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Discount Schedule for Internal Sale Price of Imported Wheat

Report Categories: Grain and Feed FAIRS Subject Report Approved By: Morgan Haas Prepared By: FAS/Tunis

Report Highlights:

This report contains an unofficial translation of Tunisia's discount schedule for common and durum wheat prices as they relate to the sale price of imported wheat within Tunisia. Tunisia's state cereals office uses a separate, so-called "Book of Specifications" with its own unique discount schedule, to calculate imported wheat purchase prices.

General Information: This report contains an unofficial translation of Tunisia's discount schedule for common and durum wheat prices as they relates to the sale price of imported wheat within Tunisia. Tunisia's state cereals office uses a separate, so-called "Book of Specifications" with its own unique discount schedule, to calculate imported wheat purchase prices.

<u>Decree n° 2012-621 of June13, 2012</u>, amending <u>Decree n° 2007-1401 of June 18, 2007</u>, fixing the scaling schedule of common wheat and durum wheat for purchase and sale, intended for human consumption.

The Head of Government,

On a proposal by the Minister of Agriculture, Minister of Industry and the Minister of Trade and crafts,

Having regard to <u>Constituent Law n ° 2011-6 of December 16, 2011</u>, on the provisional organization of public authorities,

Having regard to <u>Decree No. 62-10 of April 3, 1962</u>, on the establishment of an office of cereals, leguminous plants, and other agricultural products, as amended and supplemented by <u>Decree-Law No 70-7 of September 26, 1970</u>, respectively ratified by <u>Laws No. 62-18 of May 24</u>, 1962, and No. 70-47 of November 20, 1970, as amended by the Law No. 86-67 of July 16, 1986,

Having regard to <u>Law No 91-64 of July 29, 1991</u>, on the competition and prices, together with the texts that have amended or supplemented, the latest of which is the <u>Law No. 2005-60 of July 18, 2005</u>,

Having regard to <u>Decree No. 2007-1401 of June 18, 2007</u>, fixing the scaling schedule of common wheat and durum wheat for purchase and sale, intended for human consumption.

Having regard to <u>Decree No. 2011-4796 of December 29, 2011</u>, concerning the appointment of members of the government,

Having regard to the opinion of the Minister of Finance,

Having regard to the opinion of the Administrative Court,

Having regard to the deliberation of the Council of Ministers and after informing the President of the Republic.

Decrees:

Article 1 - Annexes I and II attached to the aforementioned <u>Decree No 2007-1401 of June 18</u>, <u>2007</u>, are replaced by Annexes I (new) and II (new).

Article 2 - The Minister of Agriculture, the Minister of Industry, the Minister of Commerce, Handicrafts, and the Minister of Finance are charged, each one for his own part, for the execution of this decree, which shall be published in the Official Gazette of the Republic of Tunisia.

Tunis, June 13, 2012. The Head of Government Hamadi Jebali

ANNEX I (NEW)

Technical specifications and calculation of the price premiums and discounts for the purchase of locally produced durum wheat and the sale of locally produced and imported durum wheat.

A. Technical specifications

<u>Physical specifications</u>: These are the criteria applicable to the purchase and sale. The physical specifications contain the specific weight, moisture and total impurities. Total impurities include:

- Broken grain
- Sprouted grain
- Spotted grain and grain showing discoloration of the germ
- **Grain impurities:** grain impurities include shriveled grain, other cereals, common wheat in the durum wheat, heated grain, bugs-infested and/or damaged grain, and Fusarium-damaged grain.
- **Miscellaneous impurities:** Miscellaneous impurities comprise impurities themselves, foreign seeds, noxious seeds (garlic, sweet clover, fenugreek, ryegrass, and ergot), decayed grain, damaged grain, burned grain, dead insects, and fragments of insects.

<u>Equipment used and standards applied</u>: The analysis of the specifications in the table referred to in paragraph (D) in this Annex, durum wheat purchase and sale shall be made in accordance with the following equipment and standards:

- The determination of the specific weight shall be made with the Nilemalitre test in accordance to the Tunisian standard in force.
- The rate of broken grain is defined by the elements that pass through the mesh of the sieve (2x20 mm) according to the Tunisian standard in force.
- The determination of piebald grain shall be made in accordance to the Tunisian standard corresponding to the ISO international standard in force.

<u>Chemical specifications (protein level - applicable only to the sale)</u>. The analysis of the protein content is made on the sale of wheat to mills. It shall be made on the dry matter and in accordance to the ISO international standard in force.

