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GAIN Report

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Tunisia

Grain and Feed Annual

Recent Rains Making Up for Slow Start

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Report Highlights:

Wheat and barley crops have developed well after a slow start. Post forecasts MY 2018/19 wheat and barley production at 1.2 MMT and 475,000 MT, respectively, with imports at 1.85 MMT and 675,000 MT.

Executive Summary:

MY 2018/19

Post forecasts MY 2018/19 wheat production in Tunisia at 1.2 MMT and barley production at 475,000 MT.

- Unfavorable weather conditions from mid-October to mid-December caused farmers to be more cautious and delay seeding. Ministry of Agriculture reported seeded area of wheat and barley for the MY 2018/19 crop at 612,000 HA for wheat and 522,000 HA for barley, a decrease for wheat from 724,000 HA and for barley from 666,000 HA in MY 2017/18. Irrigated area of wheat and barley decreased from 77,000 HA to 67,000 HA.
- Beneficial rainfall was recorded in late February and March. As a result, Post's outlook of Tunisia's wheat and barley crop remains favorable overall.
- Adequate rainfall will still be needed in April as this period has the most influence in determining Tunisia's resulting yield.

Tunisia's wheat consumption in MY 2018/19 is forecast at 3.0 million MMT, reflecting trend average growth of roughly one percent. While vegetative growth has near average most of the year, barley consumption is forecast 20,000 MT higher than 2017/18, following reports of increased feeding vis-à-vis a year ago.

To cover demand while maintaining stock levels, Post forecasts Tunisia's wheat imports in MY 2018/19 at 1.85 MMT while barley imports are forecast at 675,000 MT.

MY 2017/18

Post adjusts the MY 2017/18 balance sheet to reflect official harvested area and production for wheat and barley. Post also increases the MY 2017/18 estimate for wheat imports to 1.95 MMT and barley to 650,000 MT in order to accommodate final production figures and reflect trade-to-date.

Multi-Year Revision

Post revised wheat's "Feed and Residual" estimates from 25,000 MT to 100,000 MT in all years upon consideration of the state cereals office's continued propensity to buy low-quality imported wheat with specifications allowing for up to 10 percent foreign material. Post understands Tunisia's leading millers are able to reduce pre-milling losses to roughly three percent, primarily through blending with better quality wheat. Offsetting changes are made to FSI Consumption.

Commodities:

Wheat

Barley

Area

According to the Ministry of Agriculture¹, Tunisia's MY 2018/19 seeded area for wheat decreased compared to MY 2017/18 from 724,000 HA to 612,000 HA, of which 530,000 HA is durum wheat and 82,000 HA is common wheat. The seeded area for barley is 522,000 HA, down from 666,000 HA last year. Irrigated area of wheat and barley decreased from 77,000 HA to 67,000 HA.

Tunisia: Wheat and Barley Area by Year

| | MY 13/14 | MY 14/15 | MY 15/16 | MY 16/17 | MY 17/18 | MY 18/19 |
|-----------------------------|--------------------------|-------------|-------------|-------------|-------------|-------------|
| | Planted Area (1000 HA) | | | | | |
| Wheat, Planted | 857 | 721 | 650 | 647 | 724 | 612 |
| - Durum | 708 | 596 | 540 | 536 | 617 | 530 |
| - Common | 149 | 125 | 110 | 111 | 107 | 82 |
| Barley, Planted | 661 | 542 | 526 | 534 | 666 | 522 |
| Wheat and Barley, Planted | 1,518 | 1,263 | 1,176 | 1,181 | 1,390 | 1,134 |
| | Harvested Area (1000 HA) | | | | | |
| Wheat, Harvested | 516 | 696 | 546 | 550 | 560 | 560 |
| - Durum | 423 | 576 | 453 | 451 | 471 | 479 |
| - Common | 93 | 120 | 93 | 99 | 89 | 81 |
| Barley, Harvested | 231 | 540 | 379 | 380 | 360 | 340 |
| Wheat and Barley, Harvested | 747 | 1,236 | 925 | 930 | 920 | 900 |

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

Production

Post forecasts MY 2018/19 wheat production at 1.2 MMT and barley production at 475,000 MT. After unfavorable weather conditions during the planting season (mid-October to mid-December), the wheat and barley crops have received adequate quantities of much needed rainfall since late February. As a result, the crops appear to be in overall good condition at present with good vegetation growth and no significant pest or disease issues. Some analysts believe that the production could increase by as much as 15 to 30 percent compared to last year, especially if the crops receive sufficient rainfall in late March and April. Availability of seeds and fertilizers was reported as normal during seeding.

