I. AGRICULTURAL ACTIVITY

Development of agriculture and fishing continued to focus on promotion of production, improvement of quality and an increase in productivity, with a view to ensuring the country's food security and contributing to job creation and consolidation of exports, especially in an international context marked by high volatility in world commodity prices. Thus the critical pillars of this strategy were optimising use of natural resources (through the network of dams and development of irrigated cultures) and strengthening the sector's competitiveness, notably by meeting quality and food safety norms and keeping production costs down in order to keep up with foreign competition.

To meet the objective of food security requires implementation of policy to raise the rate of coverage of national demand for cereal, reduce the country's dependency on foreign markets, keep down the cost of animal production, and promote export of products with trade names, such as olive oil, dates and citrus fruits. Agricultural policy also gives absolute priority to promotion of cereal and livestock production, pillars of the country's food security. These, along with oil, are among the sectors most exposed to international markets.

A national strategy to increase cereal production was launched in 2008 with the goal of producing 27 million quintals over the coming five years, notably by more intensive cultivation of agricultural land in arid and semi-arid zones, increasing the area devoted to irrigated cereal crops and ensuring higher production prices. A detailed plan was drawn up to promote production of animal feed, with the goal of meeting the needs of the livestock sector by developing fodder crops and producing substitute fodder.

In this framework, to further boost agricultural activity, measures were taken to mobilise natural resources and optimise their exploitation, while improving the environment of the sector. Measures announced on 12 May 2008 (National Agriculture Day) involved mainly :

- extension of the farm upgrading programme to cover cereal crops ;

- devoting 120,000 hectares of irrigated land for cereals by 2011 (up from 80,000 hectares previously) ;

- formulation of a special programme to develop an initial 20,000 hectares of plains to grow cereals ;

- increase of selected seed production to 450,000 tonnes by 2011, up from 270,000 in 2008 ;

- granting of a 30% premium for acquisition of selected fodder seeds in order to boost national fodder production and reduce imports ;

- setting up of a single structure to group the various administrative departments working in large scale crops ;

- drawing up of a legal framework to encourage common exploitation of agricultural land and to avoid further breaking up of property ;

- three year exemption from registry fees and income taxes for rental of agricultural land to be used to grow cereal crops ;

- increasing from 25% to 40% the investment premium granted to cooperatives for acquisition of agricultural equipment and accessories ;

- institution of a one percentage point margin on seasonal loans for large scale crops, for farmers who have settled their debts on time over the period 2008-2011 ;

- State assumption of the cost of insurance on seasonal loans for large scale crops for a period of three years on a decreasing sliding scale, for policies covering the risk of fire and hail ;

- limiting to 5% the interest rate for regulated seasonal loans to small scale farmers, using State budgetary funds ;

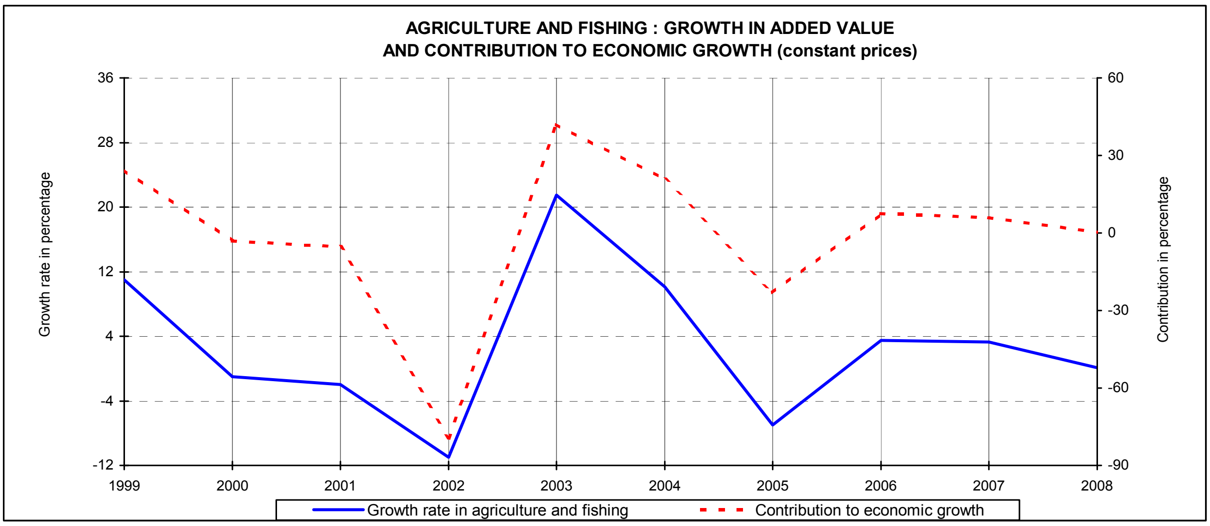
- an increase in the investment premium for the acquisition of cattle from 25% to 30% for small scale farmers, from 20% to 25% for medium scale farmers, and from 7% to 15% for large scale farmers ; and

