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Report Name: Grain and Feed Annual

Country: Tunisia

Post: Tunis

Report Category: Grain and Feed

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Report Highlights:

Wheat and barley production is expected to decline due to heat stress and insufficient rainfall. Post forecasts MY 2023/24 wheat and barley production at 800,000 MT and 220,000 MT, respectively, with imports at 2.2 MMT and 900,000 MT.

Executive Summary:

MY 2023/24

- Post forecasts MY 2023/24 wheat production at 800,000 MT and barley production at 220,000 MT.
- Farmers seeded greater wheat area following Tunisia's significant increase in farm-gate prices for grain (See production policy section). Tunisia's MY 2023/24 seeded area for wheat increased to 620,000 HA from 579,000 HA in MY 2022/23, of which 550,000 HA is durum wheat and 70,000 HA is common wheat.
- Farmers planted wheat in place of barley because of the increase in farm-gate prices for wheat. Barley planted area declined to 332,000 HA in 2023/24 from 430,000 HA in 2022/23. The decline in barley planting is attributed to strong wheat prices, which prompted farmers to switch from barley to wheat.
- The irrigated area of wheat and barley increased from 74,000 HA to 80,000 HA in 2023/24.
- Despite increased plantings, insufficient rainfall and high temperatures are diminishing wheat and barley prospects. As a result, Post anticipates that Tunisia will have a below average production in MY 2023/24.
- Wheat yields remain dependent on April rainfall, which could improve yields by 10 to 20 percent, if favorable.
- Tunisian wheat consumption in MY 2023/24 is forecast at 3.05 MMT, reflecting an average growth trend of roughly two percent. Barley consumption in MY 2023/24 is forecast at 1.16 MMT, reflecting average growth.
- To cover demand while maintaining stock levels, Post forecasts Tunisia's wheat imports in MY 2023/24 at 2.2 MMT, while barley imports are forecast at 900,000 MT.

MY 2022/23

Post adjusts the MY 2022/23 balance sheet to reflect official harvested area and production for wheat and barley. Post slightly increased the MY 2022/23 estimate for wheat and barley ending stocks to 560,000 MT and 192,000 MT respectively to reflect final production estimates.

MY 2021/22

No changes made to 2021/22 numbers.

Commodities:

Wheat

Barley

Area

According to the Ministry of Agriculture¹, Tunisian seeded area for wheat increased from 579,000 HA in MY 2022/23 to 620,000 HA in MY 2023/24. Seeded area includes 550,000 HA of durum wheat and 70,000 HA of common wheat. The seeded area for barley is 332,000 HA, down from 430,000 HA in MY 2022/23. Irrigated area of wheat and barley slightly increased from 74,000 HA to 80,000 HA. The increase in wheat planted area and the decrease in barley planted area are due to the Government of Tunisia's increase of farm-gate wheat prices.

Table 1: Wheat and Barley Area by Year

	MY 18/19	MY 19/20	MY 20/21	MY 21/22	MY 22/23	MY 23/24
<i>Wheat, Seeded</i>	612	700	556	607	579	620
- Durum	530	614	495	542	515	550
- Common	82	86	61	65	64	70
<i>Barley, Seeded</i>	522	617	518	510	430	332
<i>Wheat and Barley, Seeded</i>	1,134	1,317	1,074	1,117	1,009	952
<i>Wheat, Harvested</i>	536	596	490	522	510	434
- Durum	464	518	435	459	448	380
- Common	72	78	55	63	62	54
<i>Barley, Harvested</i>	314	471	413	279	300	200
<i>Wheat and Barley, Harvested</i>	850	1,067	903	801	810	634

Source: Tunisian Ministry of Agriculture; *FAS/Tunis forecast MY 23/24 harvested area

Production

Post forecasts MY 2023/24 wheat production at 800,000 MT and barley production at 220,000 MT. Planting was completed by mid-December following unfavorable weather conditions (insufficient rainfall/low soil moisture). Rainfall was low in January and February 2023, and wheat and barley struggled under high temperatures. USDA field visits in March 2023 confirmed that despite low pest and disease pressures and sufficient fertilizer supplies, the Tunisian wheat crop is experiencing hydric stress and below average vegetation growth. (Contacts report that fertilizer supplies are low, but given weak production, fertilizer demand has fallen). Tunisian wheat sector contacts currently estimate that production could decrease by as much as 30 to 40 percent compared to MY 2022/23, especially if the crops do not receive enough rainfall in April 2023. Seed availability was reported as normal during the sowing period. (Planting normally runs from mid-October to mid-December).