B. Calculation of the price premiums and discounts

The calculation of the price premiums and discounts relative to each criterion of quality of durum wheat is based on Table of paragraph (D) of this Annex and in accordance to the following:

- If grain simultaneously presents several defects subject to price discounts (example: grain is both broken and piebald), the grain will be classified according to the most important fault.

- For moisture, the premium is of maximum value when its measurement is less than or equal to 9% according to the formulation contained in the Table of paragraph (D) of this Annex.
- For piebald, the discount is at a maximum when its measurement is equal to 70% according to the formulation contained in the Table of paragraph (D) of this Annex.
- Double or supplemental discounts are applied to criteria or groups of criteria referred to in paragraph (C) in accordance with the Table of paragraph (D) of this Annex are added to the discounts calculated in the normal range without dropping the final purchase or sale price below a minimum price equal to the official price of the bran.

C. Analyzes of the criteria exceeding the normal range of discount of the scaling schedule

- 1. **Moisture:** When moisture content exceeds 14%, the wheat will be considered non-tradable, and on this fact, refused.
- 2. **Specific Weight:** When the specific weight of a batch of durum wheat is below 72kg/hl, a double discount is applied according to the formulation contained in the Table of paragraph (D) of this Annex.
- 3. **Broken Grain:** When the rate of broken grain of a batch of durum wheat is above 6%, a double discount is applied according to the formulation contained in the Table of paragraph (D) of this Annex.
- 4. **Grain Impurities:** When the rate of grain impurities of a batch of durum wheat is above 8%, a double discount is applied according to the formulation contained in the Table of paragraph (D) of this Annex. In the case where the criterion other cereals is above 4%, or heated grain is above 0.5%, or fusarium damaged grain is above 1.5%, a supplementary discount is applied according to the formulation determining these impurities contained in the Table of paragraph (D) of this Annex.
- 5. **Miscellaneous Impurities:** When the rate of miscellaneous impurities of a batch of durum wheat is above 5%, a double discount is applied according to the formulation of the calculation of the discounts relating to grain impurities contained in the Table of paragraph (D) of this Annex. In the case where one of the noxious seeds is above 0.1%, or burned grain is above 0.05%, and ergot is above 0.05%, a supplemental discount is applied for the criterion in question according to the formulation contained in the Table of paragraph (D) of this Annex.
- 6. **Protein:** For the sale of durum wheat to mills, when protein is below 11.5%, a double discount is applied according to the formulation contained in the Table of paragraph (D) of this Annex.

D. Scaling schedule of durum wheat for purchase and sale

The scaling schedule of durum wheat for purchase and sale is fixed in accordance with the following table:

