

Required Report: Required - Public Distribution

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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 crops received adequate rainfall. Post forecasts MY 2022/23 wheat and barley production at 1.1 MMT and 420,000 MT, respectively, with imports anticipated at 2.1 MMT and 950,000 MT.

Executive Summary:

MY 2022/23

Post forecasts MY 2022/23 wheat production at 1.1 MMT and barley production at 420,000 MT.

- Despite adequate weather conditions during the October-December sowing period, farmers seeded smaller areas due to Tunisia's general economic uncertainty and farmers' unwillingness to take on financial risks. Tunisia's MY 2022/23 seeded area for wheat decreased compared to MY 2021/22 from 607,000 HA to 579,000 HA, of which 515,000 HA is durum wheat and 64,000 HA is common wheat. The seeded area for barley is 430,000 HA, down from 510,000 HA last year. Irrigated area of wheat and barley slightly increased from 73,000 HA to 74,000 HA.
- Despite insufficient rainfall in January and February 2022, moderate temperatures ensured the survival of Tunisia's wheat and barley crops. As a result, Post expects Tunisia will experience average wheat and barley production.
- Wheat yields remain dependent on April rainfall, which could improve yields by 10 to 20 percent if favorable.

Tunisia's wheat consumption in MY 2022/23 is forecast at 3.1 MMT, reflecting an average growth trend of roughly two percent. Barley consumption in MY 2022/23 is forecast at 1.355 MMT, reflecting average growth.

To cover demand while maintaining stock levels, Post forecasts Tunisia's wheat imports in MY 2022/23 at 2.1 MMT, while barley imports are forecast at 950,000 MT.

MY 2021/22

Post adjusts the MY 2021/22 balance sheet to reflect official harvested area and production for wheat and barley. Post also decreased the MY 2021/22 estimate for wheat and barley ending stocks to 648,000 MT and 148,000 MT respectively to reflect a lower production and challenges to rebuild stocks due to grain prices upsurge. Post increased the MY 2021/22 estimate for barley imports to 880,000 MT to compensate lower production.

MY 2020/21

No changes made to 2020/21 numbers.

Commodities:

Wheat

Barley

Area

According to the Ministry of Agriculture¹, Tunisian seeded area for wheat decreased from 607,000 HA in MY 2021/22 to 579,000 HA in MY 2022/23. Seeded area includes 515,000 HA of durum wheat and 64,000 HA of common wheat. The seeded area for barley is 430,000 HA, down from 510,000 HA in MY 2021/22. Irrigated area of wheat and barley slightly increased from 73,000 HA to 74,000 HA.

Table 1: Wheat and Barley Area by Year

	MY 17/18	MY 18/19	MY 19/20	MY 20/21	MY 21/22	MY 22/23
<i>Wheat, Seeded</i>	724	612	700	556	607	579
- Durum	617	530	614	495	542	515
- Common	107	82	86	61	65	64
<i>Barley, Seeded</i>	666	522	617	518	510	430
<i>Wheat and Barley, Seeded</i>	1,390	1,134	1,317	1,074	1,117	1,009
<i>Wheat, Harvested</i>	579	536	596	490	540	510*
- Durum	494	464	518	435	476	448*
- Common	85	72	78	55	64	62*
<i>Barley, Harvested</i>	393	314	471	413	367	300*
<i>Wheat and Barley, Harvested</i>	972	850	1,067	903	907	810*

Source: Tunisian Ministry of Agriculture; *FAS/Tunis forecast MY 22/23 harvested area

Production

Post forecasts MY 2022/23 wheat production at 1.1 MMT and barley production at 420,000 MT. Planting was completed by early-December following favorable weather conditions (sufficient rainfall /good soil moisture). Although rainfall was low in January and February 2022, wheat and barley survived due to cool temperatures. As of March 2022, Ag Attaché field visits confirm that the Tunisian wheat crop is experiencing average vegetation growth. There are no significant pest or disease issues, however fertilizer shortages will curb yields. Some analysts believe that production could increase by as much as 10 to 20 percent compared to last year, especially if the crops receive good rainfall in April. Availability of seeds was reported as normal during the sowing period. (Planting normally runs mid-October to mid-December).

Following official Tunisian estimates, Post revised production downward in MY 2021/22 from 1.25 MMT to 1.191 MMT for wheat and from 650,000 MT to 430,000 MT for barley following a lower than expected harvest.