¹ Tunisia's official production estimates are reported by the state-run "Office des Cereales" (Cereal Board), 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, which provides estimates based on satellite imagery.

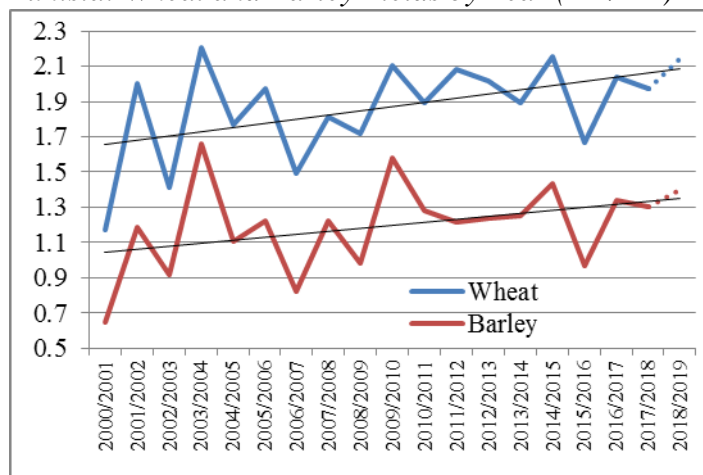
Following official Tunisian estimates, Post revised production downward in MY 2017/18 from 1.2 MMT to 1.104 MMT for wheat and from 500,000 MT to 470,000 MT for barley.

Tunisia: Wheat and Barley Production by Year

| | MY 13/14 | MY 14/15 | MY 15/16 | MY 16/17 | MY 17/18 | MY 18/19 |
|----------|----------------------|----------|----------|----------|----------|----------|
| | Production (1000 MT) | | | | | |
| Wheat | 970 | 1,510 | 912 | 990 | 1,104 | 1,200 |
| - Durum | 790 | 1,230 | 755 | 840 | 929 | 1,030 |
| - Common | 180 | 280 | 155 | 150 | 175 | 170 |
| Barley | 320 | 790 | 366 | 390 | 470 | 475 |

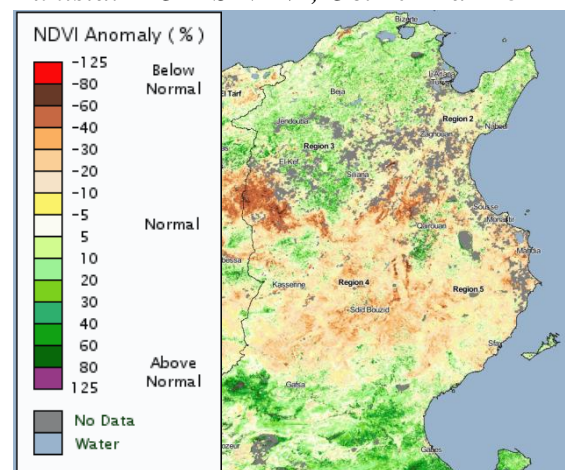
Source: Tunisian Ministry of Agriculture; FAS/Tunis forecast production

Tunisia: Wheat and Barley Yields by Year (MT/HA)

