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Tunisia

Oilseeds and Products Annual

2011 Oilseeds and Products Annual

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Report Highlights:

With the increasing operational capacity of the sole soybean crushing plant in Tunisia, U.S. soybean exports continued to grow in 2010, reaching 263,000 MT and controlling about 82 percent of this new market. U.S. exports of soybeans and products in 2010 totaled $127 million and represented 48 percent of all U.S. agricultural exports to Tunisia in that year. Tunisian olive harvest for MY 2010/11 is estimated at 550,000 MT, a decline of 19 percent, while olive oil production is projected at 110,000 MT, down 26 percent from the previous year. Tunisia’s olive oil exports in 2010 declined 22 percent, to 110,000 MT, with exports to the U.S. declining by 25 percent, to 27,000 MT. Total Tunisian edible oil imports increased by 6 percent in 2010.

Executive Summary:

Tunisia's olive harvest in MY 2010 is estimated at about 550,000 MT; down from 675,000 MT in the previous year. Olive harvest began in early November and was completed by January. Tunisian oilseed imports, principally soybeans, continued their steady increase that began in 2008 with the start of operation of the sole oilseed crushing plant (Carthage Grains). The Carthage plant imported in CY2010 a total of 320,000 MT of soybeans of which 263,000 MT came from the U.S, enabling U.S. exporters to control about 82 percent of that market. For CY 2011, Tunisian soybean imports are projected to reach 420,000 MT with the U.S. exports controlling the largest share of that market. The market opportunity created for U.S. exports by the opening of this crushing plant has made U.S. soybean exports, along with soybean oil and soy meal, the leading export products among all U.S. exports to Tunisia. In 2010, U.S. exports of soybeans, soybean meal and soybean oil were estimated at $127 million, about 48 percent of all U.S. agricultural and food products exports to this market.

Prior to the construction of the Carthage crushing plant, Tunisia had no oilseed meal production capacity. In 2010, the plant produced about 230,000 MT of soybean meal. This amount covered about 75 percent of Tunisia's soybean meal consumption, reducing imports by about 59 percent. For 2011, it is expected that the plant would reach its maximum production capacity, making Tunisia almost self-sufficient in soybean meal, the leading protein meal in animal feed manufacturing. New-to-market feed ingredients such as corn gluten meal and distillers dried grains (DDGs) have been used recently by feed manufacturers, though in relatively small quantities. In 2010, Tunisia imported about 12,000 MT of DDGS from the U.S.

Tunisia's requirements of edible oil are met through the imports of crude vegetable oils (refined locally) and, to a lesser extent, by its own olive oil production. Olive oil production in MY 2010 is estimated at 110,000 MT, down from 150,000 MT in the previous year. Tunisian olive oil exports in CY 2010 totaled 110,000 MT, valued at $310 million, a decline of about 22 percent compared to CY2009. Tunisian olive oil exports to the United States, the second export market after the EU, reached 27,000 MT in 2010. This represents a decline of 25 percent from the 2009 export level.

Tunisia continues to rely principally on soybean oil to meet household needs of vegetable oils. In 2010, the overall edible oils imports increased by 6.7 percent, mainly due to higher domestic consumption. Exports from South America (Argentina, and Brazil) and Russia dominated the Tunisian soybean oil market in 2010, while the corn oil market continues to be controlled by US suppliers.

In December 2010, GOT eliminated customs duties and Value Added Tax on a list of edible oils (palm oil, soybean oil, corn oil, and sunflower oil) to maintain low consumer prices of imported edible oils.

Production:

Tunisia has about 70 million olive trees, making the olive crop the main domestic source of edible oils. Other oilseed production in Tunisia remains insignificant, despite the Ministry of Agriculture's efforts to encourage farmers to grow rapeseed and sunflower crops in order to diversify oilseed production. Olive production in MY 2010/11 is estimated at 550,000 MT, down from last year's production level of 675,000 MT. The drop in production is a common feature of the predominantly rain-fed olive tree farming system in Tunisia, where production fluctuates with the weather conditions from one season to another.

Although the monopoly of the Office National des Huiles (the state-run edible oils board) was abolished in 2004, the Tunisian olive sector has not yet gained complete autonomy. In the last few years there has been a notable increase in the role of the speculators (buyers) in the olive oil market. These olive speculators are neither crushers nor exporters. 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 the last few years, many producers faced huge debts and were obliged to sell off their production in order to pay off their obligation to the creditors.

