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Required Report - public distribution

Date: 12/14/2015

GAIN Report Number: TS1506

Tunisia

Exporter Guide

2015 Exporter Guide Report

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Report Highlights:

Tunisia made steady progress in its political transition by holding both parliamentary and presidential elections in late 2014 and establishing a new government with broad support in early 2015. Despite an uncertain international economic outlook and domestic security concerns Tunisia's economic outlook for the next year remains promising. Tunisia has a relatively large middle class, representing 80 percent of the entire population with purchasing power parity (PPP) per capita GDP of \$11,299. Women enjoy equal status to men and make up a sizeable part of the work force. Food items account for about 40 percent of household overall expenditures and spending on these items is growing by 6 percent annually. For 2015, economic growth is forecast at 3% and inflation at 5.5%. Tunisia is a historical market for U.S. coarse grain and soybean products.

The growing urban middle class and expanding modern retail sector provide a solid market opportunity for U.S. consumer-oriented food and beverage products. U.S. best product prospects include tree nuts, dried fruits, cookies, sauces, condiments, mixed seasoning, and breakfast cereals.

Post:
Tunis

Section I: Market Overview

Current Political and Economic Situation

Tunisia, an upper middle-income country located in North Africa, birthplace of the Arab Spring that ousted President Zine al-Abidine Ben Ali in early 2011. Shortly thereafter, the formerly banned Islamist Ennahda Party won the largest number of seats in the National Constituent Assembly. Due to deteriorating economic and social condition that created security issues Ennahda government stepped aside in 2014 following the ratification of a new constitution in January, and an interim technocratic government was installed, led by Interim Government Chief Mehdi Jomaa. Tunisia's political transition made steady progress in late 2014 by holding both parliamentary and presidential elections. The Nidaa Tounes party headed by Béji Caïd Essebsi won the most seats in parliamentary elections in late 2014. Shortly after, Béji Caïd Essebsi was elected as the first President under the country's new constitution. The political transition ended in early 2015 with a new government of political coalition and technocrats dominated by Nidaa Tounes party and with the participation of Ennahda Party, Afeq Tounes and UPL political parties, led by Government Chief Habib Essid beginning a five-year term and taking the lead in meeting Tunisia's security and economic challenge.

Tunisia's economy is focused on promoting exports, foreign investment and tourism, all of which have become central to the country's economy. Key exports are clothing, electronic components, agricultural products, phosphates, hydrocarbons and manufactured products. Tunisia's main natural resource, phosphate remains crucial to its economy.

Tunisia's diverse economy is based on manufacturing, tourism, agriculture, and mining. Government is trying to create jobs and modernize the economy, but the increased energy imports and falling demand from EU due to its economic slowdown has depressed demand for Tunisian-made goods. Terrorist attacks have undermined foreign investment and tourism which affect negatively the economy.

Despite the challenges of security and unemployment, especially among young graduates, and regional disparities, Tunisia's economic and social outlook for the next years remains promising with positive GDP and domestic private investment growth.

Tunisia's global competitiveness index fell from 87th in 2014 to 92nd in 2015, according to the last report from the Davos Forum. The 2014 growth was at 2.4% which is insufficient to cope with unemployment, which is officially estimated at 15.2% and was a major source of the discontent that fuelled the revolution. For 2015, growth is forecasted at 3% according to IMF and inflation at 5.5%. Finally Fitch maintained in 2015 Tunisia's sovereign credit rating in BB-. For the last two decades, Tunisia has been a net importer of agricultural products with a negative food trade balance. In 2014, Tunisia total exports reached \$17.08 billion, while total imports were around \$36.24 billion. Leading agricultural imports in 2014 were wheat (\$565 million), corn (\$237million), vegetable oils (\$233 million), sugar (\$193 million) and barely (\$117 million). The

leading agricultural exports were olive oil and products (\$294 million), fishery products (\$138 million), dates (\$233 million), and citrus (\$12 million). Tunisia is one of the world's four leading exporters of olive oil, a fact that is largely overlooked as much of its production is exported in bulk to the EU to be refined, bottled, and marketed and re-exported from EU countries (Italy, Spain). In 2014, U.S. agricultural exports to Tunisia were \$171 million up from \$160 million in 2013, with soybeans, corn oil, and corn exports accounting for the majority of these exports.

