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Tunisia

Oilseeds and Products Annual

2010 Oilseeds and Products Annual

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Report Highlights:

The opening of the first oilseed crushing plant in Tunisia has created a new market opportunity for U.S. soybean exports. U.S. suppliers shipped 227,000 MT of soybeans, capturing about 90 percent of this new market in 2009. U.S. exports of soybeans and products reached $121 million, about 67 percent of all U.S. agricultural exports to Tunisia in 2009. Olive harvest in MY 2009 reached 675,000 MT, with olive oil production estimated at 140,000 MT, down from 160,000 MT in the previous year. While total olive oil exports in 2009 declined 16 percent, to 141,000 MT, exports to the U.S. experienced an increase of 27 percent, to 36,200 MT and valued at $100 million. Edible oil imports declined by 25 percent, due mostly to lower domestic consumption following the GOT decision to eliminate consumer subsidies to vegetable oils for hotels and restaurants.

Executive Summary:

Tunisia’s olive harvest in MY 2009 is estimated at about 675,000 MT; down from 750,000 MT in the previous year. Olive harvest began in early November and was completed by January. Tunisian imports of oilseeds, principally soybean, rocketed following the start of operation of the sole oilseed crushing plant (Carthage Grains). The plant imported 260,000 MT of soybeans in 2009, with the U.S. controlling almost 90 percent market share. The market opportunity that this crushing plant created for U.S. exports in Tunisia has made U.S. soybeans exports (along with soybean oil and soy meal) the most important products among all U.S. agricultural exports to Tunisia. In 2009, U.S. exports of soybeans, soybean meal and oil are estimated at $121 million, about 67 percent of all U.S. agricultural and food products exports to this market.
For CY 2010, Tunisian soybean imports are projected to rise to 450,000 MT with the U.S. exports controlling the biggest share of that market.

Prior to the construction of the Carthage Grains crushing plant, Tunisia did not have any oilseed meal production capacity. In 2009, the plant produced about 165,000 MT of soybean meal covering arround 50 percent of Tunisian consumption of soybean meal and reducing imports by 29 percent. For 2010, it is expected that the plant would reach its maximum production capacity, making Tunisia a self-sufficient country in soybean meal, which account for most of the country’s needs of protein meals. New-to-market feed ingredients such as corn gluten meal and distillers dried grains (DDGs) have been used recently by feed manufacturers, though in a relatively small scale.

Tunisia’s requirements of edible oil are met by imports of crude oils (refined locally) and, to a lesser extent, by its own olive oil production. Olive oil production in MY 2009 is estimated at 140,000 MT, down from 160,000 MT in the previous year. Tunisian olive oil exports in CY 2009 totaled 141,000 MT, valued at $395 million, representing a decline of 16 percent compared to CY2008. Tunisian olive oil exports to the United States, the second export market after the EU, rose to more than 36,000 MT with an increased of 27 percent over the 2008 level. Tunisia continues to rely principally on soybean oil to meet household needs of vegetable oils. In 2009, the overall edible oils imports declined 25 percent, mainly due to lower domestic consumption as a result of eliminating government subsidies for vegetable oil consumption at hotels and restaurants. Exports from South America (Argentina, and Brazil) and Russia dominated the Tunisian soybean oil market in 2009, while the corn oil market continues to be controlled by US suppliers.
In December 2009, the GOT lowered 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.

Statistical Note: 1-In this report we refer to calendar year as a reporting period instead of the marketing year for all the oilseed products except for the olive oil. This is due to the lack of reliable data on a marketing year basis. So, for instance, CY 2009 is used instead of MY 2008/2009 for soybean & products. The olive oil marketing year runs from Nov 1 through Oct 30 of the following year
2-The average CY 2009 exchange rate used for the purpose of this report is: 1.00 US$ equivalent to 1.35 TD

Commodities:

Oil, Olive

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 2009/10 (11/09–10/10) is estimated at 675,000 MT, down from last year's production level of 750,000 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. For the 2009 crop, harvest began in early November and was completed in late January. The bulk of the olive harvest is processed into various grades of oil by 1660 olive mills scattered around olive production areas.

