

Required Report: Required - Public Distribution

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Report Name: Oilseeds and Products Annual

Country: Tunisia

Post: Tunis

Report Category: Oilseeds and Products

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Report Highlights:

Post forecasts Tunisia's MY 2020/21 soybean imports to reach 720,000 MT, compared to 680,000 MT in MY 2019/20, while at the same time, olive oil exports are forecast to reach 130,000 MT in MY 2020/21, compared to 260,000 MT in MY 2019/20.

OILSEEDS SECTION:

Oilseed, Soybean Market Begin Year Tunisia	2018/2019		2019/2020		2020/2021
	Oct 2018		Oct 2019		Oct 2020
	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	45	45	50	55	45
Production	0	0	0	0	0
MY Imports	670	670	710	680	720
Total Supply	715	715	760	735	765
MY Exports	0	0	0	0	0
Crush	607	538	626	560	590
Food Use Dom. Cons.	0	0	0	0	0
Feed Waste Dom. Cons.	58	122	70	130	130
Total Dom. Cons.	665	660	696	690	720
Ending Stocks	50	55	64	45	45
Total Distribution	715	715	760	735	765
(1000 HA), (1000 MT), (MT/HA)					

Area Harvested/Production: Tunisia's oilseed production remains almost entirely dedicated to olives. Although the Ministry of Agriculture encourages Tunisian producers to diversify oilseed production to include rapeseed and sunflower crops, there are no formal programs to support diversification.

Consumption: For MY 2020/21, Post expects Tunisia's crushing facility to continue operating at normal levels. For MY 2019/20, Post decreases soybean crush to accurately reflect feed demand and growing direct feed use (full fat soybean). Post's changes to direct feed use are based on reports from Tunisia's largest feed miller and poultry producer that they shifted to full fat soybean in order to improve their production process. The crusher further reports that they are moving closer to reaching full production capacity for the full fat soybean.

Stocks: Industry strives to maintain at least 30 processing days of storage, or about 48,000 MT. Industry sources also confirm beginning and ending stocks in MY 2018/19 were 45,000 and 55,000 MT respectively. In MY 2019/20, ending stocks are revised lower to balance higher consumption compared to MY 2018/19.

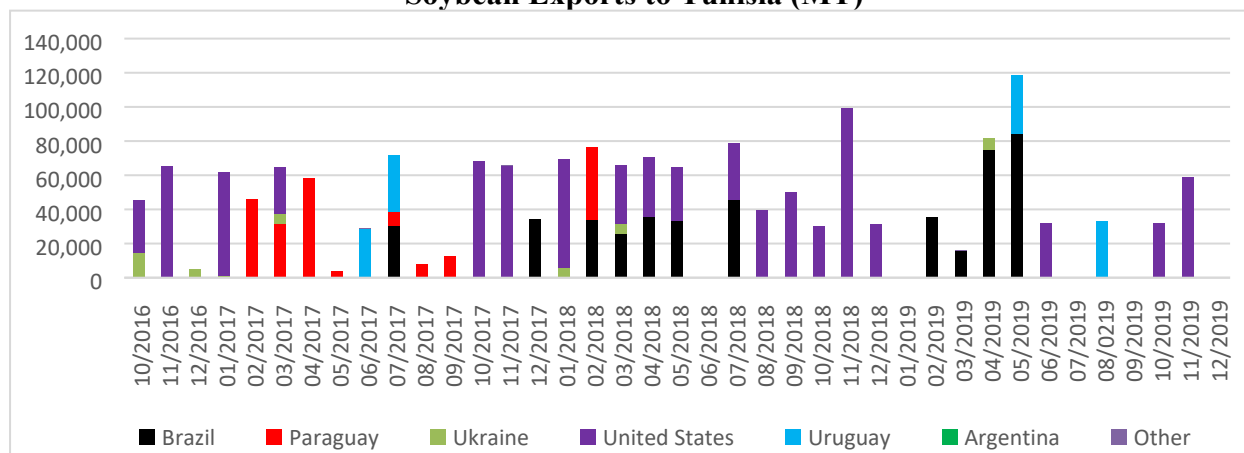
Trade: Changes to the MY 2019/20 import estimate as well as the MY 2020/21 forecast reflect expected growth in consumption and stocks.

