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Tunisia

Grain and Feed

Annual

2005

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Report Highlights:

Tunisia MY 05/06 aggregate wheat and barley production is tentatively pegged at 1.8 million MT, significantly down from the preceding year's cereal output. Demand for corn, the bulk of it is sourced from the United States, is expected to remain strong during the out year.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
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I- SITUATION AND OUTLOOK

Production

MY 04/05 (July/June) started with a relatively bountiful cereal crop (winter wheat and barley). The official figure put the aggregate cereal production at 2.34 million MT. The aggregate figure breaks down as follows:

MY 04/05	Seeded Area (1000 Ha)	Harvested Area (1000 Ha)	Production (1000 MT)	Yield (MT/Ha)
Durum wheat	881	830	1,396	1.68
Soft wheat	154	150	326	2.17
Barley	608	560	618	1.10
Total	**1,643**	**1,540**	**2,340**	**na**

Source: Tunisian Ministry of Agriculture

As for the current growing season, a slight delay in seedbed preparations due to shortage of rainfall during October 2004, coupled with fears of potential locust infiltrations are thought to have caused an estimated 7 percent decrease in plantings compared to the previous season. Rainfall recorded starting from November throughout the entire growing season was timely and abundant. MY 05/06 aggregate cereal production is forecast at 1.80 million MT, significantly down from the previous season's production level but still above the 5-year average.

Wheat Production

Post's MY 04/05 wheat production estimate is revised upward to reflect both larger-than-expected harvested cropland and yield. Durum wheat made up 83 percent of the entire production whereas soft wheat accounted for the remainder.

Outlook for MY 05/06 is tentatively pegged at 1.45 MMT reflecting smaller plantings and lower yields. Durum is expected to account for nearly 80 percent of the overall wheat production.

Barley Production

The official MY 04/05 barley production figure is thought to be over-estimated as suggested by the unprecedented low collection rate: the actual barley quantity collected by the Tunisian Office of Cereals (OC) and its affiliated cooperatives was only a tiny 9 000 MT (a mere 1.5 percent) out of an official overall production estimate of 618 000 MT.

This collection rate is in stark contrast with the average of 20-25 percent previously recorded each year. Although, one can argue that barley producers enticed by a more favorable price on the parallel rural markets, refrained from selling their crop to the OC, the very fact that all producers choose to do so regardless of their need for cash compounded with relatively limited on-the-farm storage capacity are casting doubt, including among some Tunisian officials, about the accuracy of the barley production figure. Post revised the MY 04/05 production figure downward. In hindsight, this move is corroborated by the higher-than-expected barley imports.

MY 05/06 barley production forecast is tentatively pegged at 350,000 MT reflecting smaller plantings nationwide as well as an expected drought-driven yield drop in the southern Tunisian provinces.

Consumption

The overall wheat utilization continues to be steady at around 2.4 million MT. Each year up to 200,000 MT are earmarked for seeding purposes. The remaining quantity (2.2 million MT) is channeled to the milling industry to cover the needs of a 10-million population.

Baking flour derived from soft wheat accounts for roughly 40 percent of the milling output whereas durum wheat semolina and products thereof (pasta & couscous) make up the balance.

Coarse grains' (barley and corn) quasi-exclusive utilization is livestock feeding. Barley consumption is erratic. It tends to soar during drought seasons, as barley is over-fed to cattle to make up the shortage of green forage. During MY 04/05 consumption went up significantly on account of drought-related problems in the southern provinces. GOT-subsidized barley was distributed to herd owners in an attempt to mitigate the impact of drought. In addition, some barley is reportedly being incorporated into poultry compound feed in an attempt to diversify barley usage and, at the same time, to lessen reliance on corn. The latter, entirely imported, continues to be the mainstay of poultry feeding.

Trade

MY 04/05 wheat imports are likely to edge up but market fundamentals remain the same, i.e. wheat domestic supply and demand throughout the current marketing year are very similar to those having prevailed in the preceding year. The bulk of wheat shipments are made up of soft wheat, a commodity for which Tunisia runs a structural deficit no matter good the local harvest is. MY 04/05 carryout stocks are expected to reach, for the first time since 2002, the official stocks-to-use target of 25 percent thanks to some inventory building having taken place in the current year.

MY 05/06 wheat imports forecast is based on the assumption that no significant stocks' drawdown will occur during that year.

In MY 04/05, the EU (mainly France) and Black Sea countries (Ukraine and Russia) provided the bulk of the wheat shipped into Tunisia. This wheat has been purchased at a substantial discount to US-origin wheat, effectively blocking US sales.

MY 04/05 Tunisian wheat exports entirely made up of wheat products (flour, semolina and products thereof) to Libya and some sub-Saharan African countries were equivalent to those recorded in the preceding year.

In spite of the plentiful barley crop announced by GOT, MY 04/05 Barley imports are so far running at an estimated 400,000 MT. We expect the same barley volume to be imported over the next marketing year.

MY 04/05 (July/June) overall corn imports are estimated at 750,000 MT, slightly up compared to those reported in the preceding marketing year. The demand is hovering around its normal level at around 700,000 MT after experiencing a conjectural upsurge recorded in the latest drought years. MY 05/06 forecast pegged corn overall imports at an identical level as corn consumption is expected to remain constant despite talks of incorporating some barley in poultry feed formulas.