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:

The bulk of the Tunisian olive harvest is processed into various grades of olive oil by large number of olive mills located nearby olive groves. In MY 2009, it is estimated that nearly 50 percent of the country's 1,660 mills took part in the crushing season. The season started the first week of November and ran until the end of January. In some areas the season's length was shorter due to reduced olive availability. Olive oil mill-gate prices reflect those of olives. In 2009, the average price for olives ranged between $0.34 and $0.48 per kilos.

Trade:

Before 2008, Tunisia did not import any oilseeds for crushing into protein meal or oil. The first oilseed crushing plant (Carthage Grains) in Djebel Oust (located about 35 km south of Tunis) started its operation in January 2008 and changed the entire picture of oilseeds processing and trade in Tunisia. In CY 2009, the Carthage crushing plant, with a maximum operational capacity of 2,000 MT/day, imported about 260,000 MT of soybeans mainly from the U.S. (almost 90 percent market share). The market opportunity that the first crushing plant created for U.S. exports in Tunisia has made soybeans, along with exports of soybean oil and soy meal, the most important item among U.S. export to Tunisia. U.S. exports of soybeans and products are estimated at $121 million in 2009, which represent about 67 percent of U.S. agricultural and food exports or 24 percent of total U.S. exports of all products to this country.

In CY 2010, the company plans to import up to 450,000 MT, with the US expected to control a sizable market share (around 80%). The strong performance of U.S. soybeans exports U.S. is expected to continue in 2010 and the next few years.

Commodities:

Meal, Soybean

Production:

Prior to the construction of the Carthage Grains crushing plant, Tunisia did not have any oilseed meal production capacity. In 2009, the crushing plant produced about 165,000 MT of soybean meal and production projected to reach 320,000 MT in 2010, covering almost all domestic needs of the Tunisian market.

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 mostly 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. Soybean meal consumption in 2010 is forecast to increase slightly as a result of a steady increase of consumers demand for milk, meat, and poultry products. 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.

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. According to official data, Tunisian soybean meal import shipments in CY 2009 declined by 29 percent, compared to CY 2008. After two years absence from the Tunisian market, U.S. soybean meal exports returned in 2009 with 19,800 MT, or about 10 percent share of this market. Tunisia's soybean meal imports are mostly driven by an inelastic and predictable demand owing to a short production cycle in the poultry sector, the main user of soybean meal. Due to their highly competitive prices, the local soybean meal producer captured half of the Tunisian market share in CY 2009 and is expected to dominate the entire market in 2010, displacing meal imports from Argentina. It is worth noting that this the first year that trade data from Tunisian importers and from the Institut National de Statistiques (INS) are similar. In past years, private traders have reported much higher figures for soybean meal imports than the official data.

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

Tunisian Soybean Meal Imports

	Calendar Year				
Measure	**2005**	**2006**	**2007**	**2008**	**2009**
Quantity (1000 MT)	271	240	258	267	190
Value ($ million)	70	59	81	122	82

CIF Unit price ($/MT)	259	247	312	457	478
Year-on-year quantity growth	- 30.6 %	-11.5%	+7.4%	+3.5%	-29%

Tab 1-Source: Institut National de Statistiques (INS)

Commodities:

Oil, Olive
Oil, Soybean

Production:

Olive oil remains the principal edible oil produced in Tunisia. Olive oil production in MY 2009 is estimated at 140,000 MT, down from 160,000 MT in the previous year. Very small part of the edible oil consumption is provided through the locally produced olive oil, where most of it goes to exports.

The Carthage Grains crushing plant produced about 50,000 MT of soybean oil, and production is expected to rise to 80,000 MT in 2010. All soybean oil produced by the Carthage crushing plan is destined to export markets, as the state oil buying agency (Office de l'huile) is engage d in a financial dispute with the plant and has not bought any oil from it. The oil buying office is currently relying on imported vegetable oil from abroad 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; where it fluctuates between a minimum of about 20,000 MT to a maximum of 70,000 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 2009, as a result of a smaller production and a strong demand from EU and U.S. customers, domestic consumption was low, reaching only 30,000 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 oil and corn oil, 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.
Consumption of margarine produced locally using palm oil is growing at an average rate of 7 percent per year.

