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Tunisia

Grain and Feed Annual

2012 Grain and Feed Annual

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Report Highlights:

Area planted to cereals in Tunisia in 2011/12 is estimated at 1.3 million HA, of which 800,000 HA are wheat and 500,000 HA are barley. Sowing of the crop had a late start, but the wheat and barley crops are reportedly in good growing conditions, despite significant flooding in February. Total cereal production is projected to reach 2.00 Million MT, including 1.45 million MT of wheat and 550,000 MT of barley. Wheat consumption in 2011 rose to 3 million MT, due to increased exports and smuggling of semolina and flour shipments to Libya. Wheat imports in 2011 totaled 1.58 million MT, a decline of 17 percent from 2010. Corn imports totaled 850,000 MT, down from 889,000 MT in 2010, with imports from the U.S. significantly declining.

Executive Summary:

Estimate of total area planted to cereals in Tunisia in the 2011/12 season was revised down to 1.3 million hectare, including 800,000 HA of wheat and 500,000 HA of barley. The downward revision was due to the loss of about 100,000 HA to flooding and the non planting of a 50,000 HA area of several large scale farms. The sowing of the new crop was behind schedule, as most grain regions did not receive sufficient rainfall by mid September. There were heavy spells of rainfall from the end of September through October that forced farmers to delay sowing of their crops. The new wheat and barley crops, however, are reportedly to be in good growing conditions, and some believe that yields could be 15 percent higher than average levels. It's estimated that total cereal production for the 2011/2012 season would be around 2.00 MT, with wheat production projected at about 1.45 million MT, while barley production is estimated at 550,000 MT. According to the Ministry of Agriculture, Tunisia's total cereal production in 2010/11 was declared at 2.3 million MT, while most agricultural experts estimated production to be about 1.8 million MT.

It is important to note that the only reliable official figures of actual cereal production in Tunisia are those of the quantities collected by the state run Cereal Office. In July 2011, however, the Tunisian Farmers' Union publicly contested the Ministry of Agriculture's figures of the quantities of wheat collected from last year's crop, arguing that they are not as large as the Ministry claimed. For MY2010/11, the quantity collected officially was about 1.04 million MT, compared to 0.52 million MT in MY 2009/10 and 1.12 million MT in MY 2008/09.

Usual Tunisian wheat consumption is estimated at about 2.8 million MT, but in 2011 consumption rose to 3 million MT, due to the significant increase of Tunisian re-exports of semolina and wheat flour to Libya and as well as some smuggling activities. It is projected that wheat consumption for the next few years will continue to remain close to that high level of 2011. Tunisia's barley consumption on average is estimated at about 750,000 tons while corn consumption is usually around 700,000 MT.

Tunisian wheat imports in CY 2011 totaled 1.58 million MT, a decline of 17 percent compared to imports in CY 2010. Shipments from the EU countries such as France, Greece and Italy, accounted for the majority of Tunisia's wheat imports. Tunisia's wheat imports from the U.S., primarily durum wheat totaled 32,000 MT, about a 2 percent share of the market. Barley imports in 2011 totaled 237,000 MT, down from 429,000 MT in 2010, mostly due to the increase in local production in 2011. Tunisia's corn imports in CY 2011 reached 850,000 MT, down from 889,000 MT imported in CY 2010. Corn exports from the U.S. declined to 62,000 MT in CY2011, compared to 227,000 MT in CY 2011.

The Government of Tunisia continues to implement its strategy targeted at boosting cereal production that started in 2008. 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:

Production:

Total area planted to cereal crops in Tunisia in the 2011/12 season was initially estimated at 1.5 million hectare (HA), according to the Tunisian Ministry of Agriculture's data. Wheat planted area was estimated at 850,000 HA, of which 700,000 HA were durum wheat and 150,000 HA of soft wheat, while area planted to barley was estimated at 650,000 HA. In March 2012, area planted estimate was revised down to 1.3 million HA, including 800,000 HA of wheat and 500,000 HA of barley. The downward revision was mostly due to the loss of about 100,000 HA to heavy precipitations and flooding, as well as the non planting of 50,000 HA area in several large scale farms that used to belong to the ousted President's family that are facing management difficulties. More recently, the flood situation caused additional losses of 15,000 HA of cereal planted area, mainly in the north western region of Tunisia.

