

Voluntary Report – Voluntary - Public Distribution

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Report Highlights:

Approximately 90 percent of U.S. agricultural exports to Tunisia are bulk grains and oilseeds. Best prospects for U.S. consumer-oriented product exports to Tunisia include tree nuts, live animals, pulses, cookies and crackers, dairy products, alcoholic and non-alcoholic beverages, condiments and sauces, palm oil, corn, and cotton

Market Fact Sheet: Tunisia

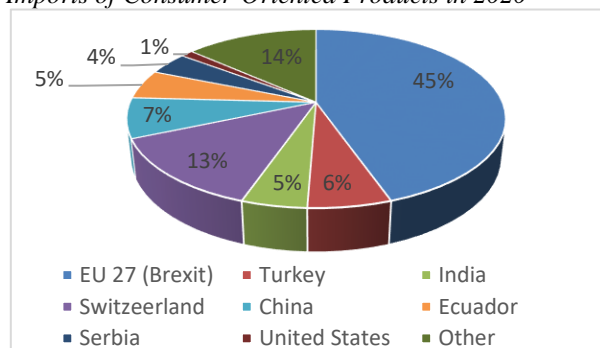
Executive Summary

Tunisia is a lower middle-income country. In 2020, Tunisia's GDP reached \$39.2 billion, positioning the country as the 96th largest economy in the world. In 2020, Tunisian imports of agricultural products from the world reached \$2.2 billion, an increase of 15 percent compared to 2019. Bulk imports accounted for \$1.2 billion, followed by intermediate goods at \$424 million, and consumer-oriented goods at \$367 million. Opportunities for U.S. high-value exports have been limited.

Imports of Consumer-Oriented Products

Tunisia is a small market for consumer-oriented products. Valued at \$368 million, Tunisia ranked 149th in exports of U.S. consumer-oriented products in 2020. The market is dominated by European exporters, with the United States holding a 1.3 percent market share.

Imports of Consumer-Oriented Products in 2020



Food Processing Industry

The production value of this sector was around \$6 billion in 2020 and is growing at around 3 percent.

Food Retail Industry

Tunisians source their food equally between modern and traditional distribution channels. Modern retail food sales reached around \$2 billion in 2020 and caters to up to 7 million tourists annually.

HRI/Food Service Industry

The food service sector is not generally perceived as distinct from retail as most hotels and restaurants still source their food needs either through annual tenders or retail outlets.

Quick Facts CY 2020

Imports of Consumer-Oriented Products

\$367 million from the World

\$4.6 million from the United States

List of Top 10 Growth Products in Tunisia

1) Coarse grains	6) Rice
2) Pulses	7) Soybeans
3) Soybean oil	8) Animal fats
4) Cocoa beans	9) Peanuts
5) Planting seeds	10) Non-Alcoholic Bev.

Food Industry by Channels (U.S. \$Billion) 2020

Food Industry Output	6
Food Exports	1.4
Food Imports	1.9
Retail	2.2
Food Service	0.6
Wet Market	3

Top 10 Tunisia Country Retailers

Carrefour	Mg+
Champion	Mini M
Geant	Aziza
Monoprix	Mercure market
Magasin General	Founa

GDP/Population

Population (millions): 11.8

GDP (billions USD): 39.6

GDP per capita (USD): 3,328

Sources: IMF; FAS/Tunis research

Strengths	Weaknesses
Strong U.S.-Tunisia bilateral relationship	Eroding consumer purchasing power
Highly urbanized and affluent population	Lack of relationships with U.S. business and brand awareness
Opportunities	Threats
Increased attention directed to economic problems and need for reform	Government solutions include fixing prices, limiting imports
Attraction to American culture and curiosity to U.S. business opportunities	Close cultural ties and deepening trade integration with Europe

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Section I: Detailed Market Overview

