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Tunisia

Oilseeds and Products Annual

2012 Oilseeds and Products Annual

Approved By:
Hassan F. Ahmed, U.S. Embassy, Tunis

Prepared By:
Youssef Chahed, Ag Specialist

Report Highlights:
Tunisia's olive harvest for MY 2011/12 totaled 900,000 MT, an increase of more than 60 percent over last year's harvest. Olive oil production is projected to be 180,000 MT, up from 110,000 MT in MY 2010/11. Tunisia's imports of soybeans continued their steady rise that began in 2009 with the opening of the sole oilseed crushing plant in the country. In 2011, Tunisian soybean imports were estimated at about 490,000 MT, up from 320,000 MT in the year before. Soybean meal imports continued their decline, with a 13 percent drop in 2011 that followed a 59 percent fall in 2010. Tunisia's olive oil exports in 2011 totaled 100,000 MT, valued at $287 million, compared with $310 million in the previous year. U.S. corn oil exports increased by 62 percent in 2011, reaching $110 million, and controlled 57 percent market share.

Executive Summary:

Tunisia's olive production for MY 2011/12 is estimated at 900,000 MT, up from last year's production of 550,000 MT. Oilseed imports, principally soybeans, continued their steady rise that began in 2008 with the start of operation of the sole oilseed crushing plant, Carthage Grains. In 2011, Tunisian soybean imports are estimated at about 490,000 MT, up from 320,000 MT in the previous year, despite several disruptions in Carthage Grains' operation because of the deteriorating security situation and worker strikes that followed the Tunisian revolution. In 2011, the U.S. share of the Tunisian soybeans import market rose to 50 percent, with the value of soybeans and soybean product exports estimated at $117 million.

Prior to the construction of the Carthage crushing plant in 2009, Tunisia had no oilseed meal production capacity. In 2011, the plant produced about 350,000 MT of soybean meal, up from 230,000 MT. Carthage Grain production is covering almost all domestic needs. Tunisian soybean meal imports in 2011 decreased by 12.5 percent, following a decline of 59 percent CY 2010. In the mean time, U.S. soybean meal exports to Tunisia were absent in 2011.

Tunisia's olive oil production in MY 2011 is estimated at 180,000 MT, up from 110,000 MT in MY 2010. One third of the edible oil consumption is provided by olive oil, as most of the local production goes to export markets. Tunisian olive oil exports registered a decline of 9 percent in value in 2011, following a 22 percent drop in 2010. Olive oil exports totaled 100,000 MT, valued at $287 million, and down from the $310 million registered in the previous year. The Carthage crushing plant produced about 90,000 MT of soybean oil in 2011, up from 60,000 MT in 2010. Around 80 percent of the soybean oil produced by the plan is destined for the export markets and 20 percent for the local market. Tunisia's requirements of edible oil are mostly met through imports of crude vegetable oils (refined locally) and, to a lesser extent, through domestic olive oil production. Total Tunisian edible oils imports increased by 22 percent in 2011. Imports of corn oil doubled in volume, while imported soybean oil quantities remained stable, while their value increased 44 percent, to $200 million. U.S. corn oil exports increased by 62 percent, reaching a total of $110 million and controlling 57 percent market share in 2011.

Commodities:

Oilseed, Olive,
Oilseed, Soybean

Production:

Apart from olive, Tunisia' oilseed production remains insignificant despite the Ministry of Agriculture's persistent efforts to encourage farmers to grow rapeseed and sunflower crops in order to diversify sources for 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 2011/12 is estimated at 900,000 MT, up from last year's production level of 550,000 MT. This increase was mostly due to normal production fluctuation related to weather conditions from one season to another and it is a common feature of the predominantly rain-fed olive tree farming. The harvest of the olive crop usually starts in early November and lasts until January.

The Tunisian olive sector has not yet gained a complete autonomy, despite eliminating 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 activities of olive speculators (crop buyers) 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 when the season begins. It is believed that the abolition of the state reference prices as well as the absence of a formal mechanism for price discovery, such as an olives exchange, have contributed to the wide fluctuations in olive prices. There are several large scale olive farms that used to belong to the ousted President's family that are currently facing some difficulties, where olive production and harvest are significantly disrupted.