The sowing of the new cereal crop was behind schedule, as most grain regions did not receive sufficient rainfall by mid September. From the end of September through October, there were heavy spells of rainfall that caused the flooding of some agricultural fields and forced farmers to delay sowing of their cereal crops. In some areas, the seeding of the wheat and barley crop was not completed until late November and December. Additional floods occurred in February in the northwestern region of Tunisia but they had limited overall impact on the crops, according to the Tunisian Ministry of Agriculture.

Despite the flooding of some fields and the loss of more than 150,000 HA of grain area, the new wheat and barley crops are reportedly in good growing conditions. Some agricultural analysts believe that yields could to be about 15 percent higher than their normal levels. There are, however, some concerns about possible plant disease outbreaks in a few grain planted areas due to excess moisture and above normal weather temperature in early April.

For the PS&D tables, our preliminary estimate shows that total cereal production for the 2011/2012 season would be around 2.00 MT, with wheat production projected at about 1.45 million MT, while barley production estimated at 550,000 MT. We estimate that durum wheat would account for about 80 percent of total wheat production, while soft wheat would account for the remainder.

In 2010/11, Tunisia's total cereal production was officially estimated at 2.3 million MT, more than double its production in the 2009/10 campaign. The relatively large cereal crop was mostly due to sufficient rainfalls and favorable weather conditions throughout Tunisia during the various stages of the crop development. According to a Ministry of Agriculture's estimate, the national average yield for the 2010/11 crop was about 1.72 MT/HA, compared to 1.71MT reported in the season before. In the last 5 years, the yield of cereal harvest was officially estimated at about 1.73 MT/HA. According to non-government analysts, however, the national average yields are much lower than these figures and fluctuated sharply between 0.8 MT/HA and 1.8 MT/HA depending on rainfall conditions.

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

Year	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
Area Planted (1,000 Hectares)					

Durum Wheat	732	649	679	596	678
Soft Wheat	124	136	124	118	129
Total Wheat	856	785	803	714	807
Barley	500	548	588	520	658
Total Planted	1356	1333	1391	1234	1465

Production (1,000 MT)					
Durum Wheat	1,175	730	1,353	670,7	1,320
Soft Wheat	267	190	300	151,2	280
Total. Wheat	1,442	920	1,653	821,9	1,600
Barley (+triticale)	545	270	879	257,7	710
Total Production	1,987	1,190	2,532	1,079	2,310

Source: Tunisian Ministry of Agriculture

It is important to note that the only reliable data on actual cereal production estimates are those of the cereal quantities collected by the state run Cereal Office. In general, production estimates in Tunisia are usually made by the Ministry of Agriculture through an annual inquiry and there are no other sources to verify the information or check for their accuracy. Depending on the size of the crop in a given year, the quantity collected by the Office of Cereal accounts for 30 to 50 percent of total production.

In July 2011, the Tunisian Farmers' Union publicly contested the Ministry of Agriculture's figures of 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. For MY2010/11, the quantity collected officially was about 1.04 million MT, compared to 0.52 million MT in MY 2009/10 and 1.12 million MT in MY 2008/09.

(1,000 MT)	2007/2008	2008/2009	2009/2010	2010/2011
Quantity Collected	0.47	1.12	0.52	1.04
Quantity Produced	1,190	2,532	1,079	2,310
Ratios	39%	44%	48%	45%

Source: Tunisian Ministry of Agriculture

FAS estimates of Tunisia's grain production in the past 10 year have been considerably different from the Tunisian official estimates. Post estimate are based on available information on seeded areas, accumulated precipitations, the pace of rainfall across the country, independent analysts assessment of crop growing as well as historical statistical data of grain production sin Tunisia.

Consumption:

Tunisia has the highest per capita consumption of wheat in the North African region, estimated at 258 kg/year. Additional demand for wheat is usually driven by over two million visitors coming each year from Algeria and Libya that have similar consumption patterns of wheat-based food products. In 2011, due to the lack of security following the Tunisian revolution, the number of

tourists visiting Tunisia registered a huge decline that resulted in significant drop of food consumption by the tourism sector. In addition, there was a significant increase of re-exports of semolina and wheat flour to Libya and as well as some smuggling activities. Usual Tunisian wheat consumption is about 2.8 million MT, but in 2011 consumption rose to 3 million MT. It is projected that wheat consumption will continue to remain close to this high level for the next few years.