In 2014, Tunisia's primary importers partners were France, Italy, Germany, China, and Algeria, and Tunisia's primary exporter's partners were France, Italy, Germany, United Kingdom and Libya. In 2014, the United States was Tunisia's tenth largest trading partner after United Kingdom and before Netherlands. Over the year 2014, U.S.-Tunisian trade decreased by 16% year-on-year and totaled US \$1.35 billion down from US \$1.62 billion in 2012. It is worth noting that the U.S. trade balance with Tunisia is structurally positive, except in 2012. Tunisia's main exports to the United States are mineral fuels, mineral oils, olive oil, clothing apparel, electrical parts, and wiring products, and the main imports from the U.S. are oilseeds, petroleum products, machinery, mechanical appliances and chemicals.

U.S.-Tunisian Trade

	2012	2013	2014
U.S. EXPORTS (\$1,000)	615	870	831
U.S. IMPORTS (\$1,000)	738	749	521
Total	1353	1619	1352

Data Source: U.S. Census Bureau, Foreign Trade Statistics

Key Demographic Developments and their Impact on Consumer Buying Habits

Tunisia's purchasing power parity (PPP) per capita GDP of \$11,299 (2014, IMF estimate) is one of the highest in North Africa. Two-thirds of the population lives in urban cities and nearly one-fifth is living in the Greater Tunis Metropolitan area. Tunisia has a relatively large middle class representing 80 percent of the entire population and enjoying a relatively good social welfare, with ready access to education and health services. Women enjoy equal status to men and make up a sizeable part of the work force. Food items account for about 40 percent of household overall expenditures and spending on these items is growing by 6 percent annually. Urban households spend nearly 70 percent more than rural households.

Advantages	Challenges
Upgrading Tunisia's status as U.S. major non-NATO ally, a distinction given at only 5 Arab countries and that brings with it a higher level of strategic cooperation and steady partnership.	Terrorist attacks and insecure environment especially in southern Tunisia, mountainous regions and border regions with Libya.
Political stability with a new government with	High unemployment rate, especially among

broad support in parliament beginning a five-year term and leading necessary economic reforms.	young graduates, and regional disparities may cause social disruptions.
Tunisia is an original WTO member's and a signatory of trade agreements: GATT, GATS, and TRIPS.	Price-oriented buyers make it difficult for U.S. exports to compete in this market.
Tunisia and the U.S. are signatories to a number of bilateral agreements, including a convention for the avoidance of double taxation, a business investment treaty and a trade and investment framework agreement	The government regulates prices of socially important commodities including sugar, flour, milk and basic cereals.
One of the highest disposable incomes in North Africa and a large middle class.	Bureaucracy and lack of coherence in the regulatory environment.
Expanding modern retail food distribution channels such as supermarkets and hypermarkets that sell imported food products.	Heavy French orientation of a large segment of the Tunisian agribusiness establishment.
Imported products are generally highly recognized among consumers and institutional services for quality and safety.	Relatively small market and decreasing tourist numbers visiting Tunisia due to security issues.
Attraction by American culture can lead U.S. commodities to Tunisian market.	Non proximity to Tunisia market keeps U.S. shipping costs high and needs long transit times and large commodities quantities shipped.

The Tunisian diet relies largely on durum and soft wheat, processed products, and the typical staple is couscous, a famous dish in North Africa made from durum wheat, meat, fish or chicken, along with various vegetables. Pasta, potato and olive oil are also popular as Tunisian cuisine is, to a certain extent, influenced by the Italian cuisine. Fish and seafood are a pillar of the Tunisian diet especially in the Mediterranean coast side. Tea, coffee are largely consumed by Tunisians, candies and sweets are also popular.

Section II: Exporter Business Tips

Doing business in Tunisia needs visiting the country, building relationships, find 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 and make the right choice because they will largely determine the business success or failure, and it will be hard to change them after signing contracts and agreements.

The official language is Arabic. However as former French colony French is widely spoken and many Tunisians also understand and speak English. Although Tunisian businessmen perceive U.S. agricultural products to be of high quality, many are reluctant to pay substantial quality premiums, as price remains the most determining factor. Therefore companies embarking on doing business in Tunisia should be prepared for relatively demanding price negotiations.