- an increase in the premium for production of reproduction purebred heifers, now at 300 to 700 dinars instead of 100 to 300 dinars previously.

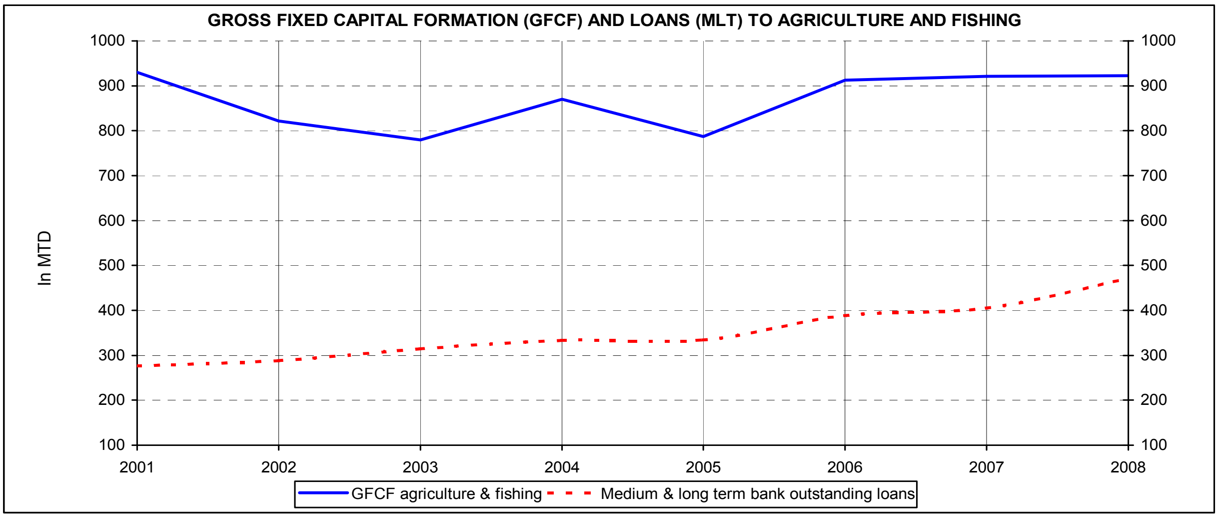
The major presidential measures taken to support the sector were implemented in support of the 2008-2009 agricultural season. This involved in particular supply of 264,000 quintals of selected seeds to cereal farmers and subsidising of prices at up to 8 dinars per quintal for soft wheat, 15 dinars for hard wheat, and 24 dinars for barley, on top of the increase in production prices for hard wheat, which rose to 43 dinars per quintal. This compares to production prices for cereals over the 2007-2008 season that rose to 40 dinars per quintal for hard wheat, 35 dinars for soft wheat, and 30 dinars for barley (+22% for the first and second and +50% for the third). In addition to these figures, there was an exceptional premium for farmers in the amounts of 15 dinars, 10 dinars and 10 dinars again respectively as a further incentive to encourage harvest of cereals prior to 31 August 2008.