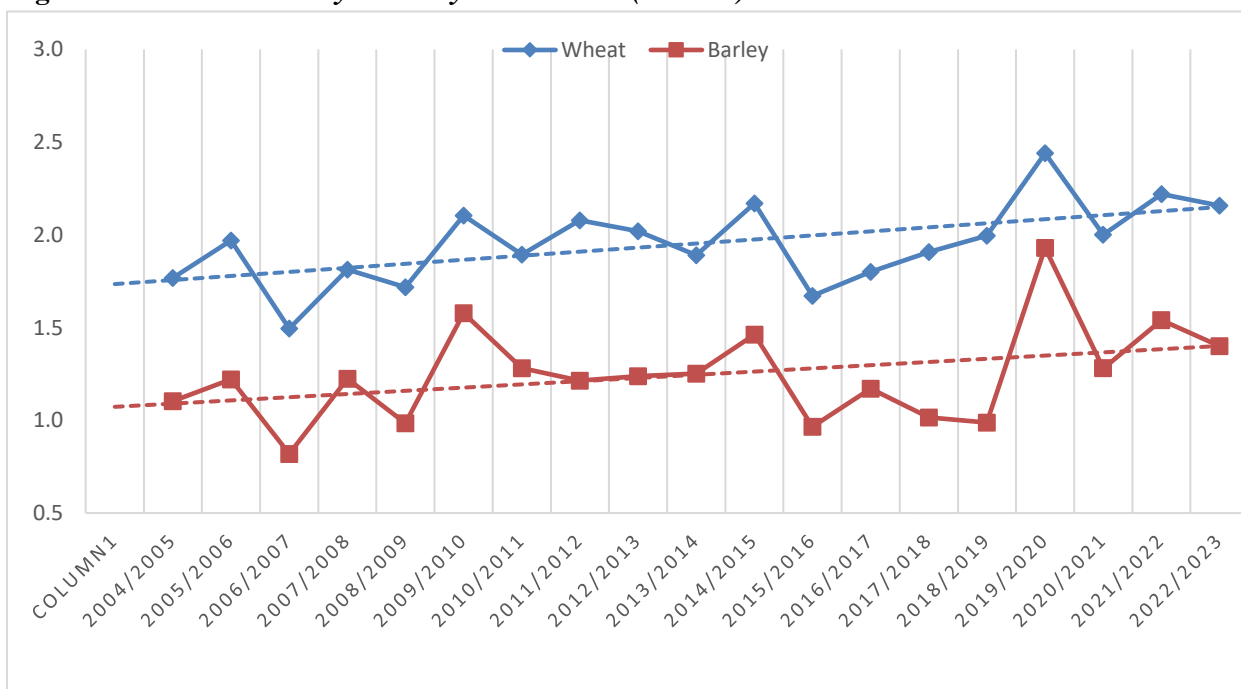
¹ Tunisia's official production estimates are reported by the state-run "Office des Cereales" (Cereal Board), which is under the supervision of the Ministry of Agriculture. In general, Tunisian production estimates are performed by the Ministry of Agriculture through an annual survey and in collaboration with the National Remote Sensing Center, which provides estimates based on satellite imagery.

Table 2: Wheat and Barley Production by Year

	MY 17/18	MY 18/19	MY 19/20	MY 20/21	MY 21/22	MY 22/23
Wheat	1,104	1,070	1,454	1,043	1,191	1,100*
- Durum	929	960	1,267	959	1,071	1,010*
- Common	175	110	187	84	120	90*
Barley	399	310	912	465	430	420*

Source: Tunisian Ministry of Agriculture; *FAS/Tunis forecast (MY 22/23)

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



Source: Official USDA estimates; FAS/Tunis forecast (MY 22/23)