¹ Tunisia's official production estimates are reported by the Agricultural Production Division, which is under the supervision of the Ministry of Agriculture. In general, Tunisian production estimates are performed by the Ministry of Agriculture through an annual survey and in collaboration with the National Remote Sensing Center and the Field Crop Institute, which provides estimates based on satellite imagery.

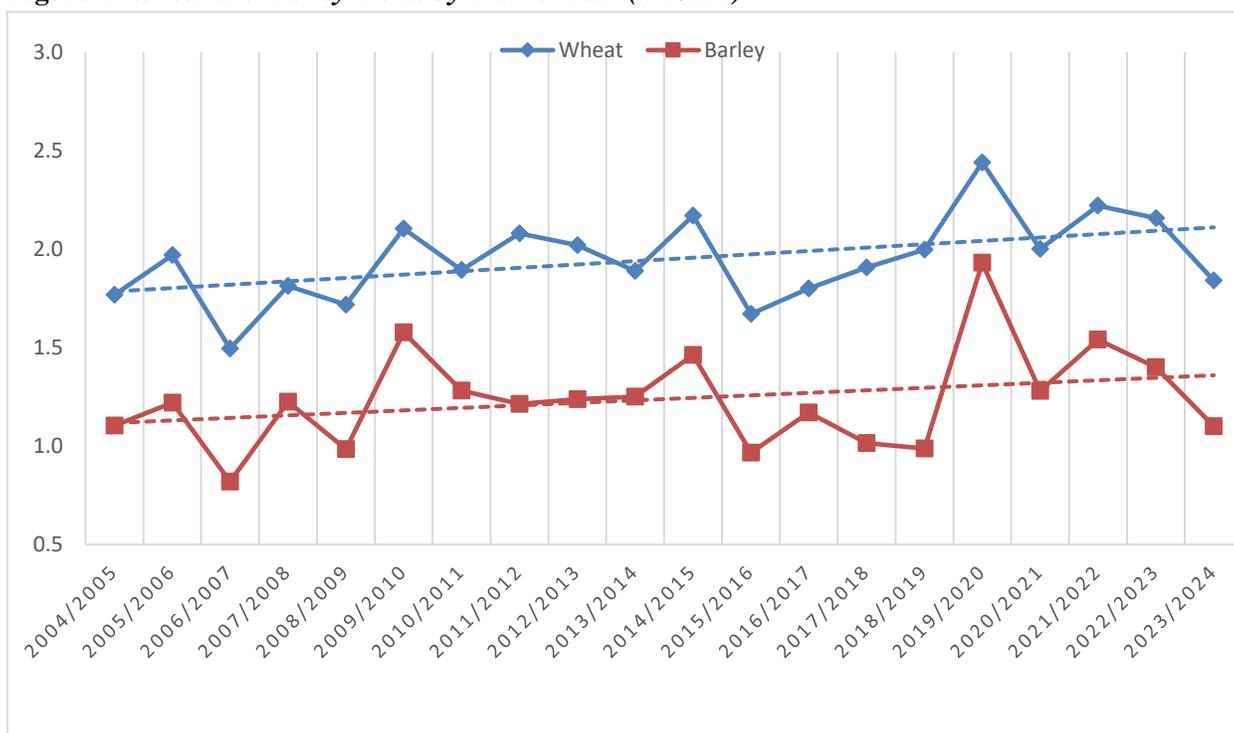
Based on official Tunisian estimates, Post revised production upward in MY 2022/23 from 1.20 MMT to 1.23 MMT for wheat and from 420,000 MT to 460,000 MT for barley due to a higher-than-expected harvest.