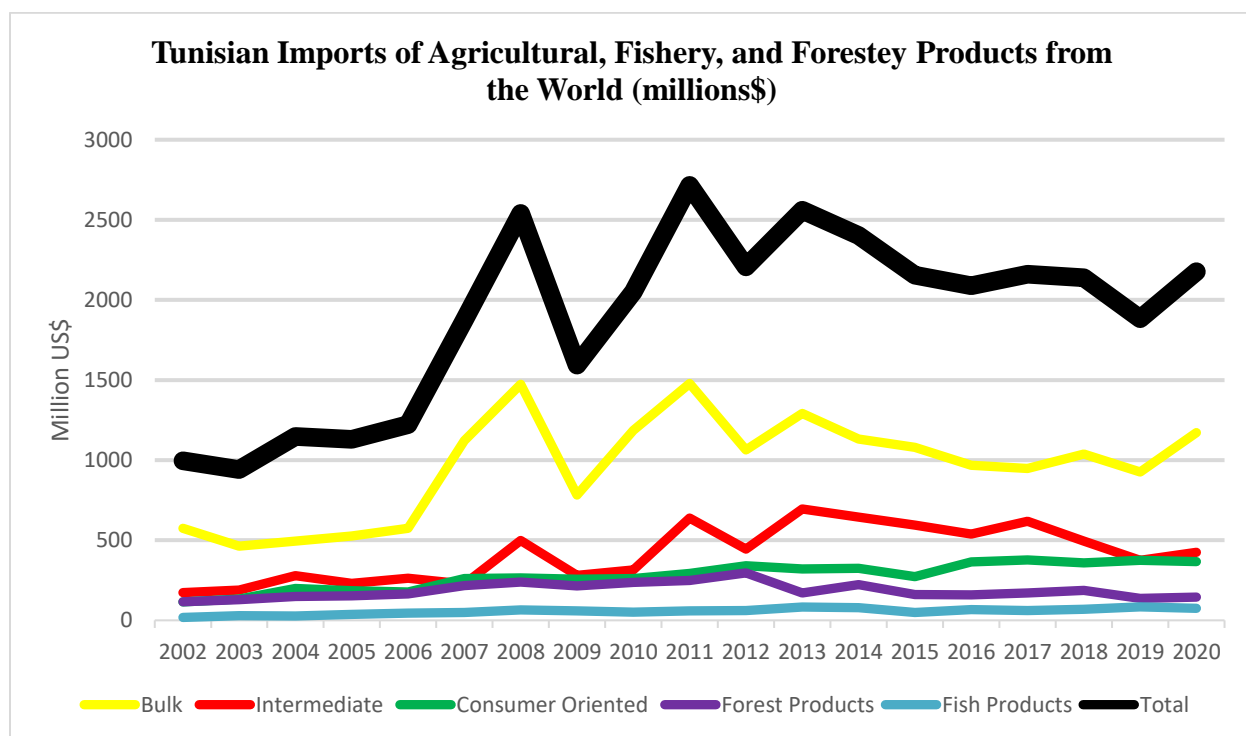
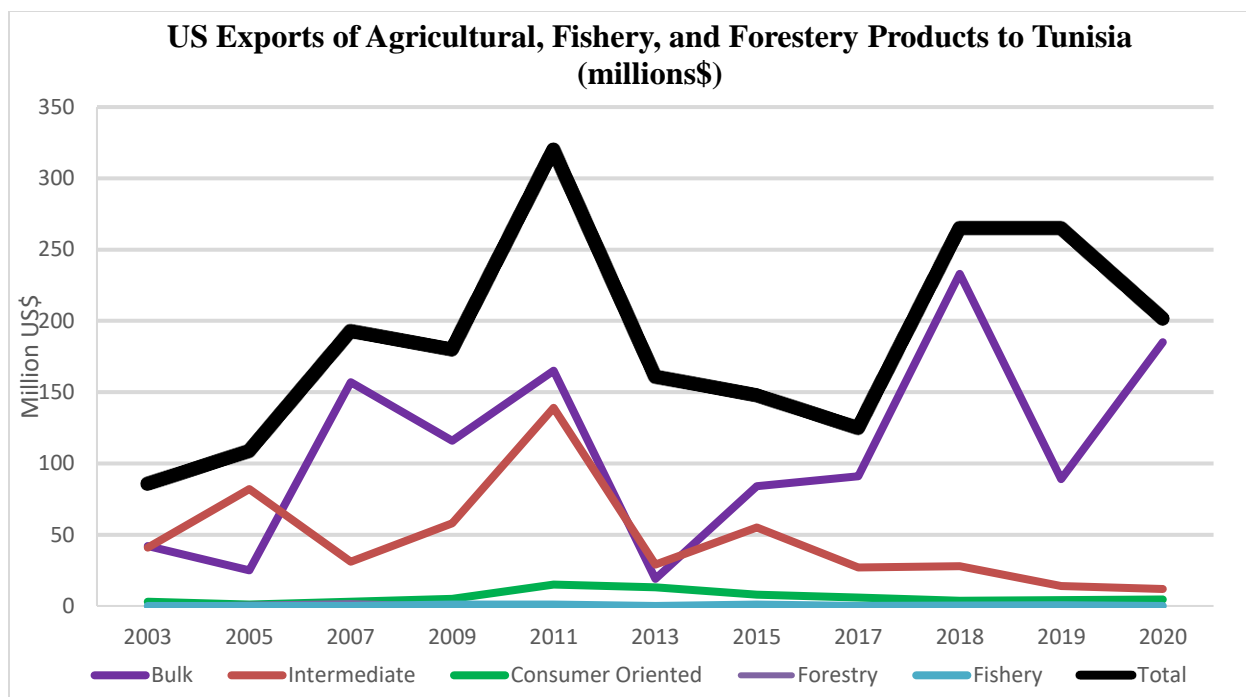
Current Political and Economic Situation

