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Tunisia

Oilseeds and Products Annual

2016 Oilseeds and Products Annual

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Report Highlights:

The Tunisian Ministry of Agriculture estimated olive oil production for MY 2015/16 at 150,000 MT, down from the previous year's production of 340,000 MT. The smaller quantity was mostly due to the natural alternating olive production cycle. Olive oil production for MY 2016/17 is forecast at 200,000 MT due to the lack of rainfall this winter, particularly in Tunisia's central region. Soybean imports have grown modestly the last five years from 451,000 MT in MY 2011/12 to an estimated 500,000 MT in MY 2015/16. Total soybean imports are projected to be around 510,000 MT in MY 2016/17 due to Tunisia's stabilized soybean meal demand. After some initial reluctance, a new market for soybean hulls has developed in Tunisia. Soybean hulls are expected to be an expanding market with good U.S. export opportunities in the coming years.

Executive Summary:

Due to a regular annual rainfall and due especially to the olive trees's alternate bearing, the Tunisian Ministry of Agriculture estimated olive oil production for MY 2015/16 at 150,000 MT, which slid from last year's performance of 340,000 MT. Olive oil production in MY 2016/17 is forecasted at 200,000 MT due to the lack of rainfall during this winter, especially in Tunisia's central region. In MY 2014/15 oilseed imports, principally consisting of soybeans, were 489,000 MT, up from 444,000 MT in MY 2013/14. In MY 2015/16 soybean imports are estimated at 500,000 MT and are forecast to be around 510,000 MT in MY 2016/17 due to the stabilization of the domestic demand for meal. 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 MY2014/15, the plant produced about 345,000 MT of soybean meal, down from 350,000 MT in MY2013/14. This was due to some technical issues affecting the production process faced by the plant during the first quarter of 2015. In MY 2014/15 the plant was able to supply 73 percent of domestic soybean meal demand, estimated at 470,000 MT. The remainder, estimated at 125,000 MT, was imported directly from the United States and Latin America by feed mills and importers after being authorized by Tunisian Agricultural Ministry. In MY 2015/16, the crushing plant is expected to process about 500,000 MT of soybeans and to produce 355,000 MT of soybean meal. After being reluctant in the beginning, a new market for soybean hulls is emerging in Tunisia, and it is expected to be an expanding market and a good opportunity for U.S. exports in the years to come. The domestic production of soybean hulls equals 6 percent of processed soybeans and is estimated to reach 30,000 MT in MY 2015/16 and the same quantity in 2016/2017. It is worth noting that Tunisia recently removed customs duties on soybean hulls.

Tunisia's olive oil production for MY 2015/16 is estimated at 150,000 MT, which is below the ten year annual average of 185,000 MT. 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 MY 2014/15, Tunisian olive oil exports totaled 310,000 MT, and in MY 2015/16, due to a significant decline in olive oil production, exports are estimated at 140,000 MT and valued at \$430 million. For MY 2016/17 olive oil exports are forecast at 170,000 MT. In MY 2014/15 major importers of Tunisian olive oil were Spain, Italy and U.S. In MY 2014/15, the U.S. imported 37,000 MT of Tunisian olive oil, up 323 % from MY 2013/14. The quantity of Tunisian olive oil imported by the U.S. represented 17 % of the total U.S olive oil imports in MY 2014/15, up from a market share of 4% in MY 2013/14. The U.S. market absorbed about 14 percent of total Tunisia olive oil exports with a value of \$136 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 continued their decrease to 230,000 MT in MY 2014/15, down from 245,000 MT in 2013/14. In MY 2015/16 imports of vegetable oils are estimated at 215,000 MT, and imports for MY 2016/17 are forecast to continue decreasing to reach 200,000 MT. This downtrend is due to the domestic soybean oil production that is turning more and more towards the domestic market. In MY 2015/16 domestic production of soybean oil is estimated to 93,000 MT, and it will not be exported to foreign markets.