				SCA	ALING S	SCHEDULE (FDUR	UM WH	EAT (applied to the purchase	and sale	e)		
ics				Normal Range							Out of Normal Range		
cterist	N	o			Premiu	m (+)	Neutral Disco		Discount (-) (A)		Double discount per point below the normal		
Characteristics			Criterion	Upper limit	Range	Formula		Range	Formula	Lower limit	lower limit (-) (B)		
	1 N° 2		Specific weight (kg/hl)		NON		≥78kg/h 1	77.9-72.0	(wheat price x 10%) x (78-measured SW)	72	72 (wheat price x 10%) x (72 - measured SW) x 2		
			Criterion	Premium (+)Lower Limit (*)RangeFormula99.0 -10.9(Wheat price x 10%) x (11- rate)			Neutral range	Range	Discount (-) (A) Formula	Upper limit	Double discount per point above the normal lower limit (-) (B)		
			Moisture%) 11 -14	NONE		14	REFUSAL		
	3Impurities (%)3-1Broken seeds			NONE			0.25	26 60	(Wheat miss $y = 50(1) y (mate - 2.5)$	$6 \qquad (Wheat price x 5\%) \times (rate - 6)) \times 2$			
	3-	1	Shriveled seeds	NONE			0-2.5	2.6-6.0	(Wheat price x 5%) x (rate – 2.5)	6	(Wheat price x 5%) x (rate – 6)) x 2		
	3-2	es (%)	Other cereals	NON						4	(Wheat price x 6%) x (rate - 4)		
		Grain impurities (%)	Heated seeds		νE	0-4	4.1 - 8.0	(Wheat price x 5%) x (rate – 4)	0.5	(Wheat price x 6%) x (rate -0.5)(Wheat price x 5%) x (rate -8) x 2			
		ain in	Fusarium-damaged seeds							1.5	(Wheat price x 10%) x (rate -1.5)		
Physical		Gr	Bug-infested/Insect- damaged seeds										
Phy	3-3 Speckled seeds NONE NONE			νE	0-3	(Wheat price x 5%) x (rate – 3)							
	3-	4	Sprouted Seeds		NON	νE	0-2.5	(Wheat price x 5%) x (rate – 2.5)					
	3-5	Miscellaneous impurities (%)	Foreign seed Noxious seeds -All -Fenugreek -Chaff -Sweet clover Damaged seeds Burned seeds Impurities Ergot Decayed seeds Insects or fragments of dead insects	NONE			0-1.4	1.5 - 5.0	(Wheat price x 10%) x (rate – 1.4)	0.1 0.1 0.1 0.1 0.05 0.05	(Wheat price x 10%) x (rate - 0.1)) As above As above As above (Wheat price x 10%) x (rate - 0,5)) ((Wheat price x 10%) x (rate - 5) x 2 REFUSAL		
	4		"Piebald" Seeds		NON	١Ε	0-30	30-70	(Wheat price x 10%) x (rate – 30) / 3	Up to 70%	For above 70%, the same rate applies as the discount applied for 70%		
Technological	N° Crite		Criterion	Premium (+) Upper limit Range Formula			Neutral Range	Range	Discount (-) (A) Double discount per point below				
Tei	5		Protein % (**)				NONE			110	(wheat price x 10%) x (11.5 - level) x2		
Note: (*) For moisture below 9%, the same rate is applied for 9%Total discounts = \sum of "normal range" discounts + \sum of "out of normal range" double discounts: (A)(**) The protein level is taken into account only in the valorization of cereal sold to millsWheat price = base price for purchase or discounted price for sale									t of normal range" double discounts: (A) + (B) sale				

ANNEX II (NEW)

Technical specifications and calculation of the price premiums and discounts for the purchase of locally produced durum wheat and the sale of locally produced and imported durum wheat.

A. Technical specifications

<u>Physical specifications</u>: These are the criteria applicable to purchase and sale. The physical specifications contain the specific weight, moisture and total impurities. Total impurities include:

- Broken grain
- Sprouted grain
- **Grain impurities**: grain impurities include shriveled grain, other cereals, grain in which the germ is discolored, overheated grain, bug-infested and/or damaged grain.
- **Miscellaneous impurities:** miscellaneous impurities comprise impurities themselves, foreign seeds, noxious seeds (garlic, sweet clover, fenugreek, ryegrass, and ergot), decayed grain, the damaged grain, burned grain, dead insects and fragments of insects.

Equipment used and standards applied: The analysis of the specifications in the table referred to in paragraph (D) in this Annex, common wheat purchases and sales shall be made in accordance with the following equipment and standards:

- The determination of the specific weight shall be made with the Nilemalitre test in accordance to the Tunisian standard in force.
- The rate of broken grain is defined by the elements that pass through the mesh of the sieve (2x20 mm) according to the Tunisian standard in force.

<u>Rheological specifications (baking strength – applicable only to the sale)</u>. The determination of baking strength is made only for sale of common wheat to flour mills. It shall be made in accordance to the Tunisian standard NT 5119/1995.

B. Calculation of the prices premiums and discounts

The calculation of price premiums and discounts relative to each quality criterion of common wheat is based on the Table of paragraph (D) of this Annex and in accordance to the following:

- If grain simultaneously presents several defects subject to price discounts (example: grain both broken and sprouted), the grain will be classified according to the most important fault.
- For moisture, the premium is of maximum value when its measurement is less than or equal to 9% according to the formulation contained in the Table of paragraph (D) of this Annex.
- Double discounts or supplemental discounts applied to criteria or groups of criteria referred to in paragraph (C) in accordance with the Table of paragraph (D) of this Annex is additional to the discounts calculated in the normal range of discounts without dropping the final purchase or sale price below a minimum price equal to the official price of the bran.