Current MY 04/05 (Oct/Sep) US-origin corn shipments into Tunisia are proceeding at a relatively high pace as a result of shrinking competition from Argentina, the main US competitor. US-origin corn is expected to capture around 80 percent of the entire marketing year's corn imports.

Policy

Farm gate prices for wheat and barley remain unchanged for the sixth year in a row at respectively TD 290 per MT for durum wheat (equivalent to US$ 232 per MT at the current exchange rate of US$ 1.00/TD 1.25), TD 260 per MT for bread wheat (equivalent to US$ 208 per MT) and TD 170 per MT for barley (equivalent to US$ 136 per MT).

Rumors about wheat imports liberalization haven't materialized. The legal framework remains unchanged, i.e. the office of cereal still enjoys wheat imports monopoly. Tunisian private traders/millers cannot directly tender for wheat intended to be consumed domestically. However, they can import wheat under toll milling and re-exportation arrangements.

From the US wheat industry perspective, it is believed that a liberalized Tunisian wheat market is likely to be more quality-responsive and thus US wheat will be in a better position to compete against low-quality, less-expensive wheat sourced from other countries.

II-STATISTICAL SECTION

PSD Table						
Country	Tunisia					
Commodity	Wheat				(1000 HA)(1000 MT)	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2003		07/2004		07/2005
Area Harvested	900	900	980	980	0	910
Beginning Stocks	788	440	669	460	769	694
Production	1600	1600	1700	1722	0	1450
TOTAL Mkt. Yr. Imports	781	910	1000	1000	0	1000
Jul-Jun Imports	781	910	1000	1000	0	1000
Jul-Jun Import U.S.	161	148	0	0	0	60
TOTAL SUPPLY	3169	2950	3369	3182	769	3144
TOTAL Mkt. Yr. Exports	100	90	100	88	0	90
Jul-Jun Exports	100	90	100	88	0	90
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	2400	2400	2500	2400	0	2400
Ending Stocks	669	460	769	694	0	654
TOTAL DISTRIBUTION	3169	2950	3369	3182	0	3144

NB: Import and export trade matrixes feature CY Trade figures because MY Trade figures are available on an aggregate basis only and therefore cannot be broken down by country of origin.

Export Trade Matrix			
Country	Tunisia		
Commodity	Wheat		
Time Period	CY	Units:	1,000 MT
Exports for:	**2003**		**2004**
U.S.	1	U.S.	0
Others		Others	
Libya	24	Libya	59
Senegal	4	Senegal	6
Niger	19	Niger	11
Total for Others	47		76
Others not Listed	42		12
Grand Total	**90**		**88**

Import Trade Matrix			
Country	Tunisia		
Commodity	Wheat		
Time Period	CY	Units:	1,000 MT
Imports for:	**2003**		**2004**
U.S.	73	U.S.	107
Others		**Others**	
France	525	France	184
Russia	99	Russia	135
Ukraine	77	Ukraine	171
Brazil	0	Brazil	97
Argentina	0	Argentina	51
Bulgaria	0	Bulgaria	73
Canada	330	Canada	58
Spain	70	Spain	21
Total for Others	1101		790
Others not Listed	70		119
Grand Total	**1244**		**1016**

Barley

PSD Table						
Country	Tunisia					
Commodity	Barley				(1000 HA)(1000 MT)	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2003		07/2004		07/2005
Area Harvested	550	550	560	560	0	400
Beginning Stocks	76	100	136	160	186	160
Production	700	700	600	400	0	350
TOTAL Mkt. Yr. Imports	10	10	100	400	0	400
Oct-Sep Imports	75	32	100	350	0	400
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	786	810	836	960	186	910
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	600	600	600	750	0	700
TOTAL Dom. Consumption	650	650	650	800	0	750
Ending Stocks	136	160	186	160	0	160
TOTAL DISTRIBUTION	786	810	836	960	0	910

Import Trade Matrix			
Country	Tunisia		
Commodity	Barley		
Time Period	CY	Units:	1000 MT
Imports for:	**2003**		**2004**
U.S.	0	U.S.	0
Others		Others	
Ukraine	25	Ukraine	92
UK	47	Bulgaria	27
		Russia	27
		France	5
Total for Others	0		0
Others not Listed			
Grand Total	**72**		**151**

Corn

PSD Table						
Country	Tunisia					
Commodity	Corn				(1000 HA)(1000 MT)	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2003		07/2004		07/2005
Area Harvested	1	1	1	1	0	1
Beginning Stocks	5	80	10	48	11	49
Production	1	1	1	1	0	1
TOTAL Mkt. Yr. Imports	804	738	800	750	0	750
Oct-Sep Imports	784	765	800	750	0	750
Oct-Sep Import U.S.	623	620	0	610	0	610
TOTAL SUPPLY	810	818	811	799	11	800
TOTAL Mkt. Yr. Exports	0	70	0	50	0	50
Oct-Sep Exports	0	70	0	50	0	50
Feed Dom. Consumption	800	700	800	700	0	700
TOTAL Dom. Consumption	800	700	800	700	0	700
Ending Stocks	10	48	11	49	0	50
TOTAL DISTRIBUTION	810	818	811	799	0	800

Import Trade Matrix			
Country	Tunisia		
Commodity	Corn		
Time Period	CY	Units:	
Imports for:	**2003**		**2004**
U.S.	177	U.S.	540
Others		Others	
Argentina	307	Argentina	162
Ukraine	73	Ukraine	0
Canada	6	Canada	21
Total for Others	386		183
Others not Listed	43		0
Grand Total	**606**		**723**