Tunisia transitioned to a democratic state with transparent elections, freedom of speech, and an active civil society following the 2011 Jasmine Revolution. However, Tunisia has faced political instability with a new government almost each year during the last decade. In mid-2021, the President of the Republic froze Parliamentary activities and led the country into a transitional period. Tunisia now awaits elections to form a new government as well as anticipated constitutional reforms. Its economy, which is led by services and supplemented by industry and agriculture, continues to face challenges including unemployment, inflation, and draining foreign reserves against a devaluating and non-convertible local currency. These challenges have been amplified by the Covid pandemic, with the nation now struggling to collect the state budget. According to the International Monetary Fund, GDP growth is projected to decrease to 2.4 percent in 2022, compared to an estimated 3.8 in 2021 and a recorded negative 8.8 percent in 2020. Meanwhile, inflation is projected to increase in 2022 to 6.3 percent compared to an estimated 5.8 percent in 2021 and a recorded 5.7 percent in 2020. In 2021, Fitch downgraded Tunisia to B negative with a negative outlook.

- Tunisia is working to build its tourism industry, which accounts for 8 percent of GDP and is a major source of hard currency. In 2020, the tourism industry attracted only 1.3 million visitors versus a potential 7 million visitors due to COVID.
- Post-revolution unemployment rates, especially among educated youth, remain an issue. Unemployment rates have remained around 15-17 percent since 2014, compared to 13 percent before the revolution.
- Instability in neighboring Libya continues to place stress on the Tunisian economy.

Tunisia is heavily trade dependent, with the highest trade-to-GDP ratio in North Africa, ranging from 90 to 110 percent.

- According to the Tunisian National Institute for Statistics, Tunisia's imports of agricultural, fishery, and forestry products totaled \$1.9 billion in 2020. Imports were led by wheat (\$569 million), soybeans (\$236 million), barley (\$201 million), corn (\$200 million), vegetable oils (\$177 million), and sugar (\$135 million). U.S. agricultural exports to Tunisia totaled \$202 million, led by soybeans (\$149 million) and corn (\$28 million).
- Tunisia is a modest market for imported consumer-oriented goods. The market is valued at \$367 million, with U.S. exports contributing \$4.6 million. Tunisia's leading imports of consumer-oriented goods include dairy products, food preparations, fresh fruit, coffee, beef, processed fruit, chocolate and cocoa, spices, tree nuts, and processed fruit. Although U.S. exports of these products are small, the United States gained market access to export beef, poultry, and processed eggs to Tunisia.



