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Strategic positioning study of the natural organically grown foods branch

FOREWORD

The cultivation of natural organically grown foods is relatively a recent activity in Tunisia. Organic farming was introduced just a few years ago by entrepreneurs who had become aware of the trend toward natural foods and the exporting potential to the market of the European Union.
Currently land area under organic cultivation is dominated by olives and dates production.
Production of other organic products such as market garden produce and medicinal plants, and beekeeping and poultry farming remains underdeveloped.

NATIONAL SITUATION

In Tunisia there are some **246** organic agriculturalists, certified by foreign organisms, who are cultivating organically some **17 000 hectares**.
The organic date production branch is 1st ranking with **129** producers divided between the two major southern oasis regions of South Nefzaoua and Jérid. The date branch is followed in ranking by the olives for oil and table olives branch that is composed of some **62** producers of which the majority are located in the regions of Sfax and Sbeïtla.
With the exception of olive oil production, processing of other organic produce is limited in general to conditioning. There are currently **19** Processors-Conditioners of which **8** are olive processors and 6 condition dates. There is but one wine maker who is certified organic.

The bulk of all types of Tunisian organic foods production is for the export market.
For the 2001/2002 Season the quantity of organic olive oil produced was around **1580** tons of which **340** tons were exported.
For the same period, organic date production was around **1730** tons of which **580** tons were exported to the European Union, principally to Germany, Belgium and France).

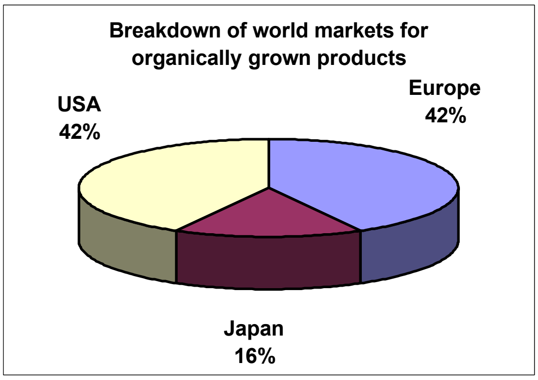
INTERNATIONAL SITUATION

During the past few years, organic agriculture around the world has grown at a very rapid pace. Today the countries that consecrate the greatest land area to organic cultivation are :

- Australia with 7 million hectares;
- Argentina with 3 million hectares ;
- Italy with 1 million hectares;
- The USA in 4th position with 900,000 hectares

The other countries classified in order of importance according to the area of certified organic cultivation are Germany, Great Britain, Spain and France.
Tunisia is ranked 35th at the world level and 1st among African countries (**17 000** hectares of organic cultivation).

The major markets are Japan, Europe and the USA where natural organic food consumption is on the rise. These markets are developing at an annual rhythm of over 20%.



Organic agriculture represents just slightly more than 1% of the market in the countries where it is well established. Consumer demand is much higher that the supply.
Although all the surveys have shown that the consumer is ready to pay a price differential of between 25 to 30% maximum, prices for organic products are often high and dissuasive.

INTERNATIONAL COMPARISON

Benchmarking analysis of the branch in Tunisia against three reference countries: Italy, Germany and France has revealed that :

- In terms of production, Tunisia lags well behind in organic farming, with a penetration level of 1 in 1,000 compared with 7% in Italy and 3% in Germany;
- In Tunisia and Italy for every 12 agriculturalist there is one transformer, while France is distinguished in having one transformer for each 2 agriculturalist;
- Tunisia has a very limited line of organic products compared with its competitors, which constitutes a real competitive handicap;
- The cost for certification for Tunisian farmers is rather high, varying from **1500** to **2300** euros/yr. while in France the cost is less than **600** euros/yr. The high cost in Tunisia is due to the insufficient number of approved certifying bodies in the country;
- Tunisia could easily reposition itself by recuperating certain niches, for example within the markets of Germany and France.

OBJECTIVES 2007

At the current rhythm of evolution of the branch, it should be possible to increase production by 10 fold to each a level of 1% organic cultivation of all utilized agricultural land by the year 2007.
For this eventuality, the Ministry of Agriculture has designated 5000 hectares supplementary for conversion over the next five years.

LUCRATIVE NICHES AND MARKETS

- The number one, leading product is the deglet nour date, category 1 ;
- The number two product could be the Maltese orange in addition to other citrus fruits (lemons, clementines and mandarins) ;
- there is also growing demand for olive oil, exotic fruits (grenadines, carob, avocadoes, mangos, etc… , and for off season fruits and vegetables such as potatoes, all early season vegetables and edible seeds and nuts.

ACTIONS TO UNDERTAKE

For production

Axis 1 : Optimize certification

- approval of new certifying bodies;
- create awareness among producers concerning the application of regulations and incentives.

Axis 2 : Access to input materials

- recognition of organic pesticides;
- encourage the grouping of orders and awareness building for suppliers.

Axis 3 : Training for producers and technicians

- Train technicians ;
- Train producers.

Axis 4 : Creation of pilot protected environment zones

- Identify high potential zones;
- establish adapted regulations;
- animate pilot zones.

Axis 5 : Encourage conversion

- deploy CRDA technicians ;
- create check counsel ;
- financial advantages for conversion.

For transformation

Axis 1 : establish guidelines and regulations for organic transformation
Axis 2 : certification organic and HACCP
Axis 3 : support 1st transformation
Axis 4 : adaptation to organically grown quality
Axis 5 : ameliorate packaging

Enterprise creation and Partnership

The study resulted in the identification of 5 project files to promote.