Table 2: Wheat and Barley Production by Year

	MY 18/19	MY 19/20	MY 20/21	MY 21/22	MY 22/23	MY 23/24
Wheat	1,070	1,454	1,043	1,191	1,230	800
- Durum	960	1,267	959	1,071	1,030	700
- Common	110	187	84	120	200	100
Barley	310	912	465	430	460	220

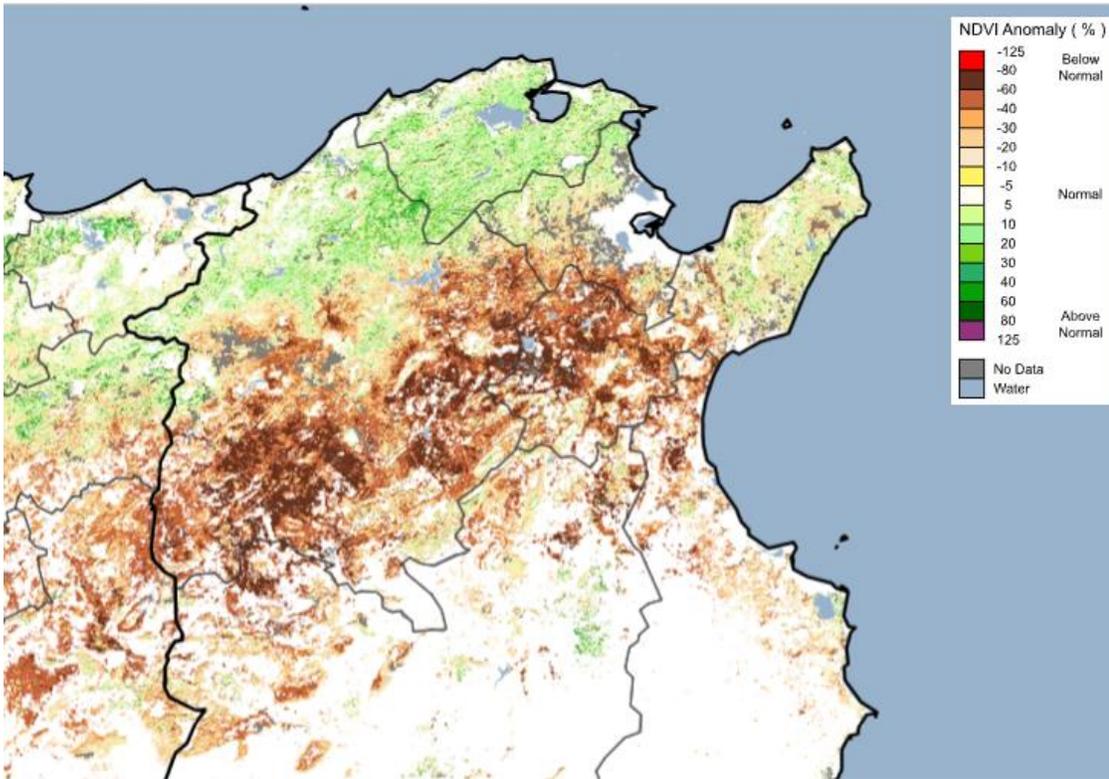
Source: Tunisian Ministry of Agriculture; *FAS/Tunis forecast (MY 23/24)

Figure 1: Wheat and Barley Yields by Market Year (MT/HA)