Barley is consumed mainly as cattle feed in Tunisia and as a supplement feed especially during periods of shortages of pastures and forage crops, while corn is usually incorporated into ruminant feed and used as an ingredient in compounded feed for poultry. Tunisian barley consumption on average is estimated at about 750,000 tons while corn consumption is usually around 700,000 MT.

Trade:

Wheat

In CY 2011, Tunisian wheat imports totaled 1.58 million MT, a decline of 17 percent compared to wheat imports in CY 2010. Shipments from the European Union (EU) countries such as France, Greece and Italy, accounted for the majority of Tunisia's wheat imports. Tunisia's wheat imports from the U.S., primarily durum wheat imported by private millers, totaled 32,000 MT in CY 2011, and represented about a 2 percent share of the market. This is compared to U.S. of exports 114,000 MT in CY 2010, accounting for 6 percent market share. In the coming year, there is low expectation of a significant increase in the U.S. share of the Tunisian wheat market unless the current wheat purchasing policy undergoes major liberalization.

In the last few years, the state monopoly 'Office des Cereales' purchasing policy has been more price-oriented and less emphasis has been given to the quality attributes of imported wheat. Private sector milling operators have often complained about the low milling quality of some imported shipments that have been forced on them by the Cereal Office. At the present time, private operators can import wheat directly but with a condition to re-export their final products and not to sell them in the Tunisian market.

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

Table 2: Calendar year imports (MT)

Year	2008	2009	2010	2011
Durum Wheat Imports	658,000	435,400	811,000	524,000
Soft Wheat Imports	1,107,900	793,800	1,103,000	1,065,000
Total Wheat	1,765,900	1,229,200	1,914,000	1,589,000

Source: Institut National de la Statistique

The quantities imported in Tunisia on a calendar year basis fluctuate significantly depending on the size of the local wheat crop. The variations of wheat imports based on marketing years (June-May) are less significant than imports estimated on calendar year (CY January-December) basis. For MY 2011/12, Tunisia's wheat imports are expected to reach 1.6 million MT, slightly lower than the 1.7 million MT imported in MY 2010/11. For MY 2012, imports are forecast to be lower than in MY 2011 and are projected to be around 1.5 million MT, slightly smaller than the quantity expected in MY2011. This would be likely due to a larger wheat crop projected this year, about 10 percent higher than production in the previous year. The bulk of wheat imports consist of soft wheat, a commodity of which Tunisia has a structural deficit regardless of the size of the local crop.

Tunisian Wheat Imports (1000 MT)

Country	CY 2008	CY 2009	CY 2010
U.S	46,864	29,755	92,428
Canada	105,543	135,593	129,368
Black Sea	708,596	665,232	686,464
Kazakhstan	94,489	6,037	10,276
Russia	293,537	129,599	128,558
Ukraine	320,570	529,596	547,630
European Union	845,009	325,694	767,496
Bulgaria	16,137	-	16,647
France	197,343	125,582	262,158
Greece	104,820	89,372	55,543
Italy	266,494	93,089	279,311
Spain	59,808	17,650	51,125
Grand Total	1,765,900	1,229,200	1,914,000

Source: Institut National de la Statistique

Barley

In CY 2011 total barley imports reached 237,000 MT, down from 429,000 MT in CY 2010. This decline in barley imports was mostly due to a significant increase in local barley production due to favorable weather conditions. It is worth mentioning that U.S. barley exports were absent in CY 2011, while they have made a notable return to the Tunisian market in CY 2010 with a few shipments totaling 60,000 MT. For MY 2011, it is projected that Tunisia's barley imports could decline to 200,000 MT, with a further decline to about 150,000 MT forecast for MY 2012, reflecting expectations of a bigger local barley crop.