Tunisia's trade policy remains unchanged and supports importing oilseeds over meal, with full fat soybean arriving at 0 duty compared to soybean meal at 15 percent (see figure below).

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

Meanwhile, Tunisian willingness to pay a premium for U.S. soybean quality continues to grow.

Soybean Exports to Tunisia (MT)



Source: Trade Data Monitor

MEALS SECTION:

Meal, Soybean Market Begin Year Tunisia	2018/2019		2019/2020		2020/2021
	Oct 2018		Oct 2019		Oct 2020
	USDA Official	New Post	USDA Official	New Post	Post Estimate
Crush	607	538	626	560	590
Extr. Rate, 999.9999	0.7776	0.7658	0.7748	0.7982	0.7966
Beginning Stocks	81	81	52	36	26
Production	472	412	485	447	470
MY Imports	20	20	31	35	35
Total Supply	573	513	568	518	531
MY Exports	11	11	8	12	10
Industrial Dom. Cons.	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0
Feed Waste Dom. Cons.	510	466	515	480	490
Total Dom. Cons.	510	466	515	480	490
Ending Stocks	52	36	45	26	31
Total Distribution	573	513	568	518	531
(1000 MT), (PERCENT)					

Production: No significant changes are currently seen or expected in extraction rates. Soybean meal production in MY 2018/19 is revised lower based on industry final number.

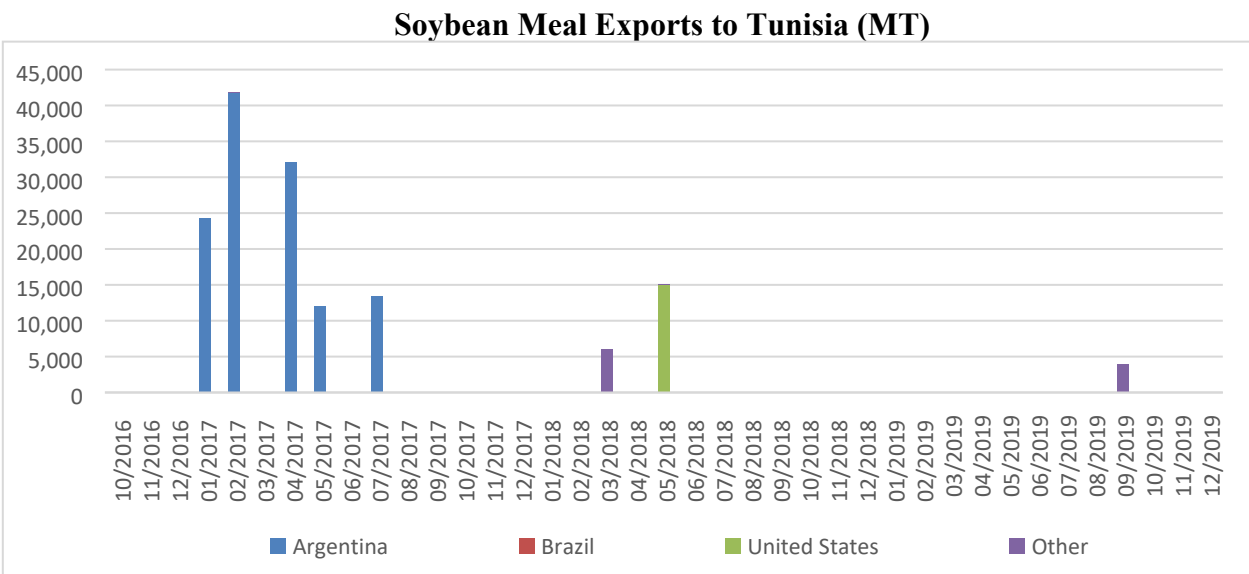
Consumption: For MY 2019/20 and MY 2020/2021, Post expects soybean meal consumption to rebound on the expectation of slightly increased compound feed demand. In late CY 2019, dairy cattle inventory stabilized after government and industry efforts to prevent the selloff/slaughter of the herd. Government and industry have set Tunisia's poultry production quota at the same level as CY 2019, with an estimated 2% increase for CY 2020 and CY 2021. This has led to industry's expectation that animal feed production will increase slightly to 2,200,000 MT in CY 2020. Note that 70 percent of soybean meal is destined for the poultry and egg sectors.