Food standards are in general similar to those prevailing in developed countries as Tunisia is heavily relying on Codex Alimentarius standards when setting its own food safety measures. According to the Consumer Protection Law of 1992, Arabic has to be one of the languages used for product labeling (decree # 2003-1718) while the measuring system in use is the international metric system. If pork meat, pork fat, beef fat or alcohol is one of the ingredients it should be clearly mentioned on the label. Labeling is also mandatory for all foods and food ingredients containing biotechnology.

The Tunisian currency, 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. However, the Tunisian Dinar is convertible for trade and investment transactions. During the period January-October 2015, the value of the Tunisian Dinar declined vis-à-vis the U.S. dollar to 1.95 TND/\$US.

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 fasting in the holy month of Ramadan (June/July 2016), the workday is shorter and it is advisable to be concise and to avoid lengthy meetings. 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 sponsorship of event are also very common. Tunisians, especially those with high income, like to buy brands/trademarks with 'westernized look' advertised in foreign satellite TV commercials.

The majority of food products imported to Tunisia are subject to technical quality control procedures prior to customs clearance and the issuance of a document called 'Autorisation de Mise à la Consommation' (AMC). In general, products submitted to the technical check are the imported products intended for sale in their current state and for final consumption. However, products free from the procedures of the technical check include raw materials, semi-finished materials intended for the professional use of the importer in the framework of his industrial, agricultural, craft or touristic activity, and also imported samples. The list of the products concerned by the technical control is regularly published in departmental orders and establishes three distinct modalities:

List A includes all goods submitted to a systematic control i.e. a conformity assessment with or without sampling for further laboratory testing to be undertaken at each shipment regardless of whether the product has or has not been tested in the past. This list includes virtually all processed agricultural products.

List B includes products submitted to the so-called certification regime whereby customs clearance is granted for goods accompanied by a certificate issued by the country of origin and stating that those goods are in compliance with international standards. Agricultural products are not among products subject to the certification regime.

List C includes products submitted to a conformity assessment with the conditions defined by a GOT-sanctioned specifications book (Cahier des charges). Agricultural products submitted to 'cahier des charges' are mostly bulk and intermediate agricultural products.

Section III: Market Sector Structure and Trends

Although Tunisia remains mostly a bulk market for U.S. oilseed, wheat and coarse grain, especially during drought years, many export opportunities exist for U.S. planting seeds and consumer-oriented food products and beverages. There are several factors that make Tunisia's consumer-product market increasingly attractive to U.S. exporters.

Expanding modern retail food outlets: The retail sector in Tunisia has seen significant changes in the last ten years fuelled by the expansion of modern distribution outlets, supermarket and hypermarkets through joint venture with foreign investor mostly with France's Carrefour and Casino groups (Geant and Monoprix). Although the traditional distribution network, based on over 210,000 neighborhood grocery shops scattered throughout the country, continues to dominate the Tunisian market, modern distribution channels are growing rapidly. It currently represents only 20% of the Tunisian retail sector with a national goal to increase the level to 50% by 2017. Currently, there are roughly 252 modern food retail outlets: 2 hypermarkets, 150 supermarkets and 100 'Superettes' (self-service food outlets with area less than 500 sq. m). Fresh fruit and vegetables, as well as, fishery products are also sold in local out-door markets "souk". In the next years it is expected the creation of 6 more hypermarkets with a cost of \$670 million with an average sales area of 2000 sq. m.

Good distribution channels: Merchandise distribution is well organized. Goods enter the country through one of the country major sea harbor with a harbor storage's capacity for the grain and feed of 100,000 MT before transit, or through the main freight center at Tunis Carthage airport. Quite good road and railroad facilitate distribution to all regions of the country.

Franchising: In August 2009, the Tunisian government approved legislation defining franchising for the first time. In August 2010, the Tunisian government issued a ministerial decree outlining contract provisions and publishing a sectorial list in which franchises would need no prior authorization to operate in Tunisia. Franchises on this list will be able to operate like any other foreign business in Tunisia, while the franchises that are not on the sectorial list, such as the food franchises, must obtain an approval to operate which has never previously been denied by GOT. The U.S. franchises are currently under-represented in Tunisia. This may represent a good opportunity for U.S. companies to enter and benefit from this fast growing market, knowing that during the last few years, several franchise shops opened in Tunis including mainly European and French food franchises. Royalty repatriation is permitted by the Tunisian Central Bank.