Corn

According to official data, Tunisia's total corn imports in CY 2011 reached 850,000 MT, down from 889,000 MT imported in CY 2010. This was the second consecutive year that Tunisian corn imports exceeded 800,000 MT. U.S. corn exports to Tunisia declined to 62,000 MT in CY2011, from 227,000MT in CY 2011. This was mostly due to more competitive prices offered by Tunisia's main exporters, Argentina and the Black Sea countries. As a result, the U.S. share of the Tunisian corn market declined to 7 percent in 2011, compared to 25 percent in CY2010. For CY 2012, Tunisia corn imports are projected to reach 790,000 MT, according to private importers. The table below

shows Tunisia corn imports by country of origin in the last three years. It should be noted that official Tunisian figures for corn imports are significantly different from U.S. Trade data, maybe due to the lag in reporting import shipments.

Tunisian Corn Imports (1000 MT)

Country	CY 2009	CY 2010	CY 2011
U.S	51	224	109
Others			
Argentina	25	27	148
Ukraine	472	230	353
Romania	11	12	25
Brazil	0	130	82
Others not Listed	105	266	133
Total for Others	613	665	741
Grand Total	664	889	850

Source: Institut National de la Statistique

Policy:

Production policy:

Tunisia continues to implement a five-year strategy to boost its cereal production that started in 2008. The government's goal is to reach a total cereal production of 2.7 million MT, which is considered necessary in order to achieve self-sufficiency in wheat consumption. 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, with a goal of producing 600,000 MT by 2012.
- Maintaining the farm-gate prices for wheat and barley at a relatively high level to encourage local production, with an exceptional bonus of 20 DT/MT that was added in 2011. Current farm-gate prices for cereals harvested (effective through August 31) are set as follows:
 - 600 TD/MT for durum wheat (\$429/MT)
 - 450 TD/MT for soft wheat (\$333/MT)
 - 420 TD/MT for Barley (\$296/MT)

A technical commission was set up in early 2012 in order to revise farm-gate prices for wheat and barley according to international prices and local conditions.

-To increase farmers' use of certified seeds in 2011 to 450,000 quintals, up from 357,000 quintals in 2011. To continue price subsidies for certified varieties of cereal seeds at the following rate:

- 25.4 TD/MT for durum wheat (\$18.80/MT)
- 20.6 TD/MT for soft wheat (\$15.25/MT)
- 17.15 TD/MT for Barley (\$12.7/MT)

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 2008, the government liberalized the barley market and authorized private sector companies to import. There are some indication that the government may consider a partial liberalization of the wheat sector and allow the private sector to participate in wheat imports. It is not certain if and when this partial liberalization will take place.

**Marketing:
Production, Supply and Demand Data Statistics:**

Wheat Tunisia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	714	470	750	772		800
Beginning Stocks	947	947	599	628		428
Production	821	821	1,300	1,300		1,450
MY Imports	1,773	1,705	1,800	1,600		1,500
TY Imports	1,773	1,705	1,800	1,600		1,500
TY Imp. from U.S.	138	114	0	32		0
Total Supply	3,541	3,473	3,699	3,528		3,378
MY Exports	17	20	50	100		100
TY Exports	17	20	50	100		100
Feed and Residual	25	25	50	0		0
FSI Consumption	2,900	2,800	3,000	3,000		2,825
Total Consumption	2,925	2,825	3,050	3,000		2,825
Ending Stocks	599	628	599	428		453
Total Distribution	3,541	3,473	3,699	3,528		3,378
Yield	1.	1.7468	2.	1.6839		1.8125
TS=TD		0		0		0
Comments						
AGR Number						

Barley Tunisia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	520	159	550	571		500
Beginning Stocks	375	375	349	371		261
Production	257	257	700	500		550
MY Imports	517	539	200	200		150
TY Imports	517	539	200	200		150
TY Imp. from U.S.	19	60	0	0		0
Total Supply	1,149	1,171	1,249	1,071		961
MY Exports	0		0	0		0
TY Exports	0		0	0		0
Feed and Residual	750	750	800	760		770
FSI Consumption	50	50	50	50		50
Total Consumption	800	800	850	810		820
Ending Stocks	349	371	399	261		141
Total Distribution	1,149	1,171	1,249	1,071		961
Yield	0.	1.6164	1.	0.8757		1.1
TS=TD		0		0		0
Comments						
AGR Number						

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