Consumption:

For the 2010 olive crop, harvest began in early November and was completed in late January. In some areas the season's length was shorter due to reduced olive availability. The bulk of the olive harvest is processed into various grades of oil by 800 olive mills scattered around olive production areas. Olive oil mill-gate prices reflect those of olives. In 2010, the average price for olives ranged between $0.38 and $0.51 per kilos.

Trade:

The first oilseed crushing plant in Tunisia (Carthage Grains, located about 35 km south of Tunis) started its operation in January 2008. Since then, the company's operation has changed the entire situation of oilseeds processing and trade in Tunisia. In CY 2010, the Carthage crushing plant, with a maximum operational capacity of 2,000 MT/day, imported about 320,000 MT of soybeans, up from 260,000 MT in CY 2009. Soybean imports from the U.S. usually take place in the first and the last quarter the year. In December 2010, there were delays in the unloading and customs clearance of a U.S. soybean shipment that arrived at the port of Tunis that month, due to the upheaval that covered many parts of the country following the 'Jasmine revolution' and the toppling of the Ben Ali regime. The shipment, which was blocked for several days due to a strike by port workers, was finally released and made its way to the Carthage plant facilities.

The market opportunity created for U.S. exports by the opening of this crushing plant has made U.S. soybean exports, along with soybean oil and soy meal, the leading export products among all U.S. exports to Tunisia. In 2010, the U.S. share of the Tunisian soybeans import market rose to 82 percent, with the value of soybeans and soybean products exports estimated at $127 million. This amount represented about 48 percent of U.S. agricultural and food exports, or about 22 percent of total exports of all products to this country. For CY 2011, Tunisia's soybean imports are projected to reach 420,000 MT.

The strong performance of U.S. soybeans exports in the Tunisian market is expected to continue in 2011, with U.S. exports expected to control about 80 percent of that market.

Commodities:

Meal, Soybean

Production:

Prior to the construction of the Carthage crushing plant, Tunisia had no oilseed meal production capacity. In 2010, the plant produced about 230,000 MT of soybean meal and total production is projected to reach 310,000 MT in 2011, covering almost all domestic needs. However, the company remains fragile because of a tight profit margin for crushing. For example, the company had to temporarily stop its crushing activities last August and September due to high prices of soybeans in the world markets compared to prices of soybean meal.

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 productions. 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 1.7 MT annually. Tunisian consumption of soybean meal is around 320,000 MT annually. New-to-market feed ingredients derived from corn such as corn gluten meal, and more recently, distillers dried grains with soluble (DDGS) are now used by feed manufacturers, though on a relatively small scale. In 2010, about 12,000 MT of DDGS were imported from the U.S.

Trade:

Before 2008, soybean meal imports accounted for almost the country's entire supply of protein meals. The starting of local soybean meal production in 2009 considerably reduced the amount of imports and the trend is expected to continue for CY 2011. According to official data, Tunisian soybean meal import shipments in 2010 decreased by 59 percent, following a decline of 29 percent CY 2009. U.S. soybean meal exports to Tunisia were absent in 2010. Tunisia's soybean meal imports are mostly driven by an inelastic demand owing to a short production cycle in the poultry sector, the main end-user of soybean meal. Due to their highly competitive prices, the sole soybean meal producer captured almost 75 percent of the Tunisian market share in most of 2010 and is expected to continue to dominate the market in 2011, displacing most meal imports from Argentina.

Tunisia's soybean meal imports, according to INS over the last five years are listed in the table below:

Tunisian Soybean Meal Imports 2006-2010

	Calendar Year				
Units	**2006**	**2007**	**2008**	**2009**	**2010**
Quantity (1000 MT)	240	258	267	190	79
Value ($ million)	59	81	122	82	31
CIF Unit price ($/T)	247	312	457	478	392
Year-on-year quantity growth	-11.5%	+7.4%	+3.5%	-29%	-59%

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 2010 is estimated at 110,000 MT, down from 150,000 MT in the previous year. One small part of the edible oil consumption is provided through the locally produced olive oil, as most of the local production goes to exports.