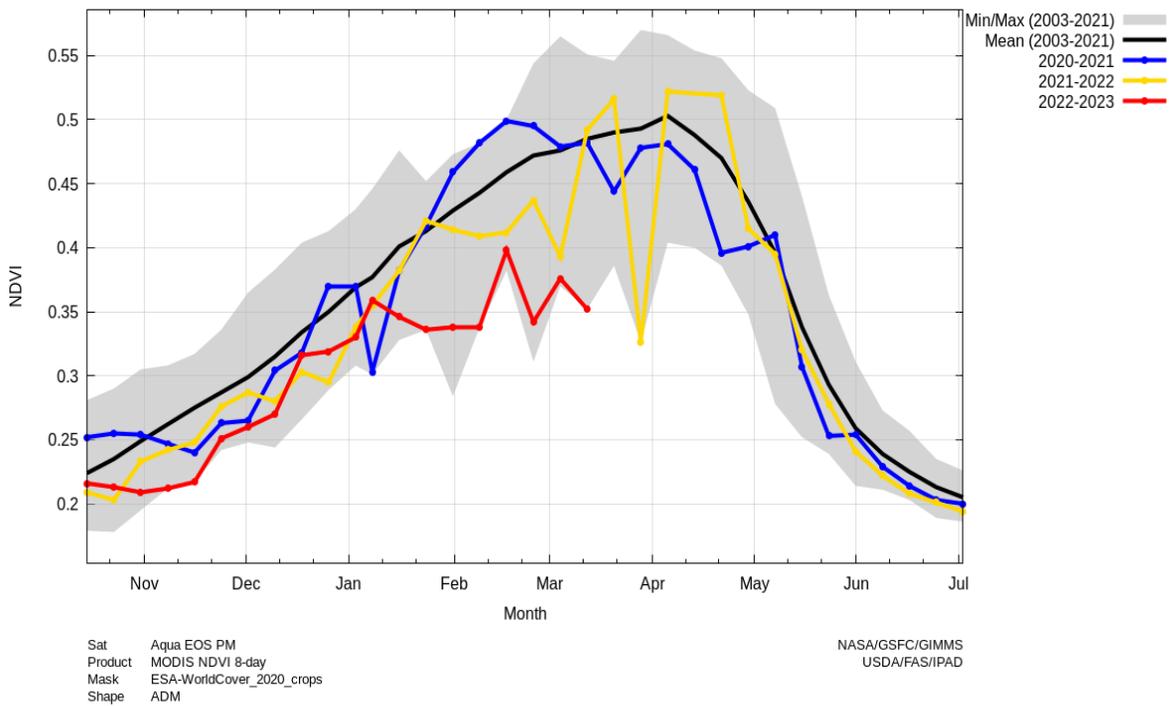
Source: Official USDA estimates; FAS/Tunis forecast (MY 23/24)