Another advantage for farmers over the past agricultural season was a 10% increase in the ceiling for seasonal loans issued by banks, maintenance of exceptional premiums for collection of harvests, and extension until the end of 2008 of the deadline for submitting requests for rescheduling of agricultural debt. For farmers affected by the lack of rainfall the previous season, debt will be rescheduled over a period of five years, with assumption by the national guarantee fund (*FNG*) of relevant interest. Some 2000 farmers took advantage of this facility. Assistance in kind was provided to 25,000 small scale farmers.

Because of the impact of adverse weather, added value in the agricultural and fishing sector maintained virtually the same level in 2008 : +0.1% in real terms, compared to 3.3% growth the year before. Its contribution to economic growth was 0.3% compared to some 6% in 2007.



Gross fixed capital formation in the sector more or less stagnated for the second straight year at 923 MTD (7.4% of global investment), of which some 61% came from the private sector. The private sector continued to invest mainly in the branches of tree and livestock farming as well as the fields of acquisition of agricultural material and irrigation.



With regard to trade with abroad, the balance of food continued to post a deficit, up from 425 MTD in 2007 to 751 MTD in 2008. This was because imports grew at a much higher rate than exports (27.4% and 14.5% respectively), influenced in particular by the impact of soaring cereal prices on the international market.

TREND IN THE MAIN INDICATORS OF AGRICULTURE AND FISHING SECTOR

(In % unless otherwise indicated)

Description	2005	2006	2007	2008
Real growth of added value	-7.0	3.5	3.3	0.1
Contribution to economic growth	-23.0	7.6	5.9	0.3
Added value in current price/GDP	11.1	11.1	10.3	9.7
Investment (in MTD)	787	913	921	923
- Variation	-9.5	16.0	0.9	0.2
- Private sector share	54.7	55.1	59.4	60.8
- Share in global GFCF	9.4	9.4	8.5	7.4
Balance of food balance (in MTD)	135	277	-425	-751
Rate of coverage of food balance	112.3	121.0	79.2	71.1

Sources : Ministry of Development and International Cooperation and National Statistics Institute

A. ANNUAL CROPS

These crops were marked in 2008 by a considerable drop in the harvest of cereals and of pulses due to insufficient rainfall, although there was a more or less significant increase in harvest of market garden crops.

1. LARGE SCALE FARMING

a. Cereals

For the 2007-2008 agricultural year, cereals were planted on 1,333,000 hectares, 23,000 hectares less than the previous year. Of this total, 75,000 hectares were irrigated land, up from 66,000 for the 2006-2007 season.

CEREALS : PLANTED AREAS, PRODUCTION AND YIELD

Season	Areas sowed with cereals (in thousands of hectares)				Production (in millions of quintals)				Yields (in quintals per hectare)		
	Hard wheat	Soft wheat	Barley[1]	Total	Hard wheat	Soft wheat	Barley[1]	Total	Hard wheat	Soft wheat	Barley[1]
2001-2002	639	117	404	**1,160**	3.7	0.5	0.9	**5.1**	5.8	4.3	2.2
2002-2003	794	133	592	**1,519**	16.4	3.4	9.2	**29.0**	20.7	25.6	15.5
2003-2004	881	154	608	**1,643**	14.0	3.3	6.2	**23.5**	15.9	21.4	10.2
2004-2005	813	148	473	**1,434**	12.9	3.4	4.7	**21.0**	15.9	23.0	9.9
2005-2006	857	143	588	**1,588**	10.3	2.2	3.6	**16.1**	12.0	15.4	6.1
2006-2007	732	124	500	**1,356**	11.8	2.7	5.4	**19.9**	16.1	21.8	10.8
2007-2008	649	136	548	**1,333**	7.3	1.9	2.7	**11.9**	11.2	14.0	4.9

