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GAIN Report

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Required Report - public distribution

Date: 3/30/2016

GAIN Report Number: TS1604

Tunisia

Grain and Feed Annual

2016 Grain and Feed Annual

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Report Highlights:

Post estimates total cereal production for MY 2016/17 at around 1.5 million MT with wheat production estimated at 1.1 million MT and barley production estimated at 400,000 MT. This represents a 15 percent increase compared to the previous year while plantings acreage remained roughly the same for both crops. Despite the drought registered from November to February, late rains in March greatly improved crop conditions.

Executive Summary:

Post estimates total cereal production for MY 2016/17 at around 1.5 million MT with wheat production estimated at 1.1 million MT and barley production estimated at 400,000 MT. Tunisia's wheat and barley seeded areas for MY2016/17 are estimated at about 647,000 HA for wheat and 533,000 HA for barley, maintaining approximately the same acreage as the previous year. Despite the lack of rain from November to February for most growing regions, late March rains improved crop conditions.

Tunisia's average rate of wheat per capita consumption the last 15 years was 265 kg/year with a minimum of 247 kg / year in 2001 and a maximum of 325 kg/year in 2007, which places Tunisia among one of the largest wheat per capita consumers in the world. Total wheat consumption is around 2.8 million MT per year. Wheat consumption is expected to remain at the same level for the next few years. Post estimates Tunisia's barley consumption at about 1.05 million MT per year and Tunisia's corn consumption at about 1.1 million MT.

Tunisia's wheat imports in MY 2015/16 are estimated to reach 2 million MT, a 36 % increase compared to MY 2014/15. The majority of Tunisia's wheat imports come from Ukraine, Italy, France, and Romania. Barley imports will reach 500,000 MT in MY 2015/16, a 13% increase compared to MY 2014/15 with Russia, Romania and United Kingdom dominating the market. Tunisia's total corn imports in MY 2015/16 will be around 1.1 million MT, a 5 % increase compared to MY 2014/15. The majority of Tunisia's corn imports are shipped from Ukraine, Brazil and Argentina.

The Government of Tunisia (GOT) continues to implement its strategy to boost cereal production. In MY2015/16, GOT revised farm-gate prices for wheat and barley according to international prices and local conditions. Through its cereals office, the government continues to control wheat imports by issuing tenders to international traders with import criteria based mostly on price considerations.

Commodities:

Wheat

Barley

Production:

Tunisia's MY2016/17 wheat planted area is almost the same as last year's and is estimated at 647,000 hectare (HA), of which 536,000 HA of durum wheat and 111,000 HA of soft wheat. The planting area for barley is estimated at 533,000 HA, a 1 percent increase compared to last year. The area seeded with triticale is estimated at 19,000 HA in MY2016/17. As a result Tunisia total seeded area for grain in MY2016/17 is estimated at about 1.19 million HA, of which 77,000 HA, less than 7 percent, is irrigated (down from 78,000 HA in MY2015/16). After a favorable start for the current season from September to October 2015, rains was almost inexistent from November 2015 through February 2016, with rains resuming again during March. Knowing that March and April are critical periods, yields are expected to be higher than those reported last year with the harvest expected to begin in June. Wheat and barley crops are reported to be in a fairly good condition at present, and some analysts believe that the production could increase by as much as 20 to 25 percent compared to last year, especially if the crops receive adequate rainfall during April.

Post estimates total cereal production for MY2016/17 at 1.5 million MT, with wheat production estimated at 1.1 million MT and barley production estimated at 400,000 MT. Post estimates durum wheat will account for about 82 percent of total wheat production, while soft wheat will account for the remainder.

For MY2015/16, Tunisia's total cereal production was officially announced at 1.3 million MT, decreasing by 43% compared to MY2014/15. The decrease in MY2015/16 was due to the lack of rainfall in the beginning of the cereal campaign and the spring, and then excessively hot weather that damaged cereals in the early grain-filling stages. According to the Ministry of Agriculture, the national average yield for the MY2015/16 crop was about 1.3 MT/HA. However, according to private sector analysts the national average yield was much lower and fluctuated sharply between 1 MT/HA and 1.3 MT/HA depending on rainfall conditions in the various regions.

The below table shows the planted area and production for wheat and barley the last five years.