Image 1: Aqua MODIS NDVI Anomaly, 03/06/2022-03/13/2022

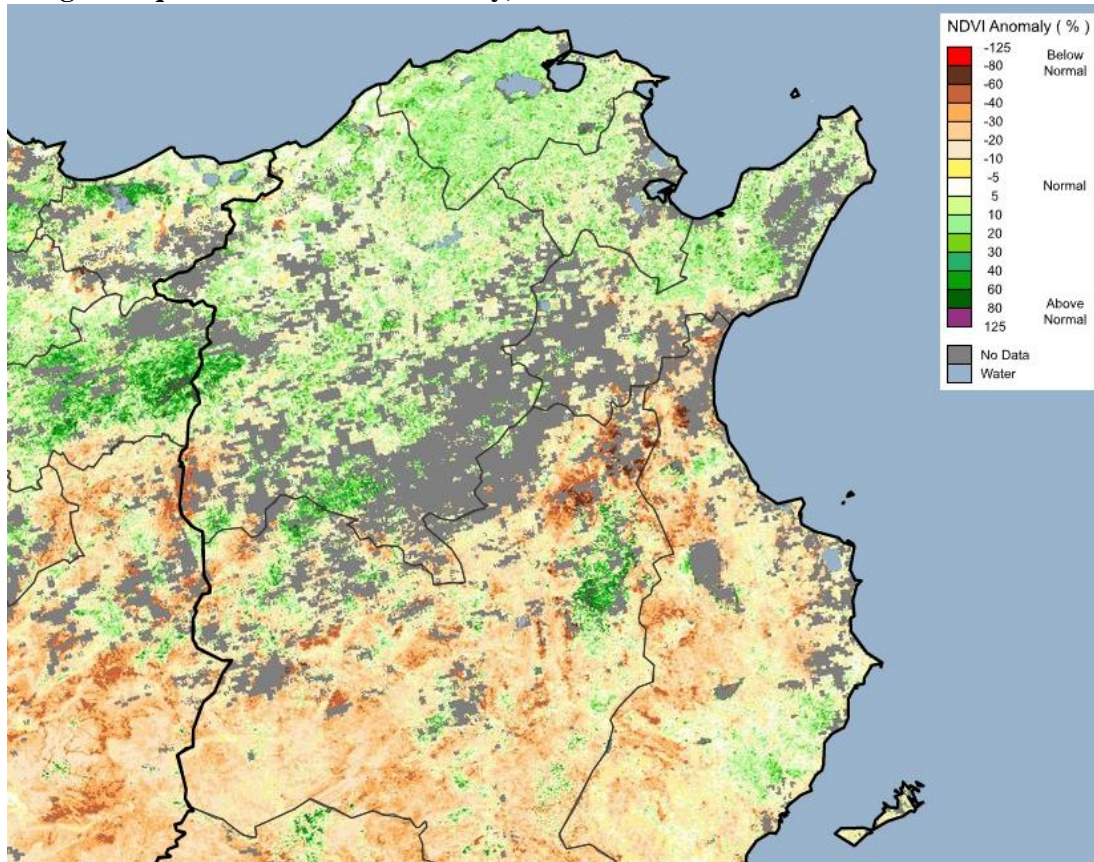
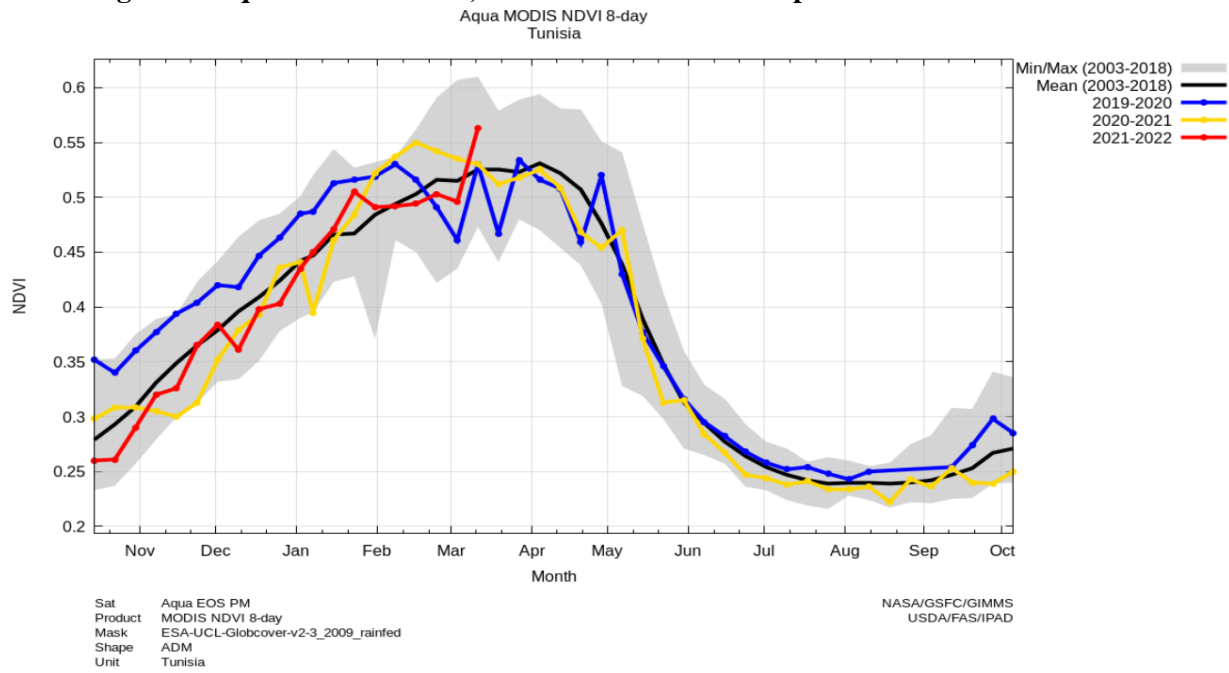