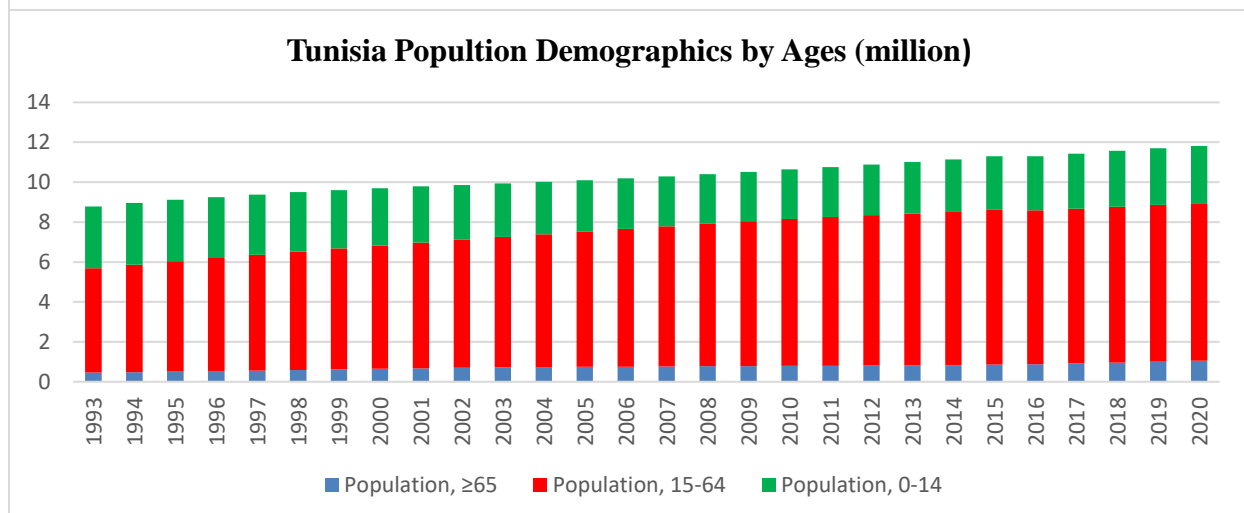
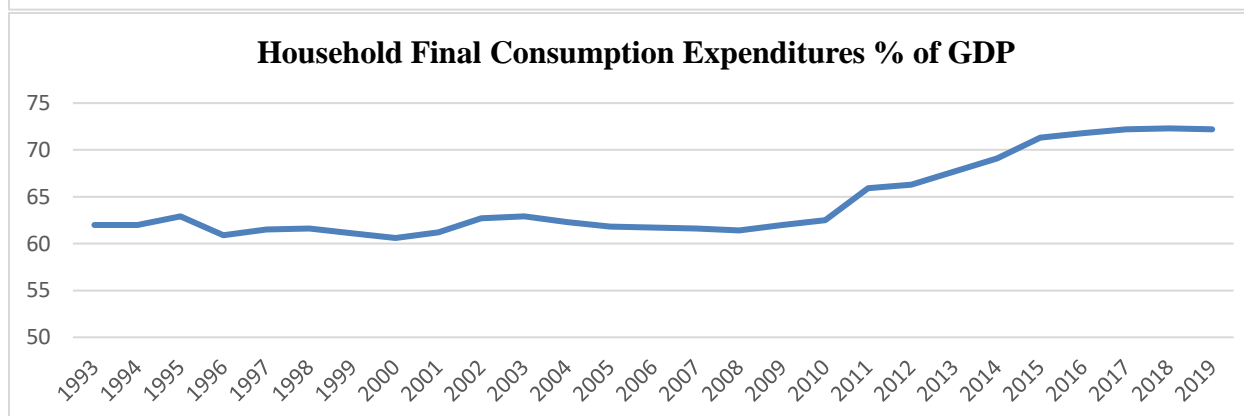
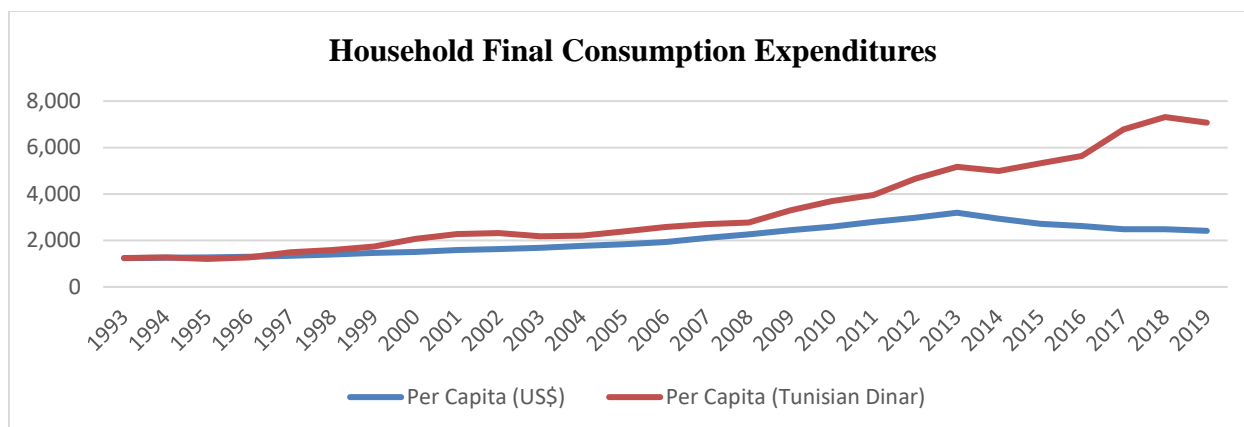
Source: Trade Data Monitor

