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Tunisia

Oilseeds and Products Annual

Olive Oil Exports Set to Jump in MY 2019/20

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Report Highlights:
Post forecasts Tunisia's MY 2019/20 soybean imports to reach 690,000 metric tons (MT), compared to 670,000 MT in MY 2018/19, while at the same time, olive oil exports are forecast to reach 220,000 MT, compared to 130,000 MT.

OILSEEDS SECTION:

Oilseed, Soybean	2017/2018		2018/2019		2019/2020
Market Begin Year	Oct 2017		Oct 2018		Oct 2019
Tunisia	USDA Official	New Post	USDA Official	New Post	Post Estimate
Area Planted	0	0	0	0	0
Area Harvested	0	0	0	0	0
Beginning Stocks	2	45	30	45	50
Production	0	0	0	0	0
MY Imports	683	683	725	670	690
Total Supply	685	728	755	715	740
MY Exports	0	0	0	0	0
Crush	650	623	720	607	626
Food Use Dom. Cons.	0	0	0	0	0
Feed Waste Dom. Cons.	5	60	5	58	60
Total Dom. Cons.	685	683	725	665	686
Ending Stocks	30	45	30	50	54
Total Distribution	685	728	755	715	740
(1000 HA) ,(1000 MT) ,(MT/HA)					

Area Harvested/Production: Apart from olives, Tunisia's oilseed production remains insignificant despite the Ministry of Agriculture's continued desire to encourage farmers to grow rapeseed and sunflower crops in order to diversify oilseed production.

Consumption: For MY 2019/20, Post expects Tunisia's crushing facility to operate at near normal levels. For MY 2018/19, soybean crush is being temporarily reduced as a result of lower feed demand, which has negatively impacted soybean meal. However, labor-related shutdowns have reduced year-on-year. Meanwhile, Post changes to direct feed use (Full Fat Soybean), reflect utilization levels by Tunisia's largest feed and poultry producer.

Stocks: Industry strives to maintain at least 30 processing days of storage. Industry sources also confirm beginning and ending stocks in MY 2017/18 were 45,000 MT. In MY 2018/19, ending stocks are revised higher to reflect improvements in storage capacity.

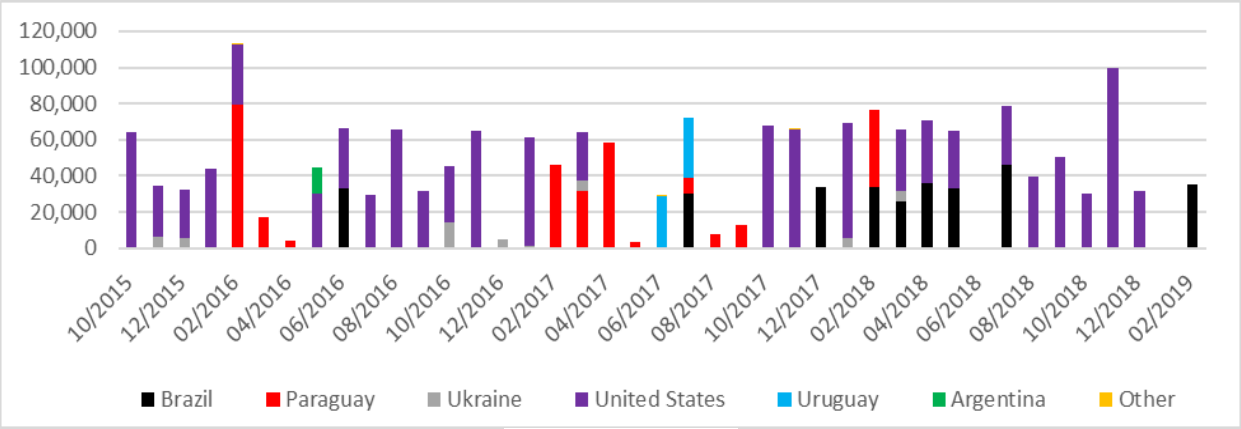
Trade: Changes to the MY 2018/19 import estimate and as well as the MY 2019/20 forecast reflect consumption and stocks.

Tunisia's trade policy remains unchanged and supports importing oilseeds over meal:

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

Meanwhile, Tunisian importers continue to show an increased willingness to pay a price premium for U.S. soybean quality.