Year	MY2011/12	MY2012/13	MY2013/14	MY2014/15	MY2015/16
Area (1000 HA)					
<i>Durum Wheat</i>	596	678	708	596	540
<i>Soft Wheat</i>	118	129	149	125	110
Total Wheat	714	807	857	721	650
Barley	520	658	661	542	526
Total Planted	1234	1465	1518	1263	1176
Total Harvested	629	1347	1333	759	935
Production (1000 MT)					
<i>Durum Wheat</i>	1,320	1,200	790	1230	755

<i>Soft Wheat</i>	280	300	180	280	155
Total. Wheat	1,600	1,55	970	1510	910
Barley (+triticale)	710	650	320	790	394
Total Production	2310	2200	1290	2300	1304

Source: *Tunisian Ministry of Agriculture*

(1000 HA), (1000 MT)

It is important to note that the only reliable data on actual cereal production is that the state run Office des Cereales (Office of Cereals). In general, the production estimates in Tunisia are done by the Ministry of Agriculture through an annual inquiry and in collaboration with the National Remote Sensing Center that provides estimates based on satellite imagery. There are relatively few other sources to verify the information or check for accuracy. Depending on the size of the crop in a given year, the quantity collected by the Office of Cereals accounts for 40 to 60 percent of total wheat production and 10 to 40 % of total barley production. The Tunisian Farmers' Union contests the Ministry of Agriculture's figures as to the quantity collected, arguing that the difference between the quantity collected and the quantity produced is not as large as the Ministry claims each year.

Post's estimate for Tunisia's grain production during the past ten years has also varied from the Tunisian government's official estimates. Post estimates are based on available information regarding the seeded areas, accumulated precipitation, and the pace of rainfall across the country, independent analysts' assessment of crop growing conditions, combined with historical statistical data of grain production in Tunisia.

Consumption:

The average rates of per capita consumption for wheat during the last 15 years in Tunisia is 265 kg/year with a minimum of 247 kg / year in 2001 and a maximum of 325 kg/year in 2007, which places Tunisia among one of the largest consumers of wheat per capita in the world. Total wheat consumption is around 2.8 million MT per year and is expected to remain at the same level for the next few years.

Post estimates Tunisia's barley consumption at about 1.05 million MT per year and corn consumption at about 1.1 million MT. Additional demand for wheat is driven by more than one million nationals coming from Algeria and Libya each year who have similar consumption patterns for wheat-based diets. Specifically, the number of Algerian tourists Algeria has increased 14 percent annually the last three years while the number of European tourists has dropped 50 percent due to security concerns. In addition, there was a significant increase in re-exports of semolina and wheat flour to Libya, as well as some smuggling activities.

Barley is consumed mainly in feedlots and as supplemental feed, especially when rangelands are stressed or dry, while corn is used in compound feed for cattle and poultry. Post estimates Tunisia's barley consumption at about 1.05 million MT per year, and Tunisia's corn consumption at about 1.1 million MT per year.

Trade:

Wheat

Tunisia relies heavily on grain imports, mainly wheat, even in good production years. For MY2015/16, Tunisian wheat imports are expected to reach 2 million MT, a 36 % increase compared to MY 2014/15. The majority of Tunisia’s wheat imports are shipped from Ukraine, Italy France and Romania, while the remainder is imported from Spain, United Kingdom and Russia. Tunisia’s wheat imports from the United States were a mere 12,000 MT in MY2014/15. In the coming year, the U.S. market share for wheat is not expected to grow significantly unless the current wheat purchasing policy based on price orientation undergoes a major liberalization.

The below table shows Tunisia imports of common (soft) and durum wheat the last four marketing years:

Tunisian Wheat Imports (1000 MT)

	MY2012/13	MY2013/14	MY2014/15	MY2015/16*
Durum Wheat	583	617	526	780
Soft Wheat	1032	1062	935	1220
Total	1615	1679	1461	2000

Source: Ag Tunis

The last few years, the state monopoly ‘Office des Cereales’ purchasing policy has been more price-oriented with less emphasis given to the nutrition value of imported wheat. Private sector millers have often complained about the low milling quality of some imported shipments that have been “forced” on them by the Office of Cereals. At present, private operators can import wheat directly but only if they re-export their final products and do not sell the products on the Tunisian market. Some private millers may expand imports from the United States in the coming years.

For MY 2016/17, imports are projected to be around 1.7 million MT a 15 % decrease compared to MY 2015/16 due to the larger expected wheat crop. The bulk of wheat imports consist of soft wheat, which Tunisia has a production deficit regardless of the size of the domestic crop.

Barley

For MY2015/16, total barley imports are estimated around 500,000 MT, a 3.5% increase compared to MY 2014/15 with Russia and Romania dominating the market. It is worth mentioning that U.S. barley exports continued to be absent in MY 2014/15.

For MY 2016/17 barely imports are projected to be around 700,000 million MT, a 40 % increase compared to MY 2015/16.

