

Foreign Exchange Situation (contd)

have to go without wheat bread. But the cost to the government is very high. In 1986, consumer subsidies, including those for grain used in producing milk or meat, amounted to some 165 million dinars, or about 10% of budgetary revenue; in other words, nearly 120 dinars per household per year.

This is a very high cost. In fact, it is the equivalent of 60% of the VIth Plan's annual investment in agriculture! The present economic situation makes this burden harder and harder for the budget to absorb. What of coming years, since if nothing else changes, the support required should increase at the same rate as consumption? This means that in about fifteen years, some 300 million dinars will have to be spent, or nearly one fifth of the current budget!

The government is thus faced with a twofold problem. For reasons of food security and the balance of payments, it must increase its grain production substantially. At the same time, because of severe budget constraints, it must reduce the cost of supporting grain product consumption.

3. Fertilizer Situation

Because of the persistence of difficult climatic conditions, the solution adopted was massive use of fertilizers. Twice as much as last year was applied. Among the fertilizers used were super triple, super simple, ammonia nitrate and manure.

4. Import Mechanism

Needless to say, the drought that beset Tunisia had very negative repercussions on the 1987-88 crop year. Despite the government's precautions, the 87-88 crop was smaller, and the results were far below expectations. Thus the first step to be taken was to import grain, the only solution. The Grain Board also stopped all marketing of local grains to guarantee seed. The Department of Agriculture launched a series of international calls for tender (wheat, barley and oilcake). As stated, the international tender mechanism is still in effect in Tunisia. The Grain Board (an agency controlled by the Department of Agriculture) has kept a monopoly over grain imports, exports and marketing.

5. Grain Industry Infrastructure

There is a storage problem in terms of capacity, cost of handling and loss reduction. There no longer appear to be major problems with capacity, for the existing or planned storage facilities are capable of responding to the changing demand over the coming years. The main problem remains the location of the facilities that should be optimized. As for the other two points, handling and loss, the preferred solution is to replace bagging with bulk systems.

6. Government Policies Affecting Grains and Agriculture

The VIIth Plan has made boosting grain production one of its priority objectives. It proposes a real qualitative leap by the early nineties. To achieve this, the VIIth Plan provides for implementing an action program that will give concrete shape to long-term grain strategy orientations.