Soybean Exports to Tunisia (MT)



Source: Global Trade Atlas

MEALS SECTION:

Meal, Soybean	2017/2018		2018/2019		2019/2020
Market Begin Year	Oct 2017		Oct 2018		Oct 2019
Tunisia	USDA Official	New Post	USDA Official	New Post	Post Estimate
Crush	650	623	720	607	626
Extr. Rate, 999.9999	0.7785	0.764	0.7792	0.7974	0.7987
Beginning Stocks	112	112	77	71	54
Production	506	476	561	484	500
MY Imports	21	21	20	20	31
Total Supply	639	609	658	575	585
MY Exports	12	12	13	11	8
Industrial Dom. Cons.	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0
Feed Waste Dom. Cons.	550	526	590	510	525
Total Dom. Cons.	550	526	590	510	525
Ending Stocks	77	71	55	54	52
Total Distribution	639	609	658	575	585
(1000 MT) ,(PERCENT)					

Production: No significant changes are currently seen or expected in extraction rates.

Consumption: For MY 2019/20, Post expects soybean meal consumption to rebound on the expectation of increased compound feed demand. In CY 2018, the dairy cattle inventory contracted around 5 percent as a result of low Tunisian milk prices while the government reduced the poultry production quota 3 percent at the start of 2019. This has led to industry's expectation that animal feed production will fall from 2,400,000 MT in CY 2018 to roughly 2,300,000 MT in CY 2019 as 70 percent of soybean meal is destined for the poultry and egg sectors. However, industry sources indicate the 2020 poultry quota is likely to be restored to 2018 levels, which in turn will allow feed production to bounce back to CY 2018 levels.

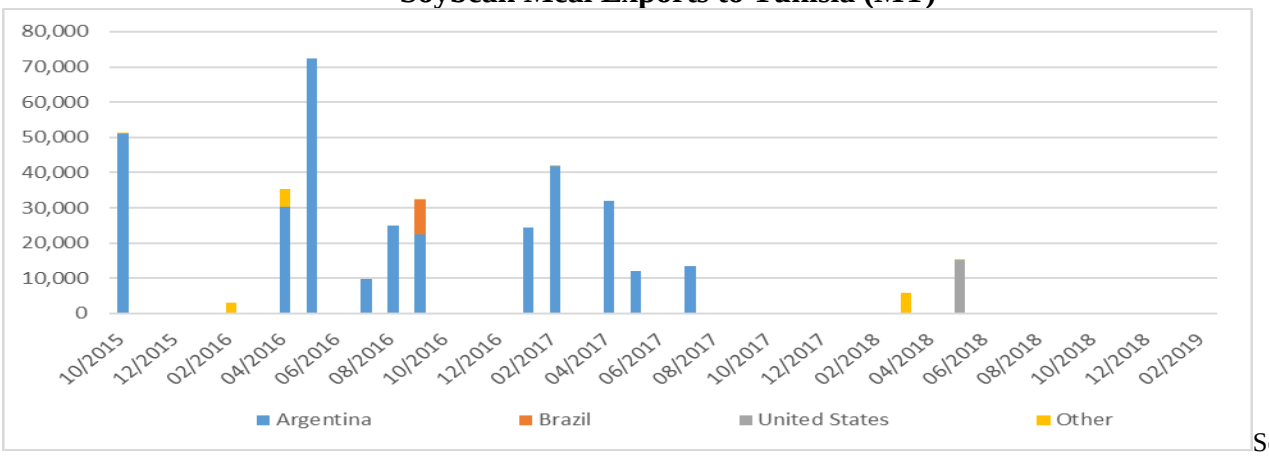
Meals on a Soybean Meal Equivalent Basis (MT)								
	Description	Conversion Factor	Marketing Year					
			2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Production			338,780	375,780	385,780	403,503	396,225	513,225
	Soybean Meal [1]	1	333,000	370,000	380,000	397,000	389,000	506,000
	Fish Meal [2]	1.445	5,780	5,780	5,780	6,503	7,225	7,225
Imports			112,731	83,391	133,238	239,567	184,662	34,985
	Soybean Meal [3]	1	104,437	80,971	124,690	228,958	123,592	21,030
	DDGS [3]	0.58	6,930	0	2,778	8,165	59,804	12,759
	CGM & CGF [3]	0.68	350	534	4,320	600	228	406
	Fish Meal [3]	1.445	1,014	1,886	1,451	1,844	1,026	782
	Others [3]	0.4515	0	0	0	0	12	8
Exports			3,574	1,364	2,458	6,122	5,659	4,876
	Soybean Meal [4]	1	2,724	463	1,525	4,833	4,816	4,500
	Fish Meal [3]	1.445	850	902	933	1,289	844	376
Balance			447,937	457,807	516,560	636,948	575,228	543,335

Source: (1) PSD, (2) Industry, (3) GTA partner data excluding Libya, (4) Post estimates based on COMTRADE.