Meals on a Soybean Meal Equivalent Basis (MT)							
	Description	Conversion Factor	Marketing Year				
			2014/15	2015/16	2016/17	2017/18	2018/19
Production			385,780	403,503	396,225	513,225	479,430
	Soybean Meal ⁽¹⁾	1	380,000	397,000	389,000	506,000	472,000
	Fish Meal ⁽²⁾	1.445	5,780	6,503	7,225	7,225	7,430
Imports			130,816	237,861	130,448	34,854	17,629
	Soybean Meal ⁽³⁾	1	124,690	228,958	123,592	21,030	4,030
	DDGS ⁽³⁾	0.58	2,756	8,165	5,980	12,759	12,149
	CGM & CGF ⁽³⁾	0.68	2,937	348	155	276	591
	Fish Meal ⁽³⁾	1.445	433	390	710	781	859
	Others ⁽³⁾	0.4515	0	0	11	8	0
Exports			2,397	5,463	6,524	5,249	12,189
	Soybean Meal ⁽⁴⁾	1	1,525	4,833	5,566	4,510	11,250
	Fish Meal ⁽³⁾	1.445	872	630	958	739	939
Balance			514,199	635,901	520,149	542,830	484,870

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

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

Trade: Soybean meal imports are forecast at the same level in MY 2020/21 as MY 2019/20 on the basis of stable feed demand matched against utilization, local soybean crush capacity, and the trend of feeding full fat soy.



Trade Data Monitor Source:

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

OILS SECTION:

Oil, Olive Market Begin Year Tunisia	2018/2019		2019/2020		2020/2021
	Nov 2018		Nov 2019		Nov 2020
	USDA Official	New Post	USDA Official	New Post	Post Estimate
Area Planted	1920	1920	1940	1940	1960
Area Harvested	0	0	0	0	0
Trees	90000	90000	92000	92000	94000
Beginning Stocks	64	64	30	30	74
Production	140	140	290	350	160
MY Imports	2	2	2	2	2
Total Supply	206	206	322	382	236
MY Exports	130	130	220	260	130
Industrial Dom. Cons.	0	0	0	0	0
Food Use Dom. Cons.	46	46	48	48	50
Feed Waste Dom. Cons.	0	0	0	0	0
Total Dom. Cons.	46	46	48	48	50
Ending Stocks	30	30	54	74	56
Total Distribution	206	206	322	382	236
(1000 HA), (1000 TREES), (1000 MT)					

Oil, Soybean Market Begin Year Tunisia	2018/2019		2019/2020		2020/2021
	Oct 2018		Oct 2019		Oct 2020
	USDA Official	New Post	USDA Official	New Post	Post Estimate
Crush	607	538	626	560	590
Extr. Rate, 999.9999	0.1895	0.1896	0.1885	0.1875	0.1831
Beginning Stocks	12	12	10	9	10
Production	115	102	118	105	108
MY Imports	106	106	108	109	108
Total Supply	233	220	236	223	226
MY Exports	10	10	10	10	11
Industrial Dom. Cons.	0	0	0	0	0
Food Use Dom. Cons.	213	201	215	203	205
Feed Waste Dom. Cons.	0	0	0	0	0
Total Dom. Cons.	213	201	215	203	205
Ending Stocks	10	9	11	10	10
Total Distribution	233	220	236	223	226
(1000 MT), (PERCENT)					

