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Global Agricultural Information Network

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Tunisia

Grain and Feed Annual

Tunisia 2010 Grain and Feed Annual Report

Approved By:

Hassan F. Ahmed, US Embassy Rabat

Prepared By:

Youssef Chahed, US Embassy Tunis

Report Highlights:

Grain planting for the 2009/10 season in Tunisia started late due to lack of rain. Total area planted to wheat and barley estimated at 1.57 million HA, up 13 percent compared with the year before. Cereal production is forecast at 1.35 million MT, 46 percent smaller than the previous harvest. Tunisia's wheat imports in 2009 declined by 30 percent, while barley imports dropped 87 percent. The Tunisia government continues to implement a long-term strategy to encourage wheat farmers to increase cereal production to achieve self-sufficiency. It continues to maintain control over grain trading, although there are some speculations of a partial liberalization of wheat imports.

Executive Summary:

Area planted with wheat and barley in Tunisia in 2010 is estimated at 1.57 million hectare (HA), up from 1.39 million HA planted in 2009. Drought conditions and lack of rainfall during the December-March period is expected to have negative impact on average yield and total production of cereal crops. Total cereal production for MY 2010/11 is tentatively projected at 1.35 million MT, about 46 percent lower than last year's crop. Total wheat production is projected at 1.0 million MT, with barley production at 350,000 MT. In MY 2009/10, total cereal production reached 2.53 million MT, more than doubling the production in the year before and was the third largest cereal crop in Tunisia the past decade.

Tunisia's wheat imports in 2009 declined by 30 percent, while barley imports dropped 87 percent. This decline in wheat and barley imports was mainly due to the large local crop and improved pasture conditions that reduced demand for feed barley. Black Sea suppliers from Ukraine and Russia continued to provide the bulk of wheat and corn exports to Tunisia, with the market becoming more price oriented as result of the procurement policy of the state purchasing agency "Office des Cereales". The U.S share of the Tunisian wheat import market in 2009 was about 3 percent and corn imports about 8 percent, and expected to remain relatively unchanged for this year. Price-competitiveness and the shorter transportation routes between Europe and Tunisia, combined with the possibility of consolidated small shipments were among the reasons for the increased market share of the European suppliers in the Tunisian wheat market.

The Tunisia government continues its long-term strategy to encourage farmers to increase cereal production in order to achieve self-sufficiency in wheat consumption. The GOT continues to control most grain imports, although there are speculations of a partial liberalization of wheat imports.

Commodities:

Wheat Barley

Production

Area planted with winter wheat and barley in Tunisia in 2010 is estimated at about 1.57 million hectare (HA), up from 1.391 million HA planted in 2009. Most of the increase occurred in irrigated wheat areas, where 110,000 HA were irrigated in the 2010 season compared to 85,000 ha in 2009. This significant increase in cereal planting area was mostly due to the continued production incentives provided by the government to cereals farmers despite declining wheat prices in the world markets.

The seeding of the cereal crops was generally behind schedule in most regions, as most small farmers delayed sowing their fields in anticipation of rainfall. Harvested area is projected not to exceed 60 percent of the area planted, as many farmers were forced by the lack of rainfall to use their fields as pasture for cattle and sheep rather than opting for a poor harvest. Drought conditions and the lack of rainfall during December-March period are expected to have an adverse impact on the crop outlook. Precipitations were restricted to the extreme northern area and very limited in the rest of the country, including the traditionally grain production region of Jendouba, le Kef and Siliana. Yields for the 2010 crop are expected to be much lower than yields recorded last year despite some rainfalls arriving in late March and early April. Harvest is expected to take place at later dates than usual due to the delay in planting.

In MY 2009/10, total cereal production reached 2.53 million MT, more than double the production in the year before and was the third biggest crop recorded in the past decade. The large cereal crop in 2009/10 was due mostly to good rainfalls and favorable weather conditions that prevailed throughout Tunisia that year. The average yield for MY 2009/10 crop exceeded 2 MT/HA, compared to an average yield of 1.49 MT/HA reported in the season before. Several problems, however, were reported regarding wheat quality for the 2009/10 harvest. In the last 10 years, the average yield of cereal harvest was estimated at about 1.7 MT, with output swinging sharply between 0.4 MT and 2.9 MT depending on rainfall situations.

The table below provides data on area planted and production of wheat and barley as well as Post estimates for the 2010 production:

Year of Harvest	2005	2006	2007	2008	2009	2010*
Area Planted (1,000 Hectares)						
Durum Wheat	813	857	732	649	679	820
Soft Wheat	148	143	124	136	124	150
Tot. Wheat	961	1000	856	785	803	970
Barley	473	588	500	548	588	600

Total Planted	1434	1588	1356	1333	1391	1570
Production (1,000 MT)						
Durum Wheat	1,290	1,026	1,175	730	1,353	800
Soft Wheat	336	224	267	190	300	200
Total. Wheat	1,626	1,250	1,442	920	1,653	1,000
Barley (+triticale)	470	359	545	270	879	350
Total Production	2,096	1,609	1,987	1,190	2,532	1,350

Source: Tunisian Ministry of Agriculture.
 (*): FAS /Tunis Production projection figures for 2010.

