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## Tunisia

### Oilseeds and Products Annual

### Oilseeds and Products Annual 2015

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#### **Report Highlights:**

Due to an excellent rainfall distribution and good weather, especially during the flowering and olive filling periods, the Tunisian Ministry of Agriculture estimated olive oil production for MY 2014/15 at 320,000 MT, which is a record high. Olive oil production in MY 2015/16 is forecast at 150,000 MT. Soybean imports have grown during the last five years from 440,000 MT in 2012 to an estimated 511,000 MT in 2015. Total soybean imports are projected to be around 570,000 MT in 2016 due to higher domestic demand for meal, as well as higher demand from Tunisia's sole crusher.

## **Executive Summary:**

Due to an excellent rainfall distribution and good weather, especially during the flowering and olive filling periods, the Tunisian Ministry of Agriculture estimated olive oil production for MY 2014/15 at 320,000 MT. Olive oil production for MY2015/16 is forecast at 150,000 MT. In CY 2015 oilseed imports, principally consisting of soybeans, were estimated at 511,000 MT, down from 575,000 MT in CY 2014. In CY 2016 soybean imports are forecast at 570,000 MT due to growing crushing capacity at Tunisia's sole crushing facility, Carthage Grains. Overall, soybean imports have grown slightly the last 5 years.

Prior to the construction of the Carthage crushing plant in 2009, Tunisia had no oilseed and meal production capacity. In CY 2014, the plant produced about 350,000 MT of soybean meal, up from 310,000 MT in CY 2013. In CY 2015 Carthage Grains regained their normal production capacity and was able to supply 83 percent of domestic soybean meal demand, estimated at 420,000 MT. The remainder estimated at 70,000 MT is imported directly from the United States and Latin America by feed mills and importers after it has been authorized by Tunisian Agricultural Ministry. In 2016, the crushing plant is expected to process 570,000 MT of soybeans.

Tunisia's olive oil production for MY 2014/15 is estimated at 320,000 MT, which is a record high. Most of the domestic olive oil production goes to export markets and only one third of Tunisia's edible oil consumption is provided by olive oil. In MY2013/14, Tunisian olive oil exports totaled 77,000 MT, and in 2014/15, due to the bumper crop, exports are estimated at 300,000 tons valued at \$950 million. This season (2014/15) major importers of Tunisian olive oil are the EU and Canada. In MY 2013/14 the United States, after being the second largest export destination the previous year, ranked as the third largest destination, absorbing about 11 percent of total exports with a value of \$19 million.

Tunisia's requirements for edible oil consumption 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 \$389 million) remained stable in 2014 at an average level of 255,000 MT. In 2015 imports of vegetable oils are estimated at 225,000 MT and in 2016 imports are forecast to continue decreasing to reach 200,000 MT. And this downtrend is due to the domestic soybean oil production that is turning more and more towards the domestic market: in 2015 Carthage Grain will not export its production of 80,000 MT oil to foreign market.

## **Commodities:**

Oilseed, Soybean

**Production:**

**Tunisia is a major olive producer** but apart from olive oil 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 80 million olive trees planted over 1.8 million hectares which represent one-third of total arable land, making the olive crop the main domestic source of edible oils. Olive oil production in MY 2014/15 is estimated at 320,000 MT. This record high crop is mostly due to good rainfall distribution and good weather. 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 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 farmers nor crushers nor exporters, and they buy olives on the trees by proposing cash directly to farmers or land owners 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. For the MY 2015/16 olive crop, harvest will begin in the middle of November 2015 and should be completed by the end of February 2016. The bulk of the olive harvest will be processed into various grades of oil by approximately 1700 olive mills scattered throughout the olive production areas. The mill-gate prices for olive oil usually reflect prices of green olives during the harvest season. MY 2014/15 olive production is estimated at 1,600,000 MT.

**Consumption:**

For the MY 2014/15 olive crop, harvest began in middle November and will be completed by the end of February 2015. The bulk of the olive harvest, estimated at 1,600,000 MT, is processed into various grades of oil by 1700 olive mills scattered throughout the olive production areas. The mill-gate prices for olive oil reflect prices of green olives during the harvest season.

**Crush:**

For the time being there is still only one oilseed crushing plant which started its activity in 2009. In CY 2015 the sole crushing plant in Tunisia, Carthage Grain, imported an estimated 511,000 MT and in CY 2016 imports forecast is projected at 570,000 MT. This increase in imports and crush capacity took place after finding solutions to internal disruptions in the plant operation. The disruptions were caused by social tensions and strikes while disruptions for technical instability and low crushing margin where definitely solved, and the plant revealed that it obtained large crushing margin during the last two years.

At present, the crushing plant is at 80 percent of 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.