Image 1: Aqua MODIS NDVI Anomaly, 03/06/2023-03/13/2023



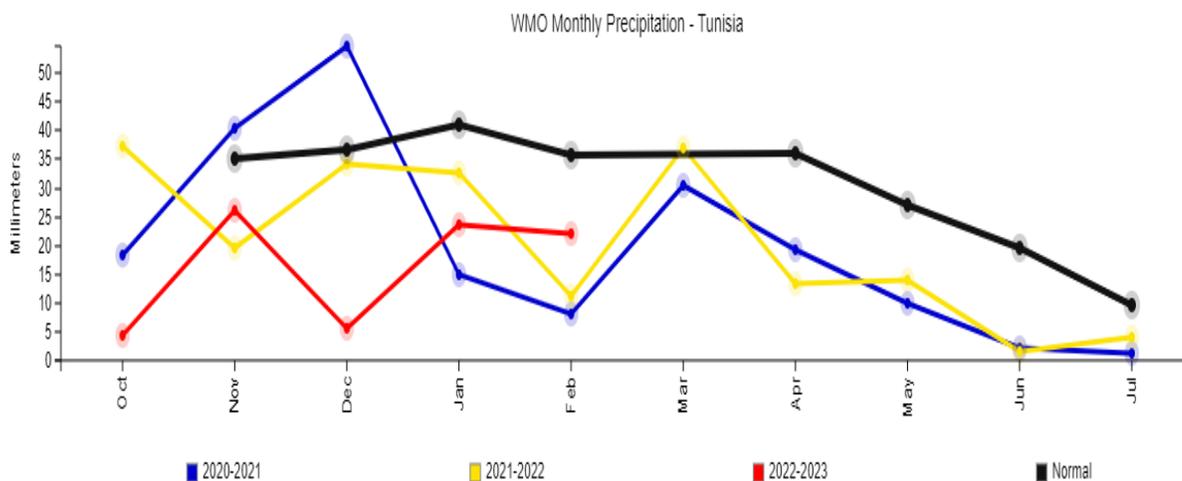
Source: NASA/GSFC/GIMMS, USDA/FAS/IPAD

Figure 2: Aqua MODIS NDVI, Times Series October-July



Source: NASA/GSFC/GIMMS, USDA/FAS/IPAD

Figure 3: WMO Monthly Precipitation, Times Series October-July



Source: USDA/FAS/IPAD

Production Policy: Tunisia increased farm-gate prices for domestic wheat and barley in an attempt to stimulate local production and counter inflation. Price changes are as follows:

- Durum Wheat: 1,300 TD/MT (\$436/MT). Increased from 1,000 TD/MT (\$339/MT),
- Common Wheat: 1,000 TD/MT (\$336/MT). Increased from 800 TD/MT (\$271/MT),
- Barley: 800 TD/MT (\$267/MT). Increased from 690 TD/MT (\$233/MT).

Over the last two decades, Tunisian farmers have declined to plant wheat, resulting in planted area falling by approximately 600,000 hectares or 37.5 percent since 2003. By raising prices, the Government aims to increase planting. Currently Tunisia produces approximately one third of its total wheat and barley consumption.

Other Tunisian domestic support policies remain unchanged from MY 2022/23. To achieve the government's self-sufficiency goal of reaching average annual production of 3 MMT for cereals, of which 1.7 MMT is durum wheat, state-sponsored programs include:

- Subsidizing certified seeds,
- Subsidizing 50 percent of agricultural machinery costs and 40-50 percent of irrigation equipment costs,
- Subsidizing irrigation water \$0.07/m³ (32 percent of the cost) to encourage increasing irrigated wheat area to 120,000 HA,
- Providing technical assistance to irrigated wheat farmers to increase yields.

Tunisia's Office des Cereales (Cereal Board) maintains an official monopoly on the inventory, purchase, and sale of wheat and barley for the domestic market. However, collection of local production has been privatized for both crops. Collection by the Cereal Board currently accounts for 40-60 percent of wheat production and 10-40 percent of barley production.

Consumption

Wheat

Post expects total domestic consumption to slightly increase to 3.05 MMT reflecting the average population growth trend of approximately two percent. Per capita consumption is estimated at around 251 kg in 2023/24, with a population of 12.155 million.

Consumer Policy: Tunisia subsidizes wheat consumption, guaranteeing the entire population access to wheat flour, semolina, and bread at prices below market rate. Bread prices are a sensitive issue, and as a result, wheat subsidies have remained unchanged despite the extreme burden that they place on the state budget. The Tunisian government subsidizes the equivalent of \$0.09 (U.S.) towards a large loaf and \$0.03 (U.S.) towards a baguette, or 87 and 42 percent (respectively) of the price. Tunisian officials and private sector contacts are unanimous in their opinion that Tunisian wheat consumption is strongly inelastic, and that despite budgetary concerns, global supply shortages, and global inflation, that Tunisian wheat consumption will not decline.

Barley

Tunisia's barley consumption in MY 2023/24 is forecast at 1.16 MMT, reflecting the same average growth trend of roughly two percent. Barley is consumed mainly in feedlots and as supplemental feed, especially when rangelands are stressed. USDA crop survey indicates that rangeland for Tunisian sheep and goats is in below average condition. April rains will determine the viability as a feed source for MY 2022/23.

Trade

Wheat

Post expects imports to reach 2.2 MMT in MY 2023/24 based on inelastic consumption, stable stock levels, and below average production. Post maintains the MY 2022/23 import estimate at 1.8 MMT.