Stocks: Soybean meal stocks usually represent 30 to 45 days of consumption and are held by both crushing facility as well as feed mills

Trade: Soybean meal imports are forecast higher in MY 2019/20 on the basis of higher feed demand matched against utilization and capacity constraints of increasing local soybean crush and feeding full fat soybean (FFS).

Soybean Meal Exports to Tunisia (MT)



Source: Global Trade Atlas

Tunisian exports of soybean meal are difficult to estimate with significant volumes going to Libya through both formal and informal channels.

OILS SECTION:

Oil, Olive	2017/2018		2018/2019		2019/2020
Market Begin Year	Nov 2017		Nov 2018		Nov 2019
Tunisia	USDA Official	New Post	USDA Official	New Post	Post Estimate
Area Planted	1900	1900	1920	1920	1940
Area Harvested	0	0	0	0	0
Trees	88000	88000	90000	90000	92000
Beginning Stocks	30	30	64	64	30
Production	280	280	150	140	290
MY Imports	2	2	2	2	2
Total Supply	312	312	216	206	322
MY Exports	200	200	140	130	220
Industrial Dom. Cons.	0	0	0	0	0
Food Use Dom. Cons.	48	48	46	46	48
Feed Waste Dom. Cons.	0	0	0	0	0
Total Dom. Cons.	48	48	46	46	48
Ending Stocks	64	64	30	30	54
Total Distribution	312	312	216	206	322
(1000 HA) ,(1000 TREES) ,(1000 MT)					

Oil, Soybean	2017/2018		2018/2019		2019/2020
Market Begin Year	Oct 2017		Oct 2018		Oct 2019
Tunisia	USDA Official	New Post	USDA Official	New Post	Post Estimate
Crush	650	623	720	607	626
Extr. Rate, 999.9999	0.1846	0.1846	0.1847	0.1895	0.1888
Beginning Stocks	23	23	13	12	10
Production	120	115	133	115	118
MY Imports	95	95	75	106	108
Total Supply	238	233	221	233	236
MY Exports	5	10	5	10	10
Industrial Dom. Cons.	0	0	0	0	0
Food Use Dom. Cons.	220	211	210	213	215
Feed Waste Dom. Cons.	0	0	0	0	0
Total Dom. Cons.	220	211	210	213	215
Ending Stocks	13	12	6	10	11
Total Distribution	238	233	221	233	236
(1000 MT) ,(PERCENT)					

Oil, Palm	2017/2018		2018/2019		2019/2020
Market Begin Year	Oct 2017		Oct 2018		Oct 2019
Tunisia	USDA Official	New Post	USDA Official	New Post	Post Estimate
Area Planted	0	0	0	0	0
Area Harvested	0	0	0	0	0
Trees	0	0	0	0	0
Beginning Stocks	0	0	0	2	3
Production	0	0	0	0	0
MY Imports	52	52	55	52	52
Total Supply	52	52	55	54	55
MY Exports	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0
Food Use Dom. Cons.	52	50	55	51	52
Feed Waste Dom. Cons.	0	0	0	0	0
Total Dom. Cons.	52	50	55	51	52
Ending Stocks	0	2	0	3	3
Total Distribution	52	52	55	54	55
Yield	0	0	0	0	0
(1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA)					

Production: MY 2019/20 olive production is forecast favorably, thanks to both the trees' alternating high-fruit bearing cycle as well as good winter rainfall in 2018/19, which will positively contribute to increased vegetation and flowering in 2019. Post's slight reduction to MY 2018/19 reflects the current harvest, which began in late-November 2018 and is near finished in mid-March 2019. While Tunisia's olive area already accounts for one-third of the country's total arable land, area is expected to continue increasing in coming years (See **Policy**).

The bulk of the olive harvest is processed into various grades of oil by 1,750 private olive mills scattered throughout the production area.

Consumption: Given current policies, Post does not see significant changes to per capita consumption of soybean or palm oil. Soybean and corn oil are the most popular cooking oils with prices subsidized by the government to ensure their affordability on the retail market (See **Policy**). Palm oil is not well perceived by consumers and generally limited to the food manufacturing sector.

