	12	12	13	0	13
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.	570	545	615	561	0	585
Total Dom. Cons.	570	545	615	561	0	585
Ending Stocks	58	58	34	54	0	66
Total Distribution	640	615	661	628	0	664

(1000 MT) ,(PERCENT)

PSD Soybean oil

Oil, Soybean Market Begin Year Tunisia	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	500	500	530	557	0	604
Extr. Rate, 999.9999	0.184	0.184	0.183	0.1939	0	0.1954
Beginning Stocks	7	7	4	4	0	4
Production	92	92	97	108	0	118
MY Imports	150	150	160	140	0	135
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	43	43	45	0	0	0
Total Supply	249	249	261	252	0	257
MY Exports	5	5	5	5	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	240	240	242	243	0	247
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	240	240	242	243	0	247
Ending Stocks	4	4	14	4	0	10
Total Distribution	249	249	261	252	0	257
(1000 MT) ,(PERCENT)						

PSD Rapeseed oil

Oil, Rapeseed Market Begin Year Tunisia	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	0	6	0	11	0	26
Extr. Rate, 999.9999	0	0.3333	0	0.4545	0	0.4231
Beginning Stocks	1	1	0	1	0	1
Production	0	2	0	5	0	11
MY Imports	2	2	2	2	0	2
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3	5	2	8	0	14
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	3	4	2	7	0	13
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	3	4	2	7	0	13
Ending Stocks	0	1	0	1	0	1
Total Distribution	3	5	2	8	0	14
(1000 MT) ,(PERCENT)						

PSD Olive Oil

Oil, Olive Market Begin Year Tunisia	2016/2017		2017/2018		2018/2019	
	Nov 2016		Nov 2017		Nov 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1818	1818	1818	1900	0	1920
Area Harvested	0	0	0	0	0	0
Trees	86000	86000	86000	88000	0	90000
Beginning Stocks	34	34	6	6	0	28
Production	100	100	240	260	0	180
MY Imports	2	2	2	2	0	2
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	136	136	248	268	0	210
MY Exports	110	90	200	200	0	150
MY Exp. to EU	50	54	125	130	0	95
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	20	40	30	40	0	40
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	20	40	30	40	0	40
Ending Stocks	6	6	18	28	0	20
Total Distribution	136	136	248	268	0	210
(1000 HA) ,(1000 TREES) ,(1000 MT)						