In 2010, the Carthage crushing plant produced about 60,000 MT of soybean oil and production is expected to rise to 80,000 MT in 2011. All soybean oil produced by the Carthage plan is destined to export markets, as the state oil buying agency (Office de l'huile) is currently engaged in a financial dispute with the company and has not yet purchased any oil from it. Recent reports, however, indicate this situation may be resolved, then the company will be allowed to participate in tenders issued by the oil buying office that is currently relying on imported vegetable oil to satisfy local market needs. Tunisia's requirements of edible oil are mostly met by imports of crude vegetable oils from abroad that are refined and packaged locally.

Consumption:

Local consumption of olive oil is very price-elastic, fluctuating between a minimum of 20,000 MT and a maximum of 60,000 MT. Olive oil prices are mainly driven by supply and demand forces in the EU market, which is the main export destination for the Tunisian olive oil. In 2010, as a result of a smaller olive oil production and a strong demand from EU and U.S. customers, domestic consumption was low, estimated at 25,000 MT.

Regardless of the size of the domestic crop, olive oil remains relatively expensive and thus unaffordable for the large part of the Tunisian households. In recent years, local consumption needs have 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 used 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:

About 80 per cent of Tunisian olive oil is exported, of which only 7.6 percent is sold bottled. Canned olive oil exports totaled 7,500 MT in 2009, compared to 5,550 MT in 2008. In 2010, Tunisian olive oil exports registered a decline of 22 percent in value, due mostly to reduced export volume, though prices were relatively higher. The average export price for Tunisian olive oil increased 5 percent, and was estimated at about 4 TD ($2.79) per liter. In 2010, Tunisian olive oil exports totaled 110,000 MT, valued at $310 million and down from $395 million earned in the previous year. The U.S. ranked as the second largest destination (after the EU market) for Tunisia's olive oil exports, absorbing about 25 percent of its total exports. For 2011, Tunisia olive oil exports are expected to face a difficult time due to lower international demand and strong competition from major olive suppliers. The Tunisian Ministry of agriculture is planning to augment export quantities to 115,000 MT by making 25,000 MT from existing stocks available for exports.

For other edible oil imports, Tunisia continues to rely heavily on soybean oil to meet 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	**2006**	**2007**	**2008**	**2009**	**2010**
Soybean oil	181.1	168	237.6	140	160
Palm oil	51	60.2	60.3	71	61
Corn oil	115.9	47.4	46.0	38	45
Other oils, including sunflower seed oil	12.2	20.5	16.5	19	20
Total	**360.2**	**296.1**	**360.4**	**268**	**286**

Source : Institut National de Statistiques (INS) and AgTunis Estimates

In 2010, total edible oils imports increased by 6.7 percent, due mainly to higher domestic consumption and increased quantities of re-exported oil to neighboring countries. According to U.S. trade data, U.S. soybean oil exports to Tunisia in 2010 declined to 9,000 MT, a drop of 52 percent from CY 2009. This was mostly due to a lack of price competitiveness with South American exports (from Argentina, and Brazil) that control the largest share of the Tunisian vegetable oil market, and more recently from Russian exports. With the Carthage Company expected to gain approval for selling its soybean oil production in the local market, Tunisia's soybean oil imports are expected to decline in 2011.

Corn oil imports from the U.S. declined by 22 percent in CY 2010 to 25,000 MT. The U.S. share of the Tunisian corn oil market is estimated at 55 percent, despite recent gains in market shares by exports from Argentina and Brazil.

Policy:

A-The Tunisian Government policy concerning edible oils continues to focus on 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. Tunisia's goal in 2011 is to increase the quantities of exported bottled olive oil under Tunisian brands and label to 10 percent of total olive oil exports.
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 2010 was decree # 2010-3462 of December 31, which eliminated customs duties and VAT on a list of edible oils (palm oil, soybean oil, corn oil, and sunflower oil) to maintain low prices of edible oils in the local market. It should be also noted that the government provided $500 million through the compensation fund in CY 2010 to support vegetable oil prices in local retail channels.

B-The GOT policy concerning oilseeds and meals continues to aim at two main components:

1. To diversify oilseeds meal imports using a price-driven approach (including rapeseed and sunflower).
2. To compensate shortages in production of oilseed crops by the development of a domestic production of triticale and leguminous plants.