Growing middle-class: Roughly 80 percent of Tunisian consumers are considered middle class and thus have significant purchasing power. According to the latest survey by the National Consumption Institute's (INS) conducted in 2014, Tunisians spend on food nearly 40 % of consumption budget which correspond to \$4.9 billion a year, mainly to purchase staples like bread, pasta, semolina, cooking oil, vegetables, meat and dairy products. Other items that used to be considered luxury goods, such as salty and sweet snacks, fruit juices or fresh fruits are increasingly popular. Tunisia's growing young population is also adding to this factor. In fact, youth population group represents a large part (40 percent of the total population are under the age of 24 and 45 percent are between 25 and 54 years old) and are more open to western-style food products. In

addition, there are about 5 million tourists who visit Tunisia annually and offer opportunity of selling high processed food products.

The Food Processing Sector

In 2014, the food processing sector accounted for about 1,063 enterprises employing 10 people or more, among them, 201 are producing totally for export. The production value of this sector increased from \$5.03 million in 2008 to \$6.36 million in 2012, registering an average annual growth rate of 6%. The rate of the value added generated by this sector is around 20%, due to improved household purchasing power, changes in eating habits that are moving more towards consumption of industrial products instead of fresh products. The food processing sector demand for imported high-value ingredients is steadily increasing, with more sophisticated products licensed by multinational food companies such as Nestle and Danone. Agricultural and food imports by the food processing sector were \$1.88 million compared to \$1.55 in 2008. Cereals and products, oilseed, vegetables oils and sugar derivatives account on average for 73 percent of Tunisia food imports. The Hotel and Restaurant Industry (HRI) is not perceived as a separate market, for most hotels and restaurants source their food needs either through annual tenders or use the same distribution channels used by households. In addition to domestic customers, this sector caters to more than 5 million tourists visiting Tunisia each year. High-end hotels do import spirits, wines and specialty cheese either directly or via import companies.

Section IV: Best high-value product prospects

Owing to an expanding middle-class and the consequent change of both consumption patterns and distribution channels, the Tunisian market is evolving in a western way creating real export opportunities for value-added consumer-oriented products. The consumer-oriented products that have good prospects to perform best in the Tunisian market include: Tree nuts, dried fruits, cookies, sauces, condiments and mixed seasoning and breakfast cereals.

Apart from bulk commodities, there is also a good market opportunity for U.S. agricultural equipment in Tunisia, particularly in tractors, harvesters, irrigations equipment's, water management tools and grain storage where Tunisia experiences frequently significant shortages.

U.S. exporters are encouraged to check the credentials of the importer. Another alternative is to contact major retailers directly, as some of them have subsidiaries dealing with local and international procurement. Through various activities, the USDA/FAS office in Tunisia is able to help in matching new-to-market exporters with appropriate potential business partners, or to conduct specially tailored inquiries for U.S. companies seeking export opportunities.

Section V: Key Contacts and Information Sources

The Office of Agricultural Affairs (OAA) at the American Embassy in Tunis is the main contact for USDA activities in Tunisia. It provides trade servicing and market intelligence. Services offered by OAA include market briefings, lists of importers, setting up agendas and meetings.

U.S. Embassy/ USDA-Foreign Agricultural Service Contacts

Sarah Hanson, Regional Agricultural Attaché (Resides in Rabat, Morocco)

E-mail : AgRabat@usda.gov

Phone : 212 537 637 200

Fax : 212 537 637 201

Office of Agricultural Affairs (Tunis, Tunisia)

mail : AgTunis@usda.gov

Phone : 216 71 107 486

Fax : 216 71 107 101

Other Contacts:

Trade board of Tunisia OCT

65, Rue de la Syrie 1002 -Belvédère- Tunis

Phone: 71800040

E-mail: octmail@gnet.tn

Directorate General for Veterinary services (DGSV)

Ministry of Agriculture, Environment and Hydraulic Resources

30, rue Alain Savary, 1002, Tunis, Tunisia

Phone: 216 71 786 833

E-mail: mag@ministeres.tn

Directorate General for Agricultural Production (DGPA)