Total production for the MY 2010/11 cereal crop is forecast to be about 1.35 million MT, down 46 percent from the previous year's crop. Although planted area is higher this year, smaller yields are projected due to rainfall shortages especially in the critical periods of seed planting and during the growing seasons of 2010 crop.

Total wheat production for MY 2010 crop is tentatively estimated at about one million MT, 39 percent smaller than production in the previous year. Durum wheat accounts for about 80 percent of total wheat production, while soft wheat represents the remainder. Significant loss in wheat planted area is expected due to the lack of precipitations. The average yield is projected to be 1.5 MT/HA for both durum and soft wheat, which is significantly smaller than the yield recorded last year. Barley production for MY 2010 is projected at 350,000 MT. The severe rainfall shortages reported in the central part of the country is expected to result in a significant decrease in barley yield per hectare and thus total production.

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 'Office des cereals.' In general, production estimates in Tunisia are usually made by the Ministry of Agriculture 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.

Consumption

Tunisia has the highest per capita consumption of wheat in the North African region, estimated at 258kg per year. Additional demand for wheat is driven by over two million visitors coming each year from Algeria and Libya that have similar consumption patterns of wheat-based food products. Total Tunisian wheat consumption is around 2.75 million MT. It is projected that this level of high wheat consumption will remain stable for the next few years given the Tunisian strategy to reach 2.7 MT of cereal production over the next three years.

Barley is usually fed to cattle in Tunisia as a supplement feed especially during period 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

Tunisian wheat imports in CY 2010 are projected to reach 1.7 million MT, nearly 40 percent higher than the quantity imported 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.

The table below shows Tunisia imports of common and durum wheat in the last three years as well as Post estimates for the 2010:

Table 2: Calendar year imports (MT)

Year	2007	2008	2009	2010*
Durum Wheat Imports	609,000	658,000	435,400	700,000
Soft Wheat Imports	1,122,500	1,107,900	793,800	1,000,000
Total Wheat	1,731,500	1,765,900	1,229,200	1,700,000

Source: Institut National de la Statistique

(*): FAS /Tunis Imports projection figures for 2010.

In 2009 wheat imports declined 30 percent as a result of a large local crop that year. Exporters from European Union countries such as France, Greece and Italy, as well as Black Sea suppliers from Ukraine and Russia, provided the majority of wheat exports to Tunisia. The U.S market share was less than 3 percent in 2009 and consisted primarily of durum wheat imported by private millers. There is no expectation of increasing this share under the current wheat market structure in Tunisia. In the last few years, the state purchasing monopoly 'Office des Cereales' policy has become more price-driven, and less emphasis has been given to imported wheat quality attributes. Private sector milling operators have often complained about the low quality of wheat import shipments that have been forced on them by the 'Office des cereales'. At the present time, private operators can import wheat directly but with a condition to re-export the final product.

In CY 2009 total barley imports declined to 65,000 MT, about 87 percent down from the 509,000 MT reported in the previous year. This drastic drop in barley imports was mostly due to a significant increase in domestic production and a lower demand because of the improved pasture conditions in that year. In addition, the decision by the GOT in 2008 to end an incentive program for barley imports has also contributed to the decline. When the GOT liberalized barley and feed imports, it was expected that barley imports would decline as barley becomes relatively more expensive as animal feed than corn or sorghum. However, the transition by the livestock producers from barley feeding to corn, sorghum or corn by-product feeding seems difficult to manage as producers need to adjust their feed formulas to market price dynamics. Therefore, it is projected that barley imports in MY 2010 will be about 450.000 MT reflecting the actual need of livestock

producers and the small local barley crop which is expected to be 60 percent lower than previous year. There have not been any barley exports from the U.S. to Tunisia in recent years.

According to official data, total Tunisia corn imports in CY 2009 reached 664,000 MT, down from 749,000 MT imported in CY 2008. The expectation of increased corn imports following GOT to liberalize feed imports did not materialize because of the good weather conditions in 2009 that resulted in a good barley crop and helped improve pastures and forage conditions. The full impact of the feed liberalization policy will most likely be realized in MY 2010 where imports of corn are forecasted to increase up to 800,000 MT, up 20 percent from MY 2009.