Consumption:

The harvest of the 2011 olive crop began in early November and continued till the end of February. In some areas, the season was cut short because of lower olive availability in the market. The bulk of the olive harvest was processed into various grades of oil by 800 olive mills scattered around the olive production areas. The mill-gate prices of olive oil reflect prices of green olives during the harvest season. In 2011, the average price for olives ranged between $0.38 and $0.51 per kilos.

Trade:

In CY 2011, the lone oilseed crushing plant in Tunisia, Carthage Grain, imported about 490,000 MT of soybeans, up from 320,000 MT in the previous year. This increase in imports took place despite several disruptions in operation when the plant was shut down because of deteriorating security situation and workers' strikes that followed Tunisian revolution in January and May, respectively. At the present time, the crushing plant is near its maximum operational capacity of 2,000 MT/day and has returned to normal working conditions.

The market opportunity for U.S. exports created by the opening of this crushing plant has made U.S. soybean exports among the leading products of all U.S. exports to Tunisia. U.S. origin soybeans are usually imported in the first and the last quarter of the year. The U.S. share of the soybeans import market rose to 50 percent in 2011. It should be noted that the total value of U.S. soybeans and soybean products exports in this year reached $117 million. This accounts for about 38 percent of total U.S. agricultural and food exports to Tunisia, or about 20 percent of all U.S. exports to this country. For 2012, Tunisia's soybean imports are projected to reach 500,000 MT. The strong performance of U.S. soybeans exports in the Tunisian market is expected to continue with U.S. exports projected to capture about 50 percent of the market, but still will face strong competition from Argentina, Paraguay, and Uruguay.

Commodities:

Meal, Soybean

Production:

Prior to the opening of the Carthage crushing plant, Tunisia had no oilseed meal production capacity. In 2011, the plant produced about 350,000 MT of soybean meal, up from 230,000 MT. The plant production is covering almost all Tunisia's domestic needs. The company's economic viability, however, remains fragile because of its tight profit margin for crushing and some social problems that it is currently facing. For example, the company had to temporarily stop its crushing activities for one and a half month due to strikes and workers sit-ins.

Consumption:

Soybean meal consumption is mainly driven by the poultry sector, with 75 percent of total soybean meal used in broiler, turkey and egg production. The remainder is utilized in cattle feed rations (dairy and feedlot operations). Soybean meal is often mixed, according to standardized formulas, with other feed ingredients to produce various types of compound feed by 350 feed manufacturers in the country. Total animal feed production is currently estimated at about 1.7 MT annually. Tunisian total consumption of soybean meal in CY 2011 was about 385,000 MT, up from 325,000 MT in the year before. This increase was mainly driven by re-exports of about 32,000 MT to Libya, in addition to some smuggling activities that were taken place due to lack of security at the border. The use of new-to-market feed ingredients derived from corn such as corn gluten meal, and more recently, distillers dried grains with soluble (DDGS) by the Tunisian feed manufacturers is increasing but at a relatively small scale.

Trade:

Before 2008, soybean meal imports accounted for almost all sources of protein for animal feed production in Tunisia. With the start of operation at the Carthage Grain plant in 2009, the amounts of meal imports steadily declined and they are expected to disappear in the coming years. According to official trade data, Tunisian soybean meal imports in 2011 declined by 13 percent, following a 59 percent decline in 2010. In the mean time, U.S. soybean meal exports to Tunisia were absent in 2010. Tunisia's soybean meal requirements are mostly determined by an inelastic demand and a short production cycle in the poultry sector, the main end-user of soybean meal. Because of their highly competitive prices, the Carthage Grain company captured almost 90 percent share of the Tunisian soybean market in 2011, and it is expected to continue to dominate that market in 2012. The plant production of soybean meal will mostly displace meal imports from Argentina.

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

Tunisian Soybean Meal Imports 2007-2010

	Calendar Year				
Units	**2007**	**2008**	**2009**	**2010**	**2011**
Quantity (1000 MT)	258	267	190	79	35
Value ($Million)	81	122	82	31	15
CIF Unit price ($/T)	312	457	478	392	428
Year-on-year growth %	+7.4	+3.5	-29	-59	-12.5

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

Commodities:

Oil, Soybean

Oil, Olive

Production:

Olive oil remains the principal edible oil produced in Tunisia. Olive oil production in MY 2011 is estimated at 180,000 MT, up from 110,000 MT in MY 2010. Only one third of the edible oil consumption is provided by local olive oil, as most of the local production goes to export markets. Because of depressed world prices and a disorganized supply chain, many Tunisian producers are facing huge financial difficulties and were forced to sell their production in order to pay off their obligations to the creditors. In January 2012, the new 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 them to the consumers.