Trade:

About 80 per cent of Tunisian olive oil is exported, of which only 4 percent sold bottled with Tunisian brands. Canned olive oil exports totaled 5,500 tons in MY 2008, compared to 2450 tons in MY2007. In 2009, Tunisian olive oil exports registered a decline of 30 percent in value due mostly to low exports prices. The average price of exported olive oil declined by 17 percent, with average export price estimated at about 3.75 TD ($2, 77) per liter, compared to 4.5 DT ($3.71) per liter the year before. In CY 2009, olive oil exports totaled 141,000 MT, valued at $395 million, down from $627 million earned from exports in the previous year. In 2009, 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 2010, Tunisia olive oil exports are expected to face a difficult time due to lower international demand and a strong competition in major export markets. Therefore, olive oil export revenues are projected to decline.

For oil imports, Tunisia continues to rely heavily on soybean oil to meet domestic market needs of vegetable oils. The breakdown of the Tunisian edible oils imports in the last five-year period is shown in the table below:

Tunisian Vegetable Oil Imports (1000 MT)

	Calendar Year				
Product	**2005**	**2006**	**2007**	**2008**	**2009**
Soybean oil	171.8	181.1	168	237.6	140
Palm oil	33.9	51	60.2	60.3	71
Corn oil	88.9	115.9	47.4	46.0	38
Other oils, including sunflower seed oil	7.8	12.2	20.5	16.5	19
Total	**302.4**	**360.2**	**296.1**	**360.4**	**268**

Tab 2-Source : Institut National de Statistiques (INS) and AgTunis Estimates

In 2009, total edible oils imports declined 25 percent, due mainly to lower domestic consumption following the 2008 GOT decision's not to provide subsidies to vegetable oil consumption in hotels and restaurants and limit these subsidies to households and poor consumers. In addition, the decline of oil trans-shipments to the Libyan and Algerian markets (the main export destinations for locally refined corn and soybean oil) last year has also contributed to the decline in vegetable oil imports.

According to U.S. trade data, U.S. soybean oil exports to Tunisia in 2009 dropped to 24,147 MT, a decline of 32 percent from CY 2008. The decline in U.S. exports was mostly due a lack of price competitiveness with South American exports (from Argentina, and Brazil) that control the largest share of the Tunisian market and more recently with some Russian exports.

While total Tunisian corn oil imports declined by 17 percent in CY 2009, corn oil imports from the U.S. remained relatively strong. The U.S. share of the Tunisian corn oil market is estimated at 84 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 the following objectives:

- To promote the export of the olive oil, given its importance as a major source of country's hard currency earnings. Tunisia's goal in 2011 is to increase the quantity exported of bottled olive oil under Tunisian brands and label to 10 percent of total olive oil exports.
- 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 toll refining quota system.
- To continue to subsidize vegetable oils 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 GOT 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 (#decree 2009-3836) on December 30, which reduced 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. The government provided $600 million through the compensation fund in CY 2009 to support vegetable oil prices in local retail channels.

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

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

1. To diversify oilseeds meal imports using a price-driven approach (rapeseed and sunflower).
2. To address 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 2009 was the Government of Tunisia's confirmation of removal of the duties imposed on soybeans imports in 2008. Soybean meal imports are currently assessed 9 percent import duties and taxes. This measure ensured the economic viability of the only oilseed crushing plant that started operation a year ago.

Production, Supply and Distribution (PSD) Statistics:

PSD Soybean Meal

Meal, Soybean Tunisia	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Jun 2010		
	USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data		Jan Data
Crush	166	0	0	170	0	0			0
Extr. Rate, 999.9999	1.	0.	0.	1.	0.	0.			0.
Beginning Stocks	10	20	10	10	46	10			45
Production	130	16	0	135	64	165			320