Tunisian Barely Imports (1000 MT)

	MY2012/13	MY2013/14	MY2014/15	MY2015/16
Barely	520	674	483	500

Source: Ag Tunis

Corn

Tunisia's total corn imports in MY 2015/16 are expected to reach 1.1 million MT, a 5 % increase compared to MY 2014/15. The majority of Tunisia's corn imports are shipped from Ukraine, Brazil and Argentina. Imports are forecast to continue growing and reach 1.15 million MT for MY 2016/17. U.S. corn exports to Tunisia were absent in MY 2014/15. This was mostly due to price competition from Black Sea exporters. For MY 2016/17, Tunisia corn imports are projected to stabilize at around 1.15 million MT, according to private importers. The below table shows Tunisia corn imports the last four marketing years.

Tunisian Corn Imports (1000 MT)

	MY2012/13	MY2013/14	MY2014/15	MY2015/16
Corn	820	984	1042	1100

Source: Ag Tunis

Policy:

1. Production policy:

Tunisia continues to implement a strategy to boost its cereal production. The government's goal is to reach an average annual production of 2.7 million MT for cereals of which 1.5 million MT is durum wheat. These amounts are considered necessary in order to achieve self-sufficiency. To help reach this goal, the GOT implemented several measures that included:

- Increasing the total acreage dedicated to irrigated wheat from 80,000 HA to 120,000 HA, and increasing the yield in irrigated land from 3.5 to 5 MT/HA
- Maintaining the farm-gate price policy for wheat and barley at a relatively high level to encourage local production. For MY2015/16, the Ministry of Agriculture decided to increase the price paid to farmers. New farm-gate prices for harvested cereals (effective through August 31, 2015) are set as follows:
 - 700 TD/MT for durum wheat (\$351/MT)
 - 520 TD/MT for soft wheat (\$261/MT)
 - 460 TD/MT for Barley (\$230/MT)
- To increase farmers' use of certified seeds to 450,000 quintals by maintaining price subsidies for certified varieties of cereal seeds at the following rate:
 - 25.4 TD/MT for durum wheat (\$12/MT)
 - 20.6 TD/MT for soft wheat (\$10 /MT)
 - 17.15 TD/MT for Barley (\$9 /MT)
- Giving a 25 percent subsidy for the cost of buying agricultural machines and a subsidy of 40 to 50 percent of the cost of irrigation equipment in order to promote private investment for cereals production.
- Improved access to credit for small and medium-sized agricultural producers. Small farmers represent 62 percent of the cereals producers and operate on 21 percent of the total agricultural land allocated to cereals production.

2. Trade policy:

The Government of Tunisia continues to control most grain imports by issuing tenders to international traders specifying the size and quality of import shipments. The “Office des Cereales” continues to monopolize the importation of wheat based mostly on price considerations. In MY2008/09 the government began liberalizing imports of barley by allowing private traders to import directly. However, the National Cereals Office stopped private imports shortly thereafter due to the market disruption created by shortages. As a result, import liberalization is still not under the current government’s consideration.

Production, Supply and Demand Data Statistics:

Wheat	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Tunisia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	730	598	700	546	0	550
Beginning Stocks	161	161	157	292	0	302
Production	1400	1510	1000	910	0	1100
MY Imports	1461	1461	2000	2000	0	1700
TY Imports	1461	1461	2000	2000	0	1700
TY Imp. from U.S.	12	12	0	0	0	0
Total Supply	3022	3132	3157	3202	0	3102
MY Exports	15	15	25	25	0	15
TY Exports	15	15	25	25	0	15
Feed and Residual	25	25	25	25	0	25
FSI Consumption	2825	2800	2850	2850	0	2800
Total Consumption	2850	2825	2875	2875	0	2825
Ending Stocks	157	292	257	302	0	262
Total Distribution	3022	3132	3157	3202	0	3102

(1000 HA) ,(1000 MT)

Barley	2014/2015	2015/2016	2016/2017
Market Begin Year	Jul 2014	Jul 2015	Jul 2016

Tunisia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	580	515	400	377	0	380
Beginning Stocks	306	306	539	440	0	280
Production	900	801	400	390	0	400
MY Imports	483	483	450	500	0	700
TY Imports	483	483	500	500	0	700
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1689	1590	1389	1330	0	1380
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1100	1100	950	1000	0	1050
FSI Consumption	50	50	50	50	0	50
Total Consumption	1150	1150	1000	1050	0	1100
Ending Stocks	539	440	389	280	0	280
Total Distribution	1689	1590	1389	1330	0	1380
(1000 HA) ,(1000 MT)						