In 2011, the Carthage crushing plant produced about 90,000 MT of soybean oil, up from 60,000 MT in 2010. Around 80 percent of the soybean oil produced by the plan is destined to the export markets and 20 percent to the local market. The company was finally able to have an agreement with the government to resolve a longstanding legal issue that prevented the Office de l'huile from buying any locally produced soybean oil. For about three years, the Office de l'huile did not allow 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.

Consumption:

Consumption of olive in Tunisia oil is very price-elastic, with quantities consumed locally widely fluctuating between 20,000 MT and 60,000 MT. For the last ten years, the average domestic consumption was estimate at about 45,000 MT. Olive oil prices are mainly driven by supply and demand forces in the EU markets, which are the main export destinations for Tunisia's olive oil. Regardless of the size of the domestic crop, olive oil remains relatively expensive and thus unaffordable for the large segment of the Tunisian households. In recent years, local consumption needs have been met through importing cheaper vegetable oils, such as soybean and corn oils, to be refined, bottled and sold 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, between the low-quality subsidized cooking oil and the up-scale olive oil. In 2011, vegetables oil consumption increased considerably, partly because of re-exports to the Libyan market and the arrival of almost one million refugees who escaped the war in Libya for shelters in Tunisia.

Trade:

In 2011, Tunisian olive oil exports totaled 100,000 MT, valued at $287 million and down from the $310 million earned in the previous year. Tunisian olive oil exports registered a decline of 9 percent in value in 2011, following a decline of 22 percent in 2010. About 70 per cent of Tunisia's olive oil production is destined for exports, with only 12 percent of the exported quantity being bottled, and the remaining is sold in bulk. Exports of canned and bottled olive oil totaled 12,500 MT in 2011, compared to 8,500 MT in 2010. The average export price for Tunisian olive oil in 2011 was estimated at about 4 TD ($2.85) 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. For 2012, Tunisia olive oil exports are expected to rebound, following the large harvest and better crop quality in 2011. However it is anticipated that Tunisia's olive oil exports would face stronger competition from major olive suppliers, especially with the difficult economic situation in the EU markets.

For other edible oil imports, Tunisia continues to rely heavily on soybean oil to meet most of its domestic market needs. The table below shows the breakdown of the Tunisian edible oils imports in the last five-year period:

Tunisian Vegetable Oil Imports (1000 MT)

	Calendar Year				
Product	**2007**	**2008**	**2009**	**2010**	**2011**
Soybean oil	168	238	140	165	161
Palm oil	60	60	71	55	62
Corn oil	47	46	31	58	118
Other oils, including sunflower seed oil	21	16	26	8	8
Total	**296**	**360**	**268**	**286**	**349**

Source : Institut National de Statistiques (INS)

Total Tunisian edible oils imports (valued at $465 million) increased by 22 percent in volume in 2011. This was mostly due to a higher consumption, following the arrival of the Libyan refugees to Tunisia and to increase in re-exports to neighboring countries, especially Libya. Tunisia's imports of corn oil doubled volume in 2011, while imported quantities of soybean oil remained stable, while increasing in value by 44 percent to $200 million.

According to official trade data, U.S. corn oil exports to Tunisia in CY 2011 increased by 62 percent, reaching a total of $110 million. The U.S. share of Tunisia's corn oil market was estimated at 57 percent, despite strong competition by exports from Argentina and Brazil. U.S. soybean oil exports to Tunisia, however, were absent in 2011. This was mainly due to a lack of price competitiveness with South American exports (Argentina, and Brazil) that control the largest share of the Tunisian vegetable oil market, and more recently from Russian exports. With the Carthage crushing plant expanding its production capacity, Tunisia's imports of soybean oil are expected to decline in 2012.