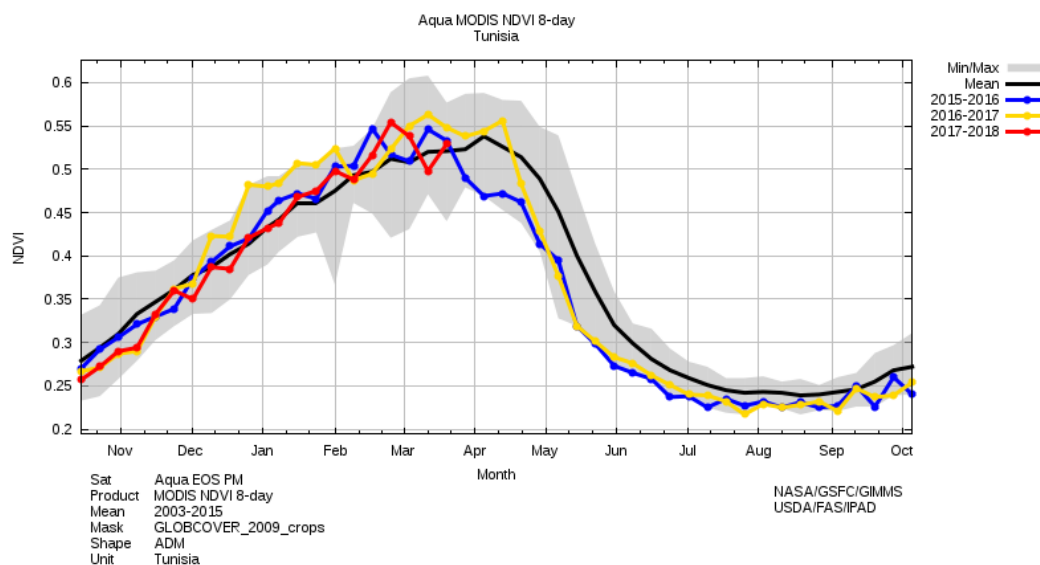


Source: Official USDA estimates; *FAS/Tunis estimate and forecast

Tunisia: MODIS NDVI, Oct 17-Mar 18



Tunisia: MODIS NDVI, October 2017-March 2018



Policy: Tunisia's domestic support policies remain unchanged from MY 2017/18. To achieve the government's self-sufficiency goal of reaching average annual production of 2.7 MMT for cereals, of which 1.5 MMT is durum wheat, state-sponsored programs include:

- Guaranteeing farm-gate prices:
 - 750 TD/MT for durum wheat (\$312/MT)
 - 540 TD/MT for common wheat (\$225/MT)
 - 480 TD/MT for barley (\$200/MT)
- Subsidizing certified seeds by limiting prices as follows:
 - 25.4 TD/MT for durum wheat (\$10.5/MT)
 - 20.6 TD/MT for common wheat (\$8.5/MT)
 - 17.1 TD/MT for barley (\$7.1/MT)
- 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 from 3.5 to 5.0 MT/HA

Tunisia's Office des Cereales (Cereal Board) formally maintains its monopoly on the inventory 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 holds total domestic consumption steady on a per capita basis at 259 kg in 2018/19, based on a population of 11.6 million, equivalent to 3.0 MMT.

Post revises "Feed and Residual" estimates from 25,000 MT to 100,000 MT in all years upon consideration that Cereal Board tenders continue to target low-quality wheat, allowing for up to 10 percent foreign material, which negatively contributes to an overall average pre-milling loss of roughly three percent for Tunisia's leading millers. Offsetting changes are made to FSI Consumption.

Policy: Unlicensed bakeries and government waste came under renewed public scrutiny in 2017; however, Tunisia has made no changes in its subsidized flour and bread prices.

Barley

While vegetative growth for grazing has been near average most of the year, barley consumption is forecast 20,000 MT higher than 2017/18, following reports of increased feeding vis-à-vis a year ago. Barley is consumed mainly in feedlots and as supplemental feed, especially when rangelands are stressed.

Trade

Wheat

Post forecasts imports to reach 1.85 MMT in MY 2018/19 to maintain stock levels while increasing the MY 2017/18 estimate to 1.95 MMT to offset smaller production.

Tunisia: Wheat Imports (1,000 MT)

| | MY 13/14 | MY 14/15 | MY 15/16 | MY 16/17 | Jul 16 -Nov 16 | Jul 17 - Nov 17 |
|----------|-------------|-------------|-------------|-------------|-------------------|--------------------|
| Wheat | 1,679 | 1,640 | 2,098 | 2,090 | 811 | 670 |
| - Durum | 617 | 597 | 877 | 876 | 284 | 154 |
| - Common | 1,062 | 1,043 | 1,221 | 1,214 | 527 | 516 |

Source: Tunisian National Institute of Statistics²

Tunisia sources most of its imported wheat from Ukraine, Italy, and Russia, while to a lesser extent from Greece, Romania, and Argentina. The United States has not exported wheat to Tunisia since MY 2015/16.

Reports indicate there has been a significant (roughly 10-15 percent) increase in re-exports of semolina and wheat flour from Tunisia to Libya through unofficial channels in MY 2016/17 and MY 2017/18; however, this trade is not captured in the PSD estimate.

Policy: Imports and exports of wheat and wheat products are generally controlled by the Cereal Board. The Cereal Board tenders for imported wheat destined for the domestic population. Private millers may import wheat under a temporary admission regime, requiring the finished good is exported. Exports of Tunisian wheat products require an export license.

Barley

For MY 2018/19, barley imports are forecast to reach 675,000 MT to accommodate increased domestic consumption. For MY 2017/18, Post increases its estimate of barley imports at 650,000 MT to compensate a lower production.

Tunisia: Barley Imports (1,000 MT)

| | MY 13/14 | MY 14/15 | MY 15/16 | MY 16/17 | Jul 16 -Nov 16 | Jul 17 - Nov 17 |
|--------|----------|----------|----------|----------|----------------|-----------------|
| Barley | 674 | 513 | 558 | 603 | 292 | 236 |

Source: Tunisian National Institute of Statistics