Tunisia's fragile economic situation has weakened the Office of Cereals' ability to import grains. Amid concerns regarding Tunisia's ability to pay for the much-needed imported wheat in MY 2021/22 and MY 2022/23, Tunisia obtained funding and grants from international institutions and donors (World Bank, European Union, African Development Bank, and others) to fund some of the wheat and barley shipments. Industry contacts report that Tunisian import demand will remain inelastic. Post's import estimate includes the assumption that Tunisia will maintain stocks equivalent to approximately two months' supply, i.e. the minimum quantity necessary to ensure an uninterrupted supply chain. Tunisia imports wheat primarily from the E.U. and Black Sea countries.

Trade Policy: Tunisia's Cereal Board controls imports and exports of wheat and wheat products. As the monopoly importer, all Cereal Board wheat tenders are destined for domestic use. Imported wheat is sold on the market at a subsidized rate, and the difference is covered by the Tunisian government.

Despite concerns that the wheat subsidy is becoming too expensive for the Tunisian budget, there is no indication that the subsidy program will change or that imports will decrease.

Private millers may import wheat under a temporary admission regime but are required to export the finished product after milling occurs in Tunisia. Exports of Tunisian wheat products require an export license.

Barley

MY 2023/24 barley imports are forecast to reach 900,000 MT in order to accommodate domestic consumption.

Table 3: Tariff Table for Wheat, Barley, and Wheat Products

HS code	Description	Average of AV Duties	Exchange Rate NC/US\$
1001	Wheat and meslin.	0	2.15
1003	Barley	36	2.15
1101	Wheat or meslin flour.	36	2.15
190219	Uncooked pasta, not stuffed or otherwise prepared, not containing eggs	36	2.15
190230	Pasta, cooked or otherwise prepared (excl. stuffed)	36	2.15
190240	Couscous, whether or not prepared	36	2.15

Source: World Trade Organization: Tariff Download Facility

Table 4: Wheat Production, Supply and Distribution

Wheat Market Year Begins Tunisia	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	522	522	525	510	0	434
Beginning Stocks (1000 MT)	727	727	650	650	0	560
Production (1000 MT)	1191	1191	1200	1230	0	800
MY Imports (1000 MT)	1802	1802	1800	1800	0	2200
TY Imports (1000 MT)	1802	1802	1800	1800	0	2200
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	3720	3720	3650	3680	0	3560
MY Exports (1000 MT)	20	20	20	20	0	0
TY Exports (1000 MT)	20	20	20	20	0	0
Feed and Residual (1000 MT)	100	100	100	100	0	0
FSI Consumption (1000 MT)	2950	2950	3000	3000	0	3050
Total Consumption (1000 MT)	3050	3050	3100	3100	0	3050
Ending Stocks (1000 MT)	650	650	530	560	0	510
Total Distribution (1000 MT)	3720	3720	3650	3680	0	3560
Yield (MT/HA)	2.2816	2.2816	2.2857	2.4118	0	1.8433

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2023/2024 = July 2023 - June 2024

Table 5: Barley Production, Supply and Distribution

Barley Market Year Begins Tunisia	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	279	279	300	300	0	200
Beginning Stocks (1000 MT)	253	253	212	212	0	192
Production (1000 MT)	430	430	420	460	0	220
MY Imports (1000 MT)	909	909	650	650	0	900
TY Imports (1000 MT)	798	798	650	650	0	900
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1592	1592	1282	1322	0	1312
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	1300	1300	1050	1050	0	1080
FSI Consumption (1000 MT)	80	80	80	80	0	80
Total Consumption (1000 MT)	1380	1380	1130	1130	0	1160
Ending Stocks (1000 MT)	212	212	152	192	0	152
Total Distribution (1000 MT)	1592	1592	1282	1322	0	1312
Yield (MT/HA)	1.5412	1.5412	1.4	1.5333	0	1.0417

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Barley begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

Attachments:

No Attachments