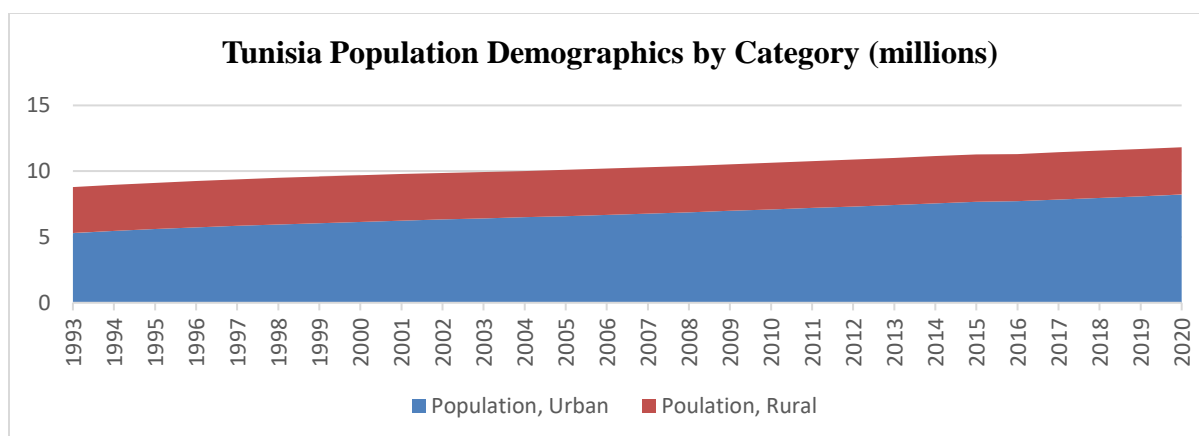
Key Demographic Developments and their Impact on Consumer Buying Habits

According to the Tunisian National Institute for Statistics, food accounts for about 31 percent of overall household expenditures, and spending on these items is growing by 6 percent annually. Urban households spend nearly 70 percent more than rural households. The annual household

food budget is estimated around \$2,200. However, one-third of Tunisian families spend more than \$2,500 per year while 22 percent spend less than \$1,200.