Total Non-Olive Vegetable Oil Food Use (MT)							
	Description	Calendar Year					
		2012	2013	2014	2015	2016	2017
Production	Non-Olive Veg Oil	82,000	87,750	90,000	93,000	92,500	113,000
	Soybean Oil	82,000	87,750	90,000	93,000	92,500	113,000
Imports	Non-Olive Veg Oil	295,133	267,922	250,402	248,303	243,666	308,682
	Non-Olive Veg Oil, Crude	170,737	164,389	165,109	165,445	172,505	225,526
	Soybean Oil, Crude	107,418	119,798	120,529	122,564	126,223	130,955
	Sunflower Oil, Crude	16,272	5,110	10,919	10,159	14,532	36,338
	Corn Oil, Crude	35,296	34,757	31,662	23,631	30,616	55,704
	Non-Olive Veg Oil, Refined	124,396	103,533	85,293	82,858	71,161	83,156
	Palm Oil, Refined	65,230	73,475	71,844	64,135	42,677	49,722
Exports	Non-Olive Veg Oil	104,641	44,643	30,510	24,258	39,605	36,240
	Non-Olive Veg Oil, Crude	5,824	769	6,046	11	338	2
	Non-Olive Veg Oil, Refined	98,817	43,874	24,464	24,247	39,267	36,238
	Soybean Oil, Refined	5,080	8,727	9,488	13,759	15,963	7,925
	Sunflower Oil, Refined	969	365	522	1,484	198	770
	Corn Oil, Refined	91,773	34,522	13,832	7,969	21,864	27,323
Balance	Non-Olive Veg Oil	272,492	311,029	309,892	317,045	296,561	385,442

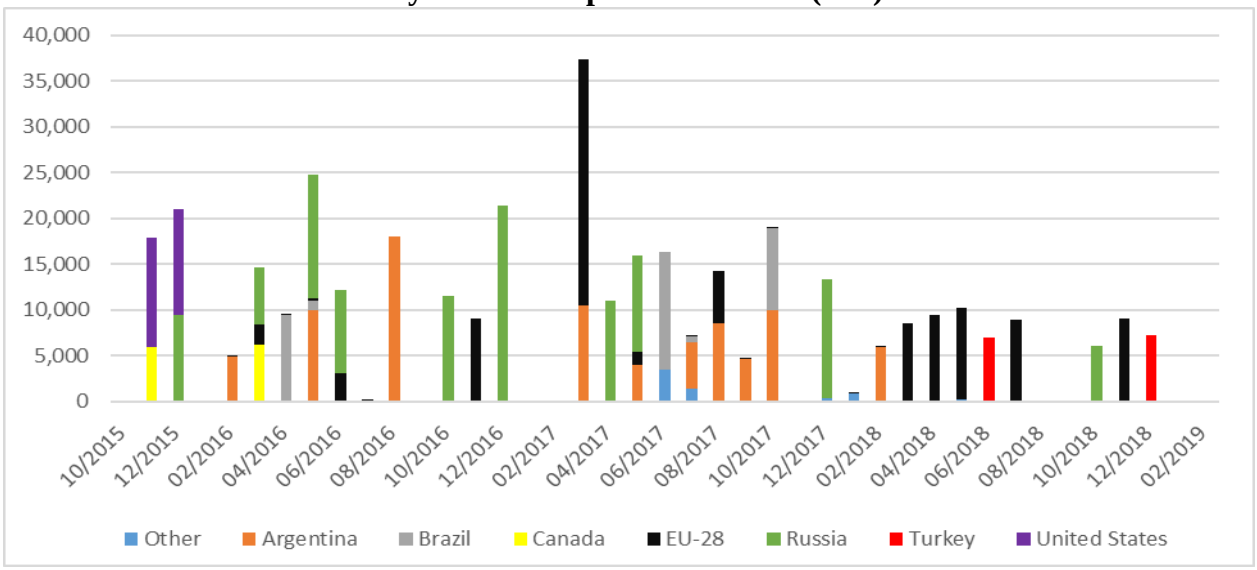
Source: COMTRADE

Meanwhile, olive oil has gotten increasingly expensive for local consumers. The average domestic price for Tunisian olive oil is currently $4.20 per liter, compared to $4.10 the same time last year; however, this does not take into account the depreciation of the Tunisian currency.