Concerning soybeans imports, the main policy development in 2010 was the Government of Tunisia's confirmation of removal of the duties imposed on soybeans imports in 2008. Soybean meal imports are currently assessed 7 percent import duties and taxes. This measure helped to ensure the economic viability of the sole oilseed crushing plant that started operation in 2008.

Production, Supply and Demand Data Statistics:
PSD Soybean Meal

Meal, Soybean Tunisia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	315	260	410	320		420
Extr. Rate, 999.9999	1.	0.6346	1.	0.7188		0.7381
Beginning Stocks	10	10	0	45		29
Production	250	165	322	230		310
MY Imports	99	190	65	79		0
MY Imp. from U.S.	5	0	5	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	359	365	387	354		339
MY Exports	0	0	0	0		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.	359	320	377	325		330
Total Dom. Cons.	359	320	377	325		330
Ending Stocks	0	45	10	29		9
Total Distribution	359	365	387	354		339
CY Imports	100	0	65	79		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	359	320	377	325		330
TS=TD		0		0		0
Comments						
AGR Number						

PSD Soybean Oil

Oil, Soybean Tunisia	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Crush	315	260	410	320		420	(1000 MT)
Extr. Rate, 999.9999	0.	0.1923	0.	0.1875		0.1905	(PERCENT)
Beginning Stocks	22	22	5	2		7	(1000 MT)
Production	60	50	80	60		80	(1000 MT)
MY Imports	125	140	125	160		110	(1000 MT)
MY Imp. from U.S.	21	19	5	9		10	(1000 MT)
MY Imp. from EU	10	10	10	20		10	(1000 MT)
Total Supply	207	212	210	222		197	(1000 MT)
MY Exports	22	70	25	70		40	(1000 MT)
MY Exp. to EU	0	0	0	0		0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0		0	(1000 MT)
Food Use Dom. Cons.	180	140	180	145		150	(1000 MT)
Feed Waste Dom. Cons.	0	0	0	0		0	(1000 MT)
Total Dom. Cons.	180	140	180	145		150	(1000 MT)
Ending Stocks	5	2	5	7		7	(1000 MT)
Total Distribution	207	212	210	222		197	(1000 MT)
CY Imports	125	140	125	160		110	(1000 MT)
CY Imp. from U.S.	4	19	5	9		10	(1000 MT)
CY Exports	22	70	22	70		40	(1000 MT)
CY Exp. to U.S.	0	0	0	0		0	1000 MT)
TS=TD		0		0		0	
Comments							
AGR Number							

PSD Olive Oil

Oil, Olive Tunisia	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Nov 2009		Market Year Begin: Nov 2010		Market Year Begin: Nov 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	0		0				(1000 HA)
Area Harvested	0		0				(1000 HA)
Trees	0		0				(1000 TREES)
Beginning Stocks	38	38	47	48		18	(1000 MT)
Production	140	150	170	110		130	(1000 MT)
MY Imports	4		4			0	(1000 MT)
MY Imp. from U.S.	0		0			0	(1000 MT)
MY Imp. from EU	4		4			0	(1000 MT)
Total Supply	182	188	221	158		148	(1000 MT)
MY Exports	100	100	140	115		115	(1000 MT)
MY Exp. to EU	70	75	90	85		90	(1000 MT)
Industrial Dom. Cons.	0		0			0	(1000 MT)
Food Use Dom. Cons.	35	40	35	25		25	(1000 MT)
Feed Waste Dom. Cons.	0		0				(1000 MT)
Total Dom. Cons.	35	40	35	25		25	(1000 MT)
Ending Stocks	47	48	46	18		8	(1000 MT)
Total Distribution	182	188	221	158		148	(1000 MT)
CY Imports	4		4			0	(1000 MT)
CY Imp. from U.S.	0		0			0	(1000 MT)
CY Exports	120	141	140	110		120	(1000 MT)
CY Exp. to U.S.	25	36	35	27		30	(1000 MT)
TS=TD		0		0		0	
Comments							
AGR Number							

Export Trade Matrix Olive Oil

Export Trade Matrix			
Country:	**Tunisia**	**Units:**	**1,000 MT**
Commodity:	**Oil, Olive**		
Exports for	**CY 2009**		**CY 2010**
U.S.	36	U.S.	27
Others		Others	
EU	100	EU	80
Total for Others	100		80
Others not listed	5		3
Grand Total	**141**		**110**