

Country Market Profile: Tunisia

Market Overview

Euromonitor reports that the economy in Tunisia expanded in real terms in 2022, driven by increasing public and private consumption and external demand. However, global economic slowdown, elevated inflationary pressures and tightening financial conditions are set to undermine business and consumer confidence globally, raise uncertainty and weigh on the country's economic outlook.

- Following real growth of 2.9% in 2022, Tunisia's economy is expected to expand at an average annual gross domestic product (GDP) real rate of 1.4% in 2023 and 2% in 2024.
- Inflation in Tunisia is forecast to increase to 8.5% in 2023 from 8.3% in 2022.
- While Tunisia's merchandise exports increased by 11.3% and imports rose by 18.7% during 2022, the country remained a net importer of goods.
- Gross fixed capital formation (GFCF) decreased over 2022, accounting for 15% of GDP.
- The public debt-to-GDP ratio in Tunisia rose to 88.1% in 2022, standing above the regional average of 47%.

The population of Tunisia was 11.9 million in 2023 (CIA World Factbook Est). The median age is 34.8 which makes them older than the surrounding region. The population growth rate is 0.7% and nearly 10% of the population is over 65 years, or about 1.2 million people.

USDA's Office of Agricultural Affairs in Tunis or FAS Post Tunis reports that Tunisia is a lower middle-income country. In 2021, Tunisia's GDP reached \$127.5 billion on a purchasing power parity (PPP) basis, positioning the country as the 83rd largest economy in the world (CIA World Factbook Est.). In 2020, Tunisian imports of agricultural products from the world reached US\$2.2 billion, an increase of 15% compared to 2019. Bulk imports accounted for US\$1.2 billion, followed by intermediate goods at US\$424 million, and consumer-oriented goods at US\$367 million. Opportunities for U.S. high-value exports have been limited.

Tunisia is a small market for consumer-oriented products. Valued at US\$368 million, Tunisia ranked 143rd in exports of U.S. consumer-oriented products in 2022. The market is dominated by European exporters, with the U.S. holding a 1.3% market share.

Market Opportunities and Key Issues for Processed Food Exporters in Tunisia

Market Opportunities:

- Tunisia and the U.S. 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 foodservice industry catering to tourists and an expanding modern retail food distribution system.

Key Issues:

- The COVID-19 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.
- The average applied import duty on agricultural products is 32%.
- Tunisia has harmonized most of its SPS norms with the European Union.
- Tunisia has a small upper income class, representing around 5% 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.

Tunisia is the second largest U.S. export market for processed foods in North Africa, after Egypt. U.S. exports of processed foods to Tunisia declined 38% to \$3.4 million in 2022. By year to date (YTD) November 2023, U.S. processed food exports again declined 61% to US1.3 million.

Top U.S. processed food exports to Tunisia in 2023 included:

- Food Preparations and Ingredients – up 14%.
- Prepared/Preserved Meats – down 68%.
- Processed/Prepared Dairy Products – down 25%.
- Syrups and Sweeteners – down 82%.
- Pasta and Processed Cereals – down 32%.
- Alcoholic Beverages – down 11%.

Retail Sector Highlights:

According to Euromonitor, retail sales in the packaged food market in Tunisia reached US\$3.3 billion in 2023. That represents a growth rate of 54% or US\$1.1 billion since 2019. By the year 2028 the retail sales in the packaged food market in Tunisia is expected to reach US\$5.9 billion, a growth rate of 57% and US\$2.1 billion from 2024.

High growth products in the forecast include:

- Edible Oils
- Sweet Spreads
- Confectionery
- Savory Snacks
- Processed Meat, Seafood and Alternatives to Meat
- Cheese
- Processed Fruit and Vegetables

FAS Post Tunis reports that the Tunisian retail sector has enjoyed steady growth of over 10% 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% market share and was valued at around US\$2 billion. The modern retail sector is expanding distribution outlets, supermarkets, and hypermarkets through joint ventures with foreign investors including Carrefour, the Casino group, Géant 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, four new hypermarkets are expected to open.

Foodservice Sector Highlights:

This sector caters to Tunisians as well as 7 million tourists annually. However, with the COVID-19 pandemic, tourist numbers have declined to 1.3 million over the last year. The foodservice 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.

Food Processing Sector Highlights:

The Tunisian food industry is comprised of 1,240 companies (employing 10 people or more), 20% 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% 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% of Tunisia's total food imports.

Best Product Prospects:

FAS Post Tunis reports that current products in the market with high potential include tree nuts, live animals, pulses, cookies and crackers, dairy products, alcoholic and non-alcoholic beverages condiments and sauces, palm oil, corn, and cotton, beef, poultry, and processed eggs.