According to Carthage Grain, imports from United States of soybeans in CY 2015 decreased in volume to 159,000 MT compared to 236,000 MT recorded in CY 2014 and this decrease is due to the decrease in the total soybeans import from 575,000 MT in 2014 to 511,000 MT in 2015 and also to the decrease of the U.S. market share from 41 percent to 31 percent. For CY 2015 Tunisia's soybean imports are projected to reach 570,000 MT and the performance of U.S. soybean exports to Tunisia is expected to be stable. In CY 2016 U.S. exports are projected to command about 30 percent of the market due to the better positioning in the Tunisian market of Brazil and Paraguay.

**Commodities:**

Meal, Soybean

**Production:**

Tunisia had no oilseed meal production capacity prior to the construction in 2009 of the Carthage crushing plant. In CY 2014, the plant produced about 350,000 MT of soybean meal, the same amount is estimated for CY 2015 and an increase to 390,000 MT is projected in CY 2016. Carthage grain regained a normal production pace and was able to cover almost all domestic needs. Carthage Grain Company also captured 86 percent share of the Tunisian soybean meal market in 2015 which is an increase of 10 percent market share from the previous year. This increase confirms that the company reached some financial stability. Furthermore, Carthage Grain Company revealed that it obtained large crushing margin during the last two years. That is why it is confirmed that the plant will continue to dominate the market in 2016, mostly displacing soybean meal imports from Latin America.

**Consumption:**

Soybean meal consumption is mainly driven by the poultry sector, where it is estimated that 70 percent of the soybean meal is used in broiler, turkey and egg production. Soybean meal is mixed with other feed ingredients by 170 feed manufacturers to produce various types of compound feed specific to each animal species and ages. Total animal feed production in Tunisia in CY 2015 is estimated at about 2,100,000 MT, up from the average of 1,700,000 MT. And this increase is due to the expansion of the number and capacity of the poultry breeding facilities after the abolition by the Agricultural Ministry of the quota breeding system and the red zones where construction of new poultry breeding facilities were prohibited. Hence Tunisian consumption of soybean meal for CY 2015 is estimated at 420,000 MT and forecast at 460,000 MT in CY 2016.

**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 2009, Tunisia's soybean meal imports accounted for almost the country's entire source of protein meal. With the start of domestic soybean meal production in 2009, the amount of imports steadily decreased. Imports occur only when the local production of soybean meal cannot meet the domestic demand. In CY 2015 soybean meal imports are estimated at 70,000 MT down from 100,000 MT in CY 2014, and forecast at 50,000 in CY 2016.

**Commodities:**

Oil, Olive

Oil, Soybean

**Production:**

Olive oil is the principal edible oil produced in Tunisia. Olive oil production in MY 2014/15 is estimated at 320,000 MT, up from 70,000 MT in MY 2013/14. Olive oil production in MY 2015/16 is

forecast at 150,000 MT. The total supply available for MY2014/15 is around 348,000 MT including 28,000 MT of stock.

In CY 2015, the Carthage crushing plant production is estimated at 90,000 MT of soybean oil, and the production forecast for CY 2016 is 100,000 MT. Despite that the company has an agreement with the government to participate to the Office de l'huile (Tunisian oil board) tenders, it usually fail to obtain it due to the lower prices offered by multinational corporations, and to avoid stock issues the company is forced to highly reduces its margins in soybean oil on the domestic and foreign market.

#### **Consumption:**

In MY 2014/15 consumption of olive oil in Tunisia reached 30,000 MT, less than the ten year average domestic consumption of 36,000. The average domestic price for Tunisian olive oil was about 6 TD (US\$3) per liter. The consumption is very price-elastic and the trend is that Tunisian people are consuming less and less olive oil during the previous years in favor of other vegetable oils (soy oil, corn oil) due to the decrease of their purchasing power specially for the middle income class which represent the majority of the population. 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 2014/15, Tunisian olive oil exports are estimated at 300,000 MT, up from 77,000 MT in MY 2013/14. About 82 per cent of Tunis's olive oil production is destined for exports, the exported quantity sold in bottles reached 26 percent the highest percentage ever recorded; the remainder is sold in bulk. The average export price for Tunisian olive oil was about 5.8 TD (US\$2.9) per liter. The U.S. ranked as the third largest export destination (after the EU market and Canada) for Tunisia's olive oil exports, absorbing about 11 percent of total exports. For MY 2015/16, Tunisia olive oil exports are projected to decrease to 110,000MT due to a medium harvest after a rain deficit during the critical periods.

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

Tunisian Vegetable Oil Imports (1000 MT)

<b>Product</b>	<b>Calendar Year</b>					
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Soybean oil	140	165	161	107	140	121
Palm oil	71	55	62	66	75	71
Corn oil	31	58	118	91	57	33
Other oils, including sunflower seed oil	26	8	8	16	5	30
<b>Total</b>	<b>268</b>	<b>286</b>	<b>349</b>	<b>280</b>	<b>277</b>	<b>255</b>

Source : Institut National de Statistiques (INS)

Total Tunisian edible oil imports (valued at \$255 million) remained stable in CY2014 at 255,000MT and are estimated at 225,000 MT in CY 2015 and projected at 200,000 MT in CY 2016. This steady decrease is due to increased availability of domestic vegetable oil (soybean oil) produced by Carthage Grain, and which is marketed in the Tunisian local market.