While per capita consumption appears to be growing in local value terms, much of Tunisia's purchasing power has been eroded by inflation, with consumption appearing to fall in U.S. dollar terms. Household consumption is likely to continue taking a larger role in GDP as the government attempts to further divest itself from the economy. Regardless, population growth, which is taking place almost exclusively in urban areas, will continue to support consumption growth in the aggregate.





Source: World Bank

Advantages	Challenges
<ul style="list-style-type: none"> •Tunisia and the United States have a Trade and Investment Framework Agreement. •Tunisia is highly urbanized and modern society (two-thirds live in cities and one-fifth live in the Greater Tunis Metropolitan area) •Tunisia has a well-developed food service industry catering to tourists and an expanding modern retail food distribution system. 	<ul style="list-style-type: none"> •The Covid pandemic has reduced Tunisian purchasing power. •Economic reforms have been slow to transpire. •Tunisia seeks to expand its trade relationship with Europe, Africa, and the Middle East. •Average applied import duty on agricultural products is 32 percent •Tunisia has harmonized most of its SPS norms with the European Union •Tunisia has a small upper income class, representing around 5 percent of the total 11.8 million, which can afford to buy imported food products. •Tunisia regulates socially sensitive products, including sugar, flour, milk, and cereals. •Small port capacity and distance disadvantage US exports •French culture and influence remain dominant •Lack of transparency and predictability in Tunisian regulations

Section II: Exporter Business Tips

- See Tunisia's Country Commercial Guide.
- Doing business in Tunisia requires visiting the country, building relationships, and ultimately finding good partners, including agents/distributors that are crucial to introducing new products into the Tunisian market. It is highly recommended to assess local agents/distributors before engaging them. Only a few major retailers and food processors have subsidiaries dealing with international procurement.
- The official language is Arabic. However, French is widely spoken, and many Tunisians also understand and speak English.
- Business etiquette is quite similar to western countries and company representatives should always have business cards available. Tunisia is GMT +1. The Tunisian weekend is Saturday and Sunday. During Ramadan, a one-month fasting period between sunrise and sunset is observed by Muslims. The workday is shorter, and it is advisable to be concise and to avoid lengthy meetings. Ramadan in 2022 will take place April 2nd – May

2nd. When invited into someone's home, it is common for guests to bring a small gift as a token of appreciation.

- Commercial advertising is well-developed in Tunisia with TV and newspapers providing the main venue for ads. Posters, lotteries, and event sponsorships are also very common. Tunisians, especially those with high income, like to buy brands/trademarks with a 'westernized look' that are advertised in foreign satellite TV commercials.

The Tunisian Dinar is not fully convertible. The banking system is strictly supervised by the Central Bank of Tunisia, which has several restrictions on capital outflows.

- Tunisia does not have a professional trade event to showcase imported products directed for the retail, food processing, or the food service industry. Tunisian food importers are known to seek out suppliers at Fruit Logistica, SIAL Paris, Anuga, Gulfood, and Food Ingredients Europe. Two major agricultural shows are organized alternately each fall, both of which are suitable to showcase imported products that support local livestock and agricultural production, such as genetics, feed ingredients, agri-chemicals, equipment, and services.
 - The International Exhibition of Agricultural Machinery and Fisheries (SIAMAP) is organized by the largest agricultural union (UTAP), takes place in odd years, and attracts 200,000 visitors.
 - The International Exhibition of Agricultural Investment and Technology (SIAT) is organized by the Ministry of Agriculture, takes place in even years, and attracts 15,000 visitors.

Section III: Import Food Standards & Regulations and Import Procedures

U.S. exports are subject to the MFN tariff rate, which is capped at 36 percent for agricultural products. However, through various trade agreements, Tunisia provides preferential access into its market for Arab League members, the European Union, and the European Free Trade Association (Switzerland, Norway, Iceland, and Liechtenstein).