MY Imports	233	328	0	250	280	190			10
MY Imp. from U.S.	0	0	0	0	0	19			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	373	364	10	395	390	365			375
MY Exports	0	3	0	0	30	0			0
MY Exp. to EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	0	0	0	0	0	0			0
Food Use Dom. Cons.	0	0	0	0	0	0			0
Feed Waste Dom. Cons.	363	315	0	385	315	320			330
Total Dom. Cons.	363	315	0	385	315	320			330
Ending Stocks	10	46	10	10	45	45			45
Total Distribution	373	364	10	395	390	365			375
CY Imports	195	328	0	250	315	190			10
CY Imp. from U.S.	0	0	0	0	0	19			0
CY Exports	0	3	0	0	30	0			0
CY Exp. to U.S.	0	0	0	0	0	0			0
SME	363	315	0	385	315	320			330
TS=TD			0			0			0
Comments									
AGR Number									

Comments To Post

PSD Soybean Oil

Soybean Oil, Tunisia	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan
			Data			Data			Data
Crush	30	0	0	45	0	0			0
Extr. Rate, 999.9999	0.	0.	0.	0.	0.	0.			0.
Beginning Stocks	41	15	41	27	20	41			21
Production	6	5	0	8	20	50			80

MY Imports	145	237	0	130	200	140			150
MY Imp. from U.S.	35	39	35	35	50	24			15
MY Imp. from EU	25	35	0	25	35	10			20
Total Supply	192	257	41	165	240	231			251
MY Exports	0	9	0	0	9	50			80
MY Exp. to EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	0	0	0	0	0	0			0
Food Use Dom. Cons.	165	228	0	155	200	160			160
Feed Waste Dom. Cons.	0	0	0	0	0	0			0
Total Dom. Cons.	165	228	0	155	200	160			160
Ending Stocks	27	20	41	10	31	21			11
Total Distribution	192	257	41	165	240	231			251
CY Imports	135	237	0	130	200	140			150
CY Imp. from U.S.	40	39	35	35	50	24			15
CY Exports	0	9	0	0	9	50			80
CY Exp. to U.S.	0	0	0	0	0	0			0
TS=TD			0			0			0

1000MT

Import Trade Matrix, Soybean Oil

Import Trade Matrix			
Country:	**Tunisia**	**Units:**	**1,000 MT**
Commodity:	Oil, Soybean		
Time Period:	CY		
Imports for	**2008**		**2009**

U.S.	35	U.S.	24
Other :		*Other :*	
Argentina	121	Argentina	54
Brazil	40	Brazil	7
		Russia	45
EU	35	EU	10
Total of Others	196	Total of Others	116
Others not listed	6	Others not listed	0
Grand Total	**237**	**Grand Total**	**140**

PSD Olive Oil

Oil, Olive Tunisia	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Nov 2008			Market Year Begin: Jun 2009			Market Year Begin: Nov 2010		
	USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data		Jan Data
Area Planted	0	0	0	0	0	0			0
Area Harvested	0	0	0	0	0	0			0
Trees	0	0	0	0	0	0			0
Beginning Stocks	49	51	49	14	21	39			29
Production	180	150	160	220	200	140			160

MY Imports	0	0	0	0	0	0			0
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	229	201	209	234	221	179			189
MY Exports	175	120	140	177	175	120			140
MY Exp. to EU	150	100	105	150	130	100			110
Industrial Dom. Cons.	0	0	0	0	0	0			0
Food Use Dom. Cons.	40	60	30	40	46	30			30
Feed Waste Dom. Cons.	0	0	0	0	0	0			0
Total Dom. Cons.	40	60	30	40	46	30			30
Ending Stocks	14	21	39	17	0	29			19
Total Distribution	229	201	209	234	221	179			189
CY Imports	0	0	0	0	0	0			0
CY Imp. from U.S.	0	0	0	0	0	0			0
CY Exports	175	169		177	130	141			140
CY Exp. to U.S.	20	22	28	20	19	36			35
TS=TD			0			0			0
Comments									
AGR Number									
Comments To Post	(1000 MT)								

Export Trade Matrix, Olive Oil

Export Trade Matrix			
Country:	**Tunisia**	**Units:**	**1,000 MT**
Commodity:	Oil, Olive		
Time period:	CY		

Exports for	**2008**		**2009**
U.S.	28	U.S.	36
Others		Others	
EU	120	EU	100
Total for Others	120		100
Others not listed	21		5
Grand Total	**169**		**141**