Commodities:

Oilseed, Soybean

Production:

Tunisian olive orchards account for 20% of world olive acreage, and Tunisia holds an important place in the world production ranking. 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 84 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 2015/16 is estimated at 150,000 MT. This below average production is mostly due to the olive trees' alternate bearing and to regular annual rain fall. 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. The mill-gate prices for olive oil usually reflect prices of green olives during the harvest season. In MY 2015/16 olive production is estimated at 750,000 MT, down from 1,600,000 MT in MY 2014/15. In MY 2016/17 olive production is forecasted at 1,000,000 MT.

Consumption:

For the MY 2015/16 olive crop, harvest began in late November and was completed by early January 2016. The bulk of the olive harvest, estimated at 750,000 MT, is processed into various grades of oil by 1010 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 in Tunisia and this is situation is expected to change in the next few years with the creation of a second crushing plant. In MY 2015/16, the sole crushing plant in Tunisia is estimated to import 500,000 MT and in MY 2016/17 imports are forecast at 510,000 MT. 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 half of the market year.

Trade:

According to Carthage Grain, imports from United States of soybeans in MY 2014/15 reached 219,000 MT and are estimated at 260,000 MT for MY 2015/16. For MY 2016/17, Tunisia's soybean imports are projected to reach 510,000 MT, and the performance of U.S. soybean exports to Tunisia are expected to grow slightly. In MY 2016/17, 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:

In MY 2015/16, the Carthage Grain's plant is estimated to produce about 355,000 MT of soybean meal, up from 345,000 MT in MY 2014/15. A small increase to 365,000 MT is projected in MY2016/17. In MY 2014/15, the plant was able to cover the biggest part of the domestic needs and captured 73 percent share of the Tunisian soybean meal market in 2015, which is a decrease of 5 percent market share from the previous year. The plant will continue to dominate the market in MY 2015/16, 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 180 feed manufacturers to produce various types of compound feed specific to each animal species and ages. Total animal feed production in Tunisia in CY 2016 is estimated at about 2,200,000 MT, up from the average of 1,700,000 MT. This increase is due to the expansion of the number and capacity of the poultry breeding facilities after the abolition in 2012 by the Agricultural Ministry of the quota breeding system and the red zones where construction of new poultry breeding facilities were prohibited. Tunisian consumption of soybean meal for MY 2015/16 is estimated at 490,000 MT, up from 470,000 MT in MY 2014/15 and is forecast at 505,000 MT in MY 2016/17.

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. For MY 2015/16, soybean meal imports are estimated at 135,000 MT, up from 125,000 MT in MY 2014/15 and are forecast at 140,000 MT in MY 2016/17.

Commodities:

Oil, Olive

Oil, Soybean

Production:

Olive oil is the principal edible oil produced in Tunisia. Olive oil production in MY 2015/16 is estimated at 150,000 MT, down from 340,000 MT in MY 2014/15. Olive oil production in MY 2016/17 is forecast at 200,000 MT. The total supply available for MY2015/16 is around 197,000 MT, including 45,000 MT of stock.

In MY 2015/16, the domestic production of soybean oil is estimated at 93,000 MT, up from 90,000 MT in MY 2014/15, and the production forecast for MY 2016/17 is 95,000 MT.

Consumption:

In MY 2015/16 consumption of olive oil in Tunisia is estimated to reach 35,000 MT, a bit less than the ten year average domestic consumption of 33,000 MT. Consumption in MY 2016/17 is projected to be at 30,000 MT. The average domestic price for Tunisian olive oil is about \$3.5 per liter. The consumption is still 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, especially for the middle income segment, which represents 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 2015/16, Tunisian olive oil exports are estimated at 140,000 MT, down from 310,000 MT in MY 2014/15. About 80 per cent of Tunisia's olive oil production is destined for exports, mainly in bulk, with only 6 per cent of the exported quantity sold in bottles in MY 2014/15. The average export price for Tunisian olive oil is about \$4.6 per kg. In MY 2014/15, the United States imported 37,000 MT of Tunisian olive oil, up 323 % from MY 2013/14. The quantity of Tunisian olive oil imported by the U.S. represented 17 % of the total U.S. olive oil imports in MY 2014/15, up from a market share of 4% in MY 2013/14. The U.S. market absorbed about 14 percent of total Tunisian olive oil exports with a value of \$136 million. In MY 2014/2015, the United States ranked as the third largest export destination after Spain and Italy for Tunisia's olive oil. In MY 2016/17, Tunisian olive oil exports are projected to increase to 170,000 MT.