U.S. corn exports to Tunisia declined drastically in 2009, with market share dropping from 40 percent to about 8 percent. U.S. and Argentine corn exports that dominated the market in the past few years have been replaced by exports from Ukraine and other Black Sea countries. In 2009, Ukraine controlled about 71 percent of the Tunisian corn import market. Similar to the situation with wheat imports, price-competitiveness of the Ukrainian suppliers and the shorter shipping routes combined with the availability of consolidated shipments were among the reasons for the decline in corn imports from the U.S. into Tunisia. There has been some concern expressed by Tunisian corn buyers about the quality of the Ukrainian imported corn shipments and that they contain a high percentage of corn dust and foreign materials. The US Grain Council is working with Tunisian Ministry of Agriculture to launch a feed quality control program and to help established a quality laboratory in order to address these issues.

The table below shows Tunisia corn imports by country of origin in the last three years. It is important to note that Tunisian official figures for corn imports are significantly different from US Trade figures :

Tunisian Corn Imports (1000 MT)			
Country	CY 2007	CY 2008	CY 2009
U.S.	459	299	51
Others			
Argentina	154	253	25
Ukraine	0	60	472
Romania	0	29	11
Hungary	0	31	54
Bulgaria	0	49	0
Total for Others	154	391	562

Others not Listed	5	59	51
Grand Total	618	749	664

Tunisian Ministry of Agriculture

Policy

Production policy:

Tunisia continues a strategy that started in 2008 in order to increase its cereal production during the period 2009-2013. The GOT goal is to reach a total cereal production of 2.7 millions MT, which is considered necessary to help achieve self-sufficiency in wheat consumption. To achieve this goal, the GOT decided to implement several measures that include the following:

- To raise the total acreage dedicated to irrigated wheat from 80,000 HA today to 120,000 HA with a goal of producing 6 millions tons by 2011.
- To maintain the farm-gate price for wheat and barley at a relatively high level to encourage local cereals production. Current farm-gate prices for cereals harvested up to August 31 are set as follows:
 - 580 TD/MT for durum wheat (\$429/MT)
 - 450 TD/MT for soft wheat (\$333/MT)
 - 400 TD/MT for Barley (\$296/MT)
- To increase the use of selected seeds by cereal farmers to 450,000 quintals in 2011 (compared to 270,000 in 2009). To continue price subsidies for selected 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 GOT 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 speculations that the government is considering a partial liberalization of the wheat sector by allowing the private sector to engage in some wheat imports. It is not certain if and when this partial liberalization will take place.

Production, Supply and Demand Data Statistics:

Wheat Tunisia	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data	New Post	
			Data			Data			Data
Area Harvested	780	785	535	835	824	722		660	(1000 HA)
Beginning Stocks	1,497	1,040	1,497	1,419	819	1,491		1,334	(1000 MT)
Production	1,250	920	920	1,500	1,110	1,653		1,000	(1000 MT)
MY Imports	1,772	1,600	1,804	1,300	1,690	950		1,700	(1000 MT)
TY Imports	1,772	1,900	1,765	1,300	1,990	1,228		1,700	(1000 MT)

TY Imp. from U.S.	10	174	56	0	100	34			25	(1000 MT)
Total Supply	4,519	3,560	4,221	4,219	3,619	4,094			4,034	(1000 MT)
MY Exports	100	11	0	100	15	0			0	(1000 MT)
TY Exports	100	11	0	100	15	0			0	(1000 MT)
Feed and Residual	0	0	0	0	0	0			0	(1000 MT)
FSI Consumption	3,000	2,730	2,730	3,100	2,760	2,760			2,760	(1000 MT)
Total Consumption	3,000	2,730	2,730	3,100	2,760	2,760			2,760	(1000 MT)
Ending Stocks	1,419	819	1,491	1,019	844	1,334			1,274	(1000 MT)
Total Distribution	4,519	3,560	4,221	4,219	3,619	4,094			4,034	(1000 MT)
Yield	2.	1.	1.7196	2.	1.	2.2895			1.5152	(MT/HA)
TS=TD			0			0			0	
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Barley Tunisia	2008			2009			2010			
	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010			
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post	
			Data			Data			Data	
Area Harvested	410		265	410		530		300	(1000 HA)	
Beginning Stocks	204		204	170		72		341	(1000 MT)	
Production	350		270	400		869		350	(1000 MT)	
MY Imports	366		398	300		150		450	(1000 MT)	
TY Imports	300		509	300		65		250	(1000 MT)	

TY Imp. from U.S.	0		0	0		0		0	(1000 MT)
Total Supply	920		872	870		1,091		1,141	(1000 MT)
MY Exports	0			0					(1000 MT)
TY Exports	0			0					(1000 MT)
Feed and Residual	700		750	700		700		700	(1000 MT)
FSI Consumption	50		50	50		50		50	(1000 MT)
Total Consumption	750		800	750		750		750	(1000 MT)
Ending Stocks	170		72	120		341		391	(1000 MT)
Total Distribution	920		872	870		1,091		1,141	(1000 MT)
Yield	1.		1.0189	1.		1.6396		1.1667	(MT/HA)
TS=TD			0			0		0	
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