Ministry of Agriculture, Environment and Hydraulic Resources

30, rue Alain Savary, 1002, Tunis, Tunisia

Phone: 216 71 786 833

E-mail: : mag@ministeres.tn

Directorate General for Crop Protection and Quality of Agricultural Products (DGPCQPA)

Ministry of Agriculture, Environment and Hydraulic Resources

30, rue Alain Savary, 1002, Tunis, Tunisia

Phone: 216 71 786 833

E-mail: : mag@ministeres.tn

Directorate of Quality and Consumer Protection (DQPC)

Ministry of Commerce

37,av.Keireddine Pacha, 1002 Tunis

Phone: (216) 71 890-070 / 890 337

e-mail: mcmr@ministeres.tn

National Agency of the Sanitary and Environmental Control of Products (ANCSEP)

Ministry of Public Health

Appt. Idriss - 3ème Etage - Bloc N°9 - Cité Elmhiri - Berges du Lac - 2045 Tunis

Phone : +216 71 960 222

e-mail : thouraya.attia@ms.tn

National Institute for Standardization and Industrial Property (INNORPI)

Standards setting and intellectual property enforcement authority

BP 23 - 1012 Tunis Belvédère

Phone: 216 71 785 922

Fax: 216 71 781 563

E-mail: inorpi@email.ati.tn

Packaging Technical Centre (PACKTEC)

Cité El Khadra, par la rue Alain SAVARY. BP 64 .1003 Tunis.

Tel. : +216 71 772 755

Fax. : +216 71 773 300

Email : Packtec@packtec-tunisia.com

Directorate General for customs services

5 rue ichbilia, Tunis, Tunisie

Tel. : +216 71 353 685

Fax. : +216 71 353 257

American Chamber of Commerce in Tunisia (TACC)

10 Av Mosbah Jarbou El Manar 3, Rue Mosbah Jarbou, Tunis, Tunisie

Tel. : +216 71 883 226

Fax. : +216 71 889 880

Email : media@tacc.org.tn

Other relevant websites

- **www.cepex.nat.tn:** The website of the Cepex (Export promotion agency) which has the full list of has le list of the domestic and international trade shows of interest for Tunisian businessmen
- **www.Tunisie-commerce.com:** A directory of trade Tunisian companies
- **www.tunisianindustry.nat.tn:** The website of the Industry promotion agency
- **www.bct.gov.tn:** The website of the Tunisian Central bank
- **www.utica.org.tn:** The website of the Tunisian union Management
- **www.TunisiaOnline.com:** A digital gateway to news and information resources on Tunisia, Tunisia's history, government, culture and environment
- **www.tradenet.com.tn :** A data-processing network which connects the various stakeholders in the foreign trade procedures in Tunisia (Banks, Administrations, Customs...).

Exporter Guide Appendix I. Statistics

Table A: Key Trade & Demographic Information

Agricultural Imports From All Countries (\$million) / US Market Share (%) 2014	1,612	10 percent
Consumer Food Imports From All Countries (\$million) / US Market Share (%) 2014	1,142	1.3 %
Total Population (millions)/ Annual Growth Rate (%), 2014	10.9	1.1 percent
Urban Population (millions)/ Annual Growth Rate (%), 2014	7.4	1.38 percent
Number of Major Metropolitan Areas	2 : Tunis and Sfax	
Size of the Middle Class (millions)/ Growth rate, 2014	8	
Per capita Gross Domestic Product (U.S. Dollars), 2014	4431	
Unemployment rate (%) 2014	15,2	
Per capita Food Expenditures (U.S. Dollars), 2014	456	
Percent of female population Employed 2014	26	
Exchange Rate 2014	1.68 TD for \$ 1.0	

National Institute for Statistics (INS) + BICO

Table B. Tunisia agricultural imports

Tunisia Imports	Imports from the World \$million			Imports from the U.S. \$million			U.S Market Share (%)		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Wheat	459	539	565	3	0	0	0.6	0	0
Barley	109	227	117	0	0	0	0	0	0
Corn	238	229	237	0	0	14	0	0	6
Vegetables oils	130	645	83	67	25	17	51	0	0
Soybean meal	80	54	83	3	0	10	4	0	12
Soybean	394	466	417	134	117	113	34	25	27
Milk and derivatives	49	47	48	6	6	2	12	12	4
Potatoes	20	23	18	0	0	0	0	0	0

National Institute for Statistics (INS) + BICO