Policy:

The Tunisian olive oil industry is currently facing difficult times in the world markets due to declining prices and increased competition from cheaper suppliers. Tunisia's olive oil producers have asked the government to provide assistance to help increase local consumption of olive oil by buying part of the production to be sold in local markets at a subsidized price. They have also asked for help to help reduce competition from imported vegetable oils through import duties. In response, the government reactivated a regulatory role of National Oil Board (ONH) through which it would buy certain quantities of local production at a set price of $2.28/liter, to be bottled and sold at $2.57/liter in an attempt to increase demand for olive oil in local markets.

In the mean time, the Tunisian Government continues its policy concerning edible oils to help achieve several 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 to subsidize 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 the selling at prices that are lower than purchase costs.

A notable policy development in January 2012 was is the government reduction or removal of custom duties and value added taxes (VAT) on a list of edible oils (palm oil, soybean oil, corn oil, and sunflower oil) to maintain low prices in the local markets (#decree 2012-002 on January 2012).

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 objectives:

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

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

Among the main development concerning soybeans imports in 2011 was the removal the import duties that was imposed on soybeans imports since 2008. Also, soybean meal imports continued to be assessed 7 percent import duties. These measures should help the sole oilseed crushing plant to enhance its competitive position against imported soybean meal and enhance the company’s economic viability in the long term.

Production, Supply and Demand Data Statistics:
PSD Soybean Meal

Meal, Soybean Tunisia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: May 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	410	320	410	490		500
Extr. Rate, 999.9999	1.	0.7188	1.	0.7143		0.72
Beginning Stocks	0	45	10	29		27
Production	340	230	350	350		360
MY Imports	40	79	40	35		15
MY Imp. from U.S.	5	0	5	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	380	354	400	414		402
MY Exports	0	0	0	32		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	370	325	390	355		355
Total Dom. Cons.	370	325	390	355		355
Ending Stocks	10	29	10	27		47
Total Distribution	380	354	400	414		402
CY Imports	40	79	40	0		0
CY Imp. from U.S.	5	0	5	0		0
CY Exports	0	0	0	0		0
CY Exp. to U.S.	0	0	0	0		0
SME	370	325	390	355		355
TS=TD		0		0		0

PSD Soybean Oil

Oil, Soybean Tunisia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: May 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	410	320	410	490		500
Extr. Rate, 999.9999	0.	0.1875	0.	0.1837		0.3
Beginning Stocks	4	4	1	31		35
Production	77	60	77	90		150
MY Imports	142	165	145	161		100
MY Imp. from U.S.	1	20	3	0		
MY Imp. from EU	32		30	40		
Total Supply	223	229	223	282		285
MY Exports	58	48	58	92		80
MY Exp. to EU	0		0	0		
Industrial Dom. Cons.	0		0	0		
Food Use Dom. Cons.	164	150	163	155		160
Feed Waste Dom. Cons.	0		0	0		
Total Dom. Cons.	164	150	163	155		160
Ending Stocks	1	31	2	35		45
Total Distribution	223	229	223	282		285
CY Imports	145	165	145	161		120
CY Imp. from U.S.	1	0	3	0		0
CY Exports	58	48	58	72		80
CY Exp. to U.S.	0		0			
TS=TD		0		0		0
Comments						
AGR Number						
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PSD Olive Oil

Oil, Olive Tunisia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Nov 2010		Market Year Begin: May 2011		Market Year Begin: Nov 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	0	0	0	0		0
Trees	0	0	0	0		0
Beginning Stocks	45	45	11	14		30
Production	110	110	135	180		180
MY Imports	1	1	1	1		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	1	1	1	1		0
Total Supply	156	156	147	195		210
MY Exports	115	107	115	125		135
MY Exp. to EU	85	83	85	60		90
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	30	35	27	40		40
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	30	35	27	40		40
Ending Stocks	11	14	5	30		35
Total Distribution	156	156	147	195		210
CY Imports	1	1	4	0		0
CY Imp. from U.S.	0	0	0	0		0
CY Exports	110	110	120	100		125
CY Exp. to U.S.	30	27	30	25		30
TS=TD		0		0		0
Comments						
AGR Number						
Comments To Post						

Export Trade Matrix Olive Oil

Export Trade Matrix			

Country:	Tunisia	Units:	1,000 MT
Commodity:	**Oil, Olive**		
Exports for	**CY 2010**		**CY 2011**
U.S.	27	U.S.	25
EU	80	EU	65
Others not listed	3		10
Grand Total	**110**		**100**