See GAIN report: Food and Agricultural Import Regulations and Standards for more information on imported food standards, regulations, and import procedures.

Section IV: Market Sector Structure and Trends

Tunisia remains primarily a bulk commodities market for U.S. corn, soybean, and animal feed products. Additional opportunities opened in 2019 with the completion of bilateral certificates for the export of U.S. poultry, beef, and egg products. Although Tunisia is likely to remain a small market for U.S. agricultural exports, the best opportunities will likely occur in the food service and food processing sectors. The United States faces stiff competition from regional suppliers, including Europe and Turkey, which benefit from proximity and long-standing

relationships, as well as regulations designed to protect the local industry through an increasing number of import-substitution measures.

Food Processing Industry

The Tunisian food industry is comprised of 1,240 companies (employing 10 people or more), 20 percent of which produced exclusively for export. The production value of this sector was around \$6 billion in 2020 compared to \$4.3 billion in 2012. This sector is growing at an average rate of 3 percent annually as eating habits shift to include an increasing share of processed food products in Tunisian diets. Agricultural and food imports by the food processing sector were over \$2 billion in 2020, led by cereals, oilseeds, vegetable oil, and sugar, which account for 60 percent of Tunisia's total food imports. See also FAS/Tunis' Grain and Feed Annual and Oilseed and Products Annual GAIN reports.

Food Retail Industry

The retail sector has enjoyed steady growth of over 10 percent in recent years and as is expected to continue to grow in the next years. As of 2020, Tunisia's modern retail sector benefitted from a 20 percent market share and was valued at around \$2 billion. The modern retail sector is expanding distribution outlets, supermarkets, and hypermarkets through joint ventures with foreign investors including Carrefour, the Casino group, Geant and Monoprix.

One-third of Tunisians buy packaged food once a month and one-quarter buy it once a week. There are 655 modern food retail outlets: 5 hypermarkets, 460 supermarkets and 190 'Superettes' (self-service food outlets with area less than 500 sq. m). By 2025, 4 new hypermarkets are expected to open.

The Food Service Sector

This sector caters to Tunisians as well as 7 million tourists annually. However, with the COVID pandemic, tourist numbers have declined to 1.3 million over the last year. The food service sector is not generally perceived as distinct from retail as most hotels and restaurants still source their food needs either through annual tenders or retail outlets. Several foreign franchises have entered Tunisia over the last five years, and currently include Pizza Hut, Fatburger, Chili's, Papa John's, KFC, Hard Rock Café, and Johnny Rockets.

Section V: Agricultural and Food Imports

Agricultural & Food Import Statistics: See [BICO report](#).

Best High-Value Product Prospects:

Current Products: tree nuts, live animals, pulses, cookies and crackers, dairy products, alcoholic and non-alcoholic beverages condiments and sauces, palm oil, corn, and cotton.

New Products: Beef, Poultry, and Processed Eggs.

Section VI: Key Contacts and Further Information

U.S. Contacts:

U.S. Department of Agriculture (USDA)

Office of Agricultural Affairs

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USDA Cooperators with Active Programs in Tunisia

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Web: <http://www.uswheat.org>

US Soybean Export Council

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US Grains Council

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Cotton Council International

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Web: <https://cottonusa.org/>

Tunisia Contacts:

Ministry of Agriculture, Environment and Hydraulic Resources

Directorate General for Agricultural Production (DGPA)

Ministry of Agriculture and Hydraulic Resources

30, rue Alain Savary, 1002, Tunis, Tunisia

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Directorate General for Crop Protection (DGSVCIA)

Ministry of Agriculture and Hydraulic Resources

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Directorate General for Veterinary Services (DGSV)

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Cereal Board of Tunisia (OCT)

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Ministry of Commerce

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Trade Board of Tunisia

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Ministry of Industry

National Institute for Standardization and Industrial Property (INNORPI)

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Ministry of Finance

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Other Agencies

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Industry Contacts:

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Attachments:

No Attachments.