Oil, Palm Market Begin Year Tunisia	2018/2019		2019/2020		2020/2021
	Oct 2018		Oct 2019		Oct 2020
	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	52	52	52
Total Supply	52	52	52	54	55
MY Exports	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0
Food Use Dom. Cons.	52	50	52	51	52
Feed Waste Dom. Cons.	0	0	0	0	0
Total Dom. Cons.	52	50	52	51	52
Ending Stocks	0	2	0	3	3
Total Distribution	52	52	52	54	55
Yield	0	0	0	0	0
(1000 HA), (1000 TREES), (1000 MT), (MT/HA)					

Production: MY 2020/21 olive production is forecast below average, due mostly to the trees' alternating high-fruit bearing cycle following a record high production in MY 2019/20. Post's increase to MY 2019/20 production reflects the current harvest, which began in early-December 2019 and is near

finished in mid-March 2020. 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 section).

The bulk of the olive harvest is processed into various grades of oil by 1,700 private olive mills scattered throughout the production area.

Soybean oil production in MY 2018/19 is revised lower based on industry-reported final data.

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 section). Palm oil is not well perceived by consumers and generally limited to the food manufacturing sector.

Total Non-Olive Vegetable Oil Food Use (1,000 MT)						
	Description	Marketing Year				
		2014/15	2015/16	2016/17	2017/18	2018/19
Production ⁽¹⁾	Non-Olive Veg Oil	90	94	92	115	115
	Soybean Oil	90	94	92	115	115
Imports ⁽²⁾	Non-Olive Veg Oil	242	212	304	212	200
	Soybean Oil	124	124	149	95	106
	Sunflower Oil	9	13	37	27	19
	Corn Oil	32	33	67	38	23
	Palm Oil	77	42	51	52	52
Exports ⁽³⁾	Non-Olive Veg Oil	29	39	43	45	49
	Soybean Oil	14	15	10	8	10
	Sunflower Oil	1	0	0	0	0
	Corn Oil	14	24	33	37	39
Balance	Non-Olive Veg Oil	303	267	353	282	266

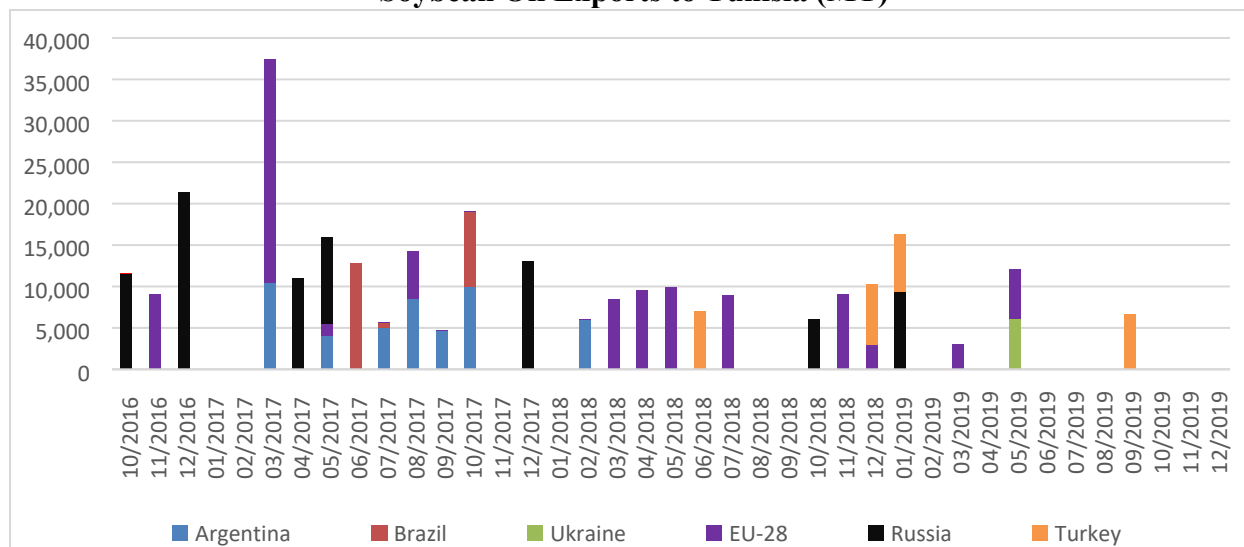
Source: (1) PSD, (2) TDM partner data excluding Libya, (3) Post estimates based on UN COMTRADE.