**Policy:**

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

1. To increase the production of the olive oil through an aging olive trees renewal plan which represents 20 percent of the total of olive trees, and through a plan for new plantation in the northwest of the country because of better rainfall and weather.
2. To mitigate the large disparity of olive oil annual production because of the drought years (almost 2/5 years) government promotes irrigated olive trees to obtain 98,000 Ha planted from 39,000 Ha in the next few years.
3. To promote the export of the olive oil, given its importance as a major source of the country's hard currency earnings in general, and to promote the export of bottled olive oil particularly in order to have a better value added.
4. To increase the export to the EU through negotiations to raise the non-tax quota from 56,000 MT per year to 91,000 MT for MY 2015/16 and MY 2016/17
5. 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.
6. 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 maintained 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 14 January 2014).

**Oilseed and Vegetable Oils**

<b>Products</b>	<b>Custom Duties</b>	<b>Value Added Taxes</b>
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 - 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 sunflower and leguminous plants.

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

##### **PSD Soybean meal**

Meal, Soybean	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		May 2015	
Tunisia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Crush</b>	444	444	500	500	525	525
<b>Extr. Rate, 999.9999</b>	0.7883	0.6982	0.786	0.7	0.7848	0.6667
<b>Beginning Stocks</b>	33	33	2	2	8	8
<b>Production</b>	350	310	393	350	412	350
<b>MY Imports</b>	81	107	100	100	100	100
<b>MY Imp. from U.S.</b>	10	10	10	10	0	0
<b>MY Imp. from EU</b>	0	0	0	0	0	0
<b>Total Supply</b>	464	450	495	452	520	458
<b>MY Exports</b>	12	12	12	12	15	15
<b>MY Exp. to EU</b>	0	0	0	0	0	0
<b>Industrial Dom. Cons.</b>	0	0	0	0	0	0
<b>Food Use Dom. Cons.</b>	0	0	0	0	0	0
<b>Feed Waste Dom. Cons.</b>	450	436	475	432	495	433
<b>Total Dom. Cons.</b>	450	436	475	432	495	433
<b>Ending Stocks</b>	2	2	8	8	10	10
<b>Total Distribution</b>	464	450	495	452	520	458
<b>(1000 MT) ,(PERCENT)</b>						

##### **PSD Soybean oil**

Oil, Soybean	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
Tunisia	USDA	New	USDA	New	USDA	New

	<b>Official</b>	<b>Post</b>	<b>Official</b>	<b>Post</b>	<b>Official</b>	<b>Post</b>
<b>Crush</b>	444	444	500	500	525	0
<b>Extr. Rate, 999.9999</b>	0.1892	0.1892	0.19	0.18	0.1886	0
<b>Beginning Stocks</b>	16	16	10	10	15	15
<b>Production</b>	84	84	95	90	99	90
<b>MY Imports</b>	120	120	125	121	125	125
<b>MY Imp. from U.S.</b>	0	0	0	0	0	0
<b>MY Imp. from EU</b>	25	25	25	25	25	25
<b>Total Supply</b>	220	220	230	221	239	230
<b>MY Exports</b>	25	25	25	25	25	25
<b>MY Exp. to EU</b>	10	10	10	10	10	0
<b>Industrial Dom. Cons.</b>	0	0	0	0	0	0
<b>Food Use Dom. Cons.</b>	185	185	190	181	200	191
<b>Feed Waste Dom. Cons.</b>	0	0	0	0	0	0
<b>Total Dom. Cons.</b>	185	185	190	181	200	191
<b>Ending Stocks</b>	10	10	15	15	14	14
<b>Total Distribution</b>	220	220	230	221	239	230
<b>(1000 MT) ,(PERCENT)</b>						

### PSD Olive Oil

<b>Oil, Olive</b>	<b>2013/2014</b>		<b>2014/2015</b>		<b>2015/2016</b>	
<b>Market Begin Year</b>	<b>Nov 2013</b>		<b>Nov 2014</b>		<b>Nov 2015</b>	
<b>Tunisia</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Planted</b>	0	0	0	0	0	1800
<b>Area Harvested</b>	0	0	0	0	0	0
<b>Trees</b>		75000	75000	75000	75000	80000
<b>Beginning Stocks</b>	68	68	28	28	18	18
<b>Production</b>	70	70	320	320	150	150
<b>MY Imports</b>	2	2	0	0	0	0
<b>MY Imp. from U.S.</b>	0	0	0	0	0	0
<b>MY Imp. from EU</b>	0	0	0	0	0	0
<b>Total Supply</b>	140	140	348	348	168	168