For other edible oil imports, Tunisia continues to rely heavily on soybean and palm oil to meet domestic market demand.

Total edible oil imports are estimated at 215,000 MT for MY 2015/16, down from 230,000 MT in MY 2014/15 and are projected at 200,000 MT for MY 2016/17. The decrease recorded over the last six years is due to increased availability of domestic vegetable oil (soybean oil) that is marketed exclusively in the Tunisian local market.

Policy:

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

1. To increase the production of the olive oil in order to obtain 230,000 MT as an annual average after 2020, 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 increase the olives trees yields from a low average of 0.15 MT olive oil per hectare to at least 0.2 MT per hectare through an improvement of the olives trees cultivation techniques.

3. To mitigate the large disparity of olive oil annual production because of the drought years (almost 2/5 years), the government promotes irrigated olive trees to obtain 98,000 HA planted from 39,000 HA in the next few years, which will allow to obtain 100,000 MT of olive oil that comes from irrigated orchards.
4. 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.
5. 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.
6. 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.
7. 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 once again 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

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 - 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	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Tunisia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	500	489	525	500	0	510
Extr. Rate, 999.9999	0.786	0.7055	0.7905	0.71	0	0.7157
Beginning Stocks	2	2	8	2	0	5
Production	393	345	415	355	0	365
MY Imports	125	125	150	135	0	140
MY Imp. from U.S.	10	10	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	520	472	573	492	0	510
MY Exports	12	5	12	4	0	8
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.	500	465	560	484	0	494
Total Dom. Cons.	500	465	560	484	0	494
Ending Stocks	8	2	1	5	0	8
Total Distribution	520	472	573	493	0	510
(1000 MT) ,(PERCENT)						

PSD Soybean oil

Oil, Soybean	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Tunisia	USDA	New	USDA	New	USDA	New

	Official	Post	Official	Post	Official	Post
Crush	500	489	525	500	0	510
Extr. Rate, 999.9999	0.19	0.184	0.1886	0.186	0	0.1863
Beginning Stocks	12	12	22	24	0	22
Production	95	90	99	93	0	95
MY Imports	121	118	125	115	0	113
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	25	25	25	25	0	0
Total Supply	228	220	246	232	0	230
MY Exports	6	6	15	15	0	0
MY Exp. to EU	10	10	10	10	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	200	190	210	195	0	205
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	200	190	210	195	0	205
Ending Stocks	22	24	21	22	0	25
Total Distribution	228	220	246	232	0	230
(1000 MT) ,(PERCENT)						

PSD Olive Oil

Oil, Olive	2014/2015		2015/2016		2016/2017	
Market Begin Year	Nov 2014		Nov 2015		Nov 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Tunisia						
Area Planted	0	1800	0	1800	0	1800
Area Harvested	0	0	0	0	0	0
Trees	75000	75000	80000	84000	0	84000
Beginning Stocks	43	43	20	45	0	22
Production	320	340	150	150	0	200
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	365	385	172	197	0	224
MY Exports	315	310	130	140	0	170
MY Exp. to EU	200	200	100	95	0	100
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	30	30	30	35	0	30

Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	30	30	30	35	0	30
Ending Stocks	20	45	12	22	0	24
Total Distribution	365	385	172	197	0	224
(1000 HA) ,(1000 TREES) ,(1000 MT)						