Trade: Tunisia's primary export markets for olive oil are Spain, Italy, and the United States, with eight percent sold in bottles in MY 2017/18. However, the volume of bottled olive oil exports is increasing, and this remains a government priority. Most exports are facilitated by the National Oil Board (ONH), but they do not have monopoly powers.

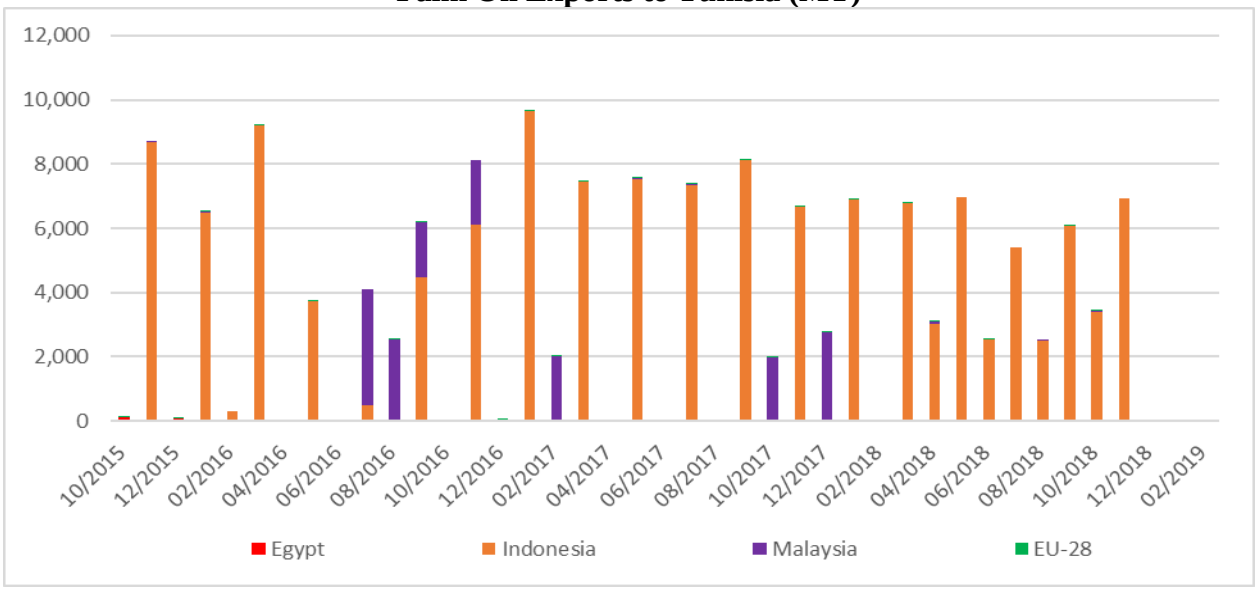
Soybean oil is far and away the most imported vegetable oil, followed by palm, corn, and sunflower oils. However, whereas palm oil is generally imported as refined, soybean, sunflower, and corn oil are imported crude, supported by an advantageous tax structure (See **Policy**). The majority of refined corn oil and significant volumes of refined soybean oil are then re-exported. While Libya is a major buyer of Tunisia's refined and price-controlled vegetable oils, exact volumes are difficult to estimate with its porous border.

Soybean Oil Exports to Tunisia (MT)



Source: Global Trade Atlas

Palm Oil Exports to Tunisia (MT)



Source: Global Trade Atlas

Policy: There have been no major changes in vegetable 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 2025 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 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, 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 the state-run National Oil Board (ONH) in order to maintain relatively low market prices at the retail level [note: the Compensation Fund (Caisse Generale de Compensation) writes off losses incurred by ONH resulting from selling at prices below purchase costs];

7. To eventually transition vegetable oil imports from ONH to private-run refiners via a refining quota system.

To maintain affordable prices of vegetable 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 7, 2014.

Products	Custom Duties %	Value Added Taxes
Peanut Oil - Crude	0	0
Peanut Oil - Refined	10	0
Palm Oil - Crude	0	0
Palm Oil - Refined	10	0
Sunflower Oil – Crude	0	0
Sunflower Oil - Refined	10	0
Rapeseed Oil - Crude	0	0
Rapeseed Oil - Refined	10	0
Corn Oil - Crude	0	0
Corn Oil - Refined	10	0
Soybean Oil – Crude	0	0
Soybean Oil - Refined	10	0