Figure 2: Aqua MODIS NDVI, Times Series October-September



Production Policy: Tunisia's domestic support policies remain unchanged from MY 2021/22. 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:

- Guaranteed farm-gate price:
 - 1000 TD/MT for durum wheat (\$339/MT)
 - 800 TD/MT for common wheat (\$271/MT)
 - 690 TD/MT for barley (\$233/MT)
- 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) formally maintains a 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 3.1 MMT reflecting the average population growth trend of approximately two percent. Per capita consumption is estimated at around 260 kg in 2022/23, with a population of 12.02 million.

Post revises its MY 2021/22 ending stock estimate from 707,000 MT to 648,000 MT, reflecting Ministry of Agriculture final production statistic.

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. 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 2022/23 is forecast at 1.355 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. Ag Attaché crop survey indicates that rangeland for Tunisian sheep and goats is in average condition. April rains will determine the viability as a feed source for MY 2022/23.

Trade

Wheat

Post expects imports to reach 2.1 MMT in MY 2022/23 based on inelastic consumption, stable stock levels, and average production. Post maintains the MY 2021/22 import estimate at 1.8 MMT.

The Russian invasion of Ukraine has cut Tunisia off from its primary wheat supplier, exacerbating an already difficult situation. Prior to the invasion, Tunisia faced high freight prices, a drought across North Africa that is increasing demand for wheat imports, and a fragile economic situation that weakened the Office of Cereals' ability to efficiently import grains. With the loss of Black Sea suppliers, Tunisia will now be forced to bear the additional costs associated with the loss of approximately 30 percent of the world's exportable wheat supply. Despite concerns regarding Tunisia's ability to pay for imported wheat in 2022/23, 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 three months supply, i.e. the quantity necessary to ensure an uninterrupted supply chain.

Tunisia has historically imported wheat from Ukraine, Russia, the EU, and Canada. Estimated market share, based on a five year average, show the following: Ukraine (48%), Russia (8%), the EU (34%), and Canada (8%).

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 2022/23 barley imports are forecast to reach 950,000 MT in order to accommodate domestic consumption. Post has increased its MY 2021/22 barley import estimate to 880,000 MT to reflect the downward revision of the MY 2021/22 production estimate.

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	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	519	519	540	522	0	510
Beginning Stocks (1000 MT)	941	941	727	727	0	648
Production (1000 MT)	1043	1043	1250	1191	0	1100
MY Imports (1000 MT)	1771	1771	1800	1800	0	2100
TY Imports (1000 MT)	1771	1771	1800	1800	0	2100
TY Imp. from U.S. (1000 MT)	46	46	0	0	0	0
Total Supply (1000 MT)	3755	3755	3777	3718	0	3848
MY Exports (1000 MT)	28	28	20	20	0	20
TY Exports (1000 MT)	28	28	20	20	0	20
Feed and Residual (1000 MT)	100	100	100	100	0	100
FSI Consumption (1000 MT)	2900	2900	2950	2950	0	3000
Total Consumption (1000 MT)	3000	3000	3050	3050	0	3100
Ending Stocks (1000 MT)	727	727	707	648	0	728
Total Distribution (1000 MT)	3755	3755	3777	3718	0	3848
Yield (MT/HA)	2.0096	2.0096	2.3148	2.2816	0	2.1569

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 2022/2023 = July 2022 - June 2023

Table 5: Barley Production, Supply and Distribution

Barley Market Year Begins Tunisia	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	363	363	367	279	0	300
Beginning Stocks (1000 MT)	274	274	168	168	0	148
Production (1000 MT)	465	465	650	430	0	420
MY Imports (1000 MT)	909	909	700	880	0	950
TY Imports (1000 MT)	950	950	700	880	0	950
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1648	1648	1518	1478	0	1518
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)	1400	1400	1250	1250	0	1275
FSI Consumption (1000 MT)	80	80	80	80	0	80
Total Consumption (1000 MT)	1480	1480	1330	1330	0	1355
Ending Stocks (1000 MT)	168	168	188	148	0	163
Total Distribution (1000 MT)	1648	1648	1518	1478	0	1518
Yield (MT/HA)	1.281	1.281	1.7711	1.5412	0	1.4000

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 2022/2023 = October 2022 - September 2023

Attachments:

No Attachments