Domestic olive oil has prices have fallen for local consumers due the abundance of the supply in 2019/20. The average domestic price for Tunisian olive oil is currently \$2.5 per liter, compared to \$4.2 the same time last year.

Trade: Tunisia’s primary export markets for olive oil are Europe and the United States, with fifteen percent sold in bottles in MY 2018/19. 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).

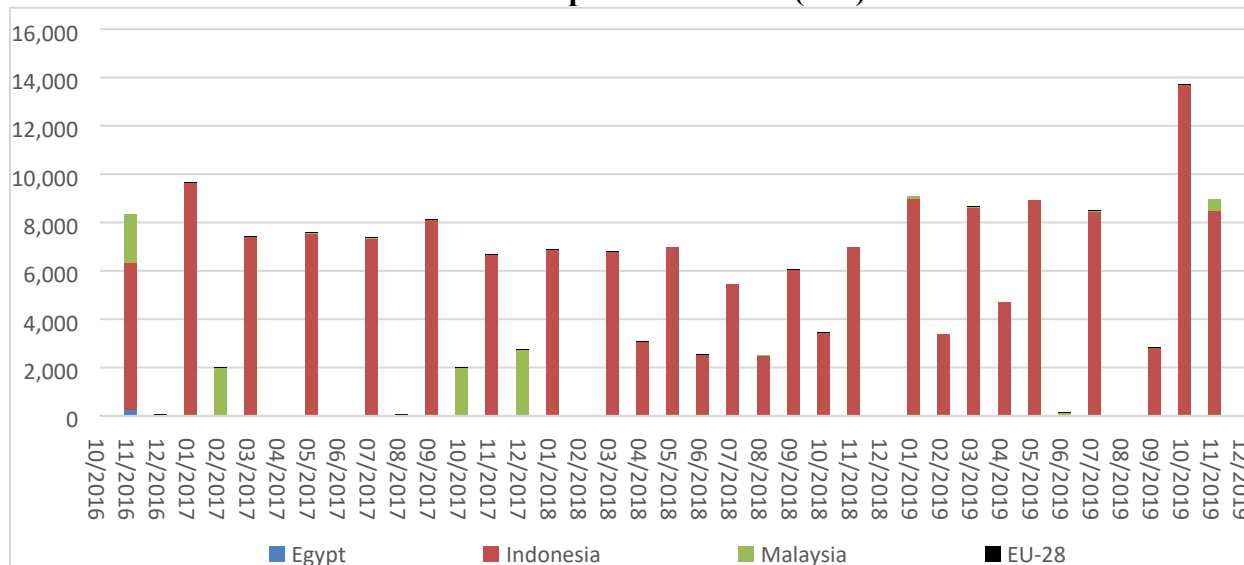
Soybean oil is far and away the most imported vegetable oil, followed by palm, corn, and sunflower oils. However, whereas palm oil is generally imported as refined, soybean, sunflower, and corn oil are imported crude, supported by an advantageous tax structure (see policy section). The majority of refined 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: Trade Data Monitor

Palm Oil Exports to Tunisia (MT)



Source: Trade Data Monitor

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 (representing 20 percent of olive trees) and (2) plans for new plantations 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, the government targets increasing irrigated area of olive trees from 95,000 HA to 120,000 HA. (Drought occur two out of every five years on average). Expansion of irrigation would increase olive oil production from irrigated orchards to 100,000 MT and guarantee a minimum level of production during 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 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

Attachments:

No Attachments