C. Analyzes of the criteria exceeding the normal ranges of discount of the scaling schedule

- 1. **Moisture**: When the moisture content exceeds 15%, the wheat will be considered non-tradable, and on this fact, refused.
- 2. **Specific Weight**: When the specific weight of a batch of common wheat is below 70kg/hl, a double discount is applied according to the formulation contained in the Table of paragraph (D) of this Annex.
- 3. **Broken Grain**: When the rate of broken grain of a batch of common wheat is above 5%, a double discount is applied according to the formulation contained in the Table of paragraph (D) of this Annex.
- 4. **Grain Impurities**: When the rate of grain impurities of a batch of common wheat is above 7%, a double discount is applied according to the formulation contained in the Table of paragraph (D) of this Annex. However grain in which the germ is discolored forming part of the grain impurities are only taken into consideration when their level exceeds 8%, in this case only the proportion beyond 8% is counted in grain impurities. When the rate of heated grain exceeds 0.5%, a supplementary discount for this criterion is applied according to the formulation of grain impurities contained in the Table of paragraph (D) of this Annex.
- 5. **Miscellaneous Impurities**: When the rate of miscellaneous impurities of a batch of common wheat is above 5%, a double discount is applied according to the formulation contained in the Table of paragraph (D) of this Annex. In the case where one of the noxious seeds is above 0.1%, or burned grain is above 0.05%, and ergot is above 0.05%, an supplemental discount is applied for the criterion in question according to the formulation contained in the Table of paragraph (D) of this Annex.
- 6. **Baking Strength**: For the sale of common wheat to flour mills, when the analysis of the baking strength is below 110x10-4 joules, a double discount is applied according to the formulation determining the baking force contained in the Table of paragraph (d) of this Annex.

D. Scaling schedule of common wheat for purchase and sale

The scaling schedule of common wheat for purchase and sale is fixed in accordance with the following table:

				SCA	LING S	CHEDULE OI	F COMN	AON WE	IEAT (applied to the purcha	se and	sale)			
tics			Criterion	Normal Range							Out of Normal Range			
Characteristics	N	0			Premiu	m (+)	Neutral Discount (-) (A)							
Chan				Upper limit	Range	Formula		Range	Formula		Double discount per point below the normal lower limit (-) (B)			
	1		Specific weight (kg/hl)		NO	NE	≥78 kg/hl	77.9-70.0	(wheat price x10%)x (78-measured SW)	70	(wheat price x10%) x (measured SW-70) x 2			
	N° 2		Criterion	Premium (+)			Neutral		Discount (-) (A)		Double discount per point above the normal			
				Lower Limit (*)	Range	Formula	range	Range	Formula	Upper limit	lower limit (-) (B)			
			Moisture (%)	9	9.0 -10.9	(Wheat price x 10%) x (11- rate)	11 -15		NONE	15	REFUSAL			
	3		Impurities (%)			-								
	3-1		Broken seeds Shriveled seeds	NONE			0-2.5 2.6	2.6 - 5.0	5.0 (Wheat price x 5%) x (rate – 2.5)	5	(Wheat price x 5%) x (rate -5) x 2			
	3-2	rities	Other cereals Heated seeds							0.5	(Wheat price x 5%) x (rate -0.5) (Wheat price x 5%) x			
Physical		Grain impurities	Bug-infested seeds Insect-damaged seeds Discolored germ >8% Fusarium-damaged seeds		NO.	NE	0 – 2.5	26 - 70	(Wheat price x 5%) x (rate – 2.5)		(Wheat price x 5%) (rate – 7) x 2			
I	3 -	-3	Sprouted Seeds		NO	NE	0-2.5		(Wheat price	e x 5%) x (rate – 2,5)				
	3-4	Miscellaneous impurities	Foreign seeds Noxious seeds -All -Fenugreek -Ryegrass -Sweet clover Damaged seeds Damaged seeds Burned seeds Impurities Ergot Decayed seeds Insects or fragments of dead insects	NONE		0 - 1.4	1.4 - 5.0	(Wheat price x 10%) x (rate – 1.4)	0.1 0.1 0.1 0.1 0.05 0.05					
ical	N	ro	Crite i		Premiu		Neutral		Discount (-) (A)		Double discount per point below the normal $\frac{1}{1}$			
Technological	Nº		Criterion Baking strength(**)	Upper limit Range Formula			Range Range Formula			Lower limit 110	lower limit (-) (B) (wheat price x10%) x (110-measured W) x			
	4 (W x 10 ⁻⁴) Hote: (*) For the moisture below 9%, the same rate applied for 9% is applied (**) The baking strength is taken into account only in the valorization of cereals sold to						Te	otal discounts = \sum of "normal range" discount heat price = base price for purchase or the dis	$ts + \sum$ "out	of normal range" of the double discounts: (A) + (