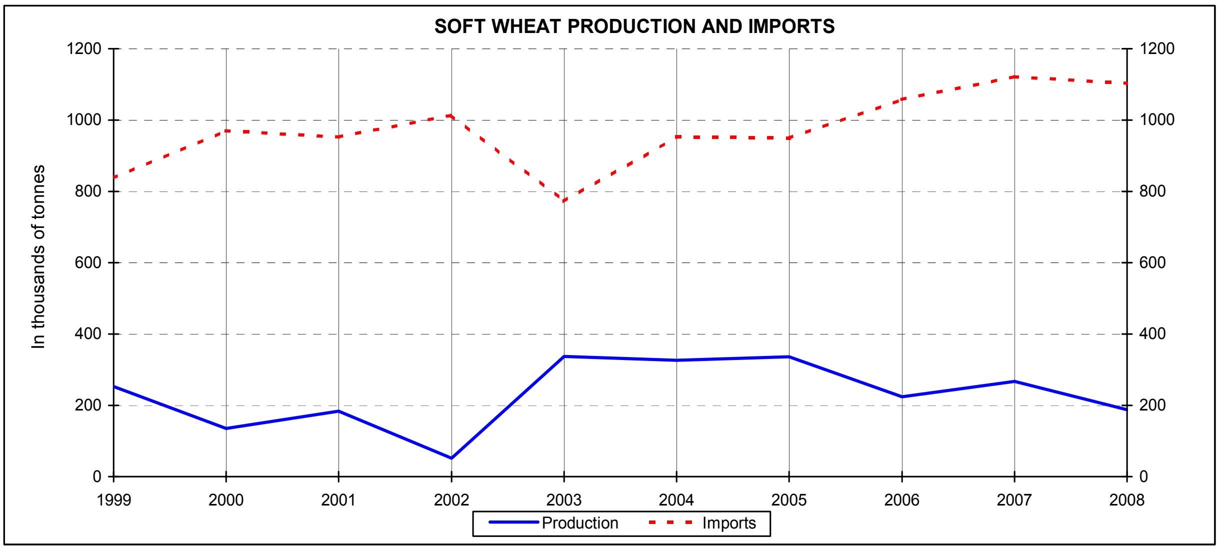
[1] Including triticale. Source : Ministry of Agriculture and Hydraulic Resources

Because of drought at the beginning of the season and in the spring, only 800,000 hectares were harvested, since some 533,000 hectares were damaged, especially in central and southern Tunisia and in certain areas of the northwest (especially the Kef and Siliana) as well as the governorate of Zaghouan. Furthermore, the lack of precipitation at the end April and throughout May 2008 had an adverse effect on yields. Thus cereal production dropped by some 40% to 11.9 million quintals, compared to 19.9 million in 2007 and an average of 18.9 million quintals during the Xth development plan. Quantities collected by the cereals board and authorised cooperatives came to 4.8 million quintals (corresponding to some 40% of overall production) compared to 6.8 million quintals (34.2%) the year before. This modest harvest offset the high increase in production prices dictated at the beginning of the agricultural season as well as that of the exceptional premium introduced to boost collection of cereals.

TRENDS IN CEREAL PRODUCTION PRICES (In dinars per quintal)

	2001	2002	2003	2004	2005	2006	2007	2008
Hard wheat	29.5	29.5	29.5	29.5	30.5	30.5	32.8	40
Soft wheat	26	26	26	26	27	27	28.7	35
Barley	17	17	17	17	18	18	20	30
Triticale	17	17	17	17	18	18	20	20

Source : Ministry of Agriculture and Hydraulic Resources



Despite insufficient production and higher domestic demand, imports of cereal dipped slightly in 2008 (-3.7%) to 3,042,000 tonnes, the equivalent of 30.4 million quintals. But the value of these imports went up by 24.2%, after having virtually doubled in 2007 (to 1,483 MTD) due to higher international prices over the first half of the year.

TRENDS IN AVERAGE IMPORT PRICES FOR CEREALS (In dinars per tonne)

	2005	2006	2007	2008	Variation in %	
					2007/2006	2008/2007
Hard wheat	230	277	547	721	97.5	31.8
Soft wheat	198	229	360	472	57.2	31.1
Barley	199	222	338	386	52.3	14.2

Source : National Statistics institute

The 2008-2009 cereal campaign, despite insufficient rainfall in the autumn and again in December 2008, involved planting of 1,355,000 hectares, 94,000 on irrigated land. Abundant rainfall over the first quarter of 2009 in all regions, especially during the plant growth phase, will hopefully boost yields and thus ensure a good cereal harvest.

b. Pulses

85,000 hectares were planted in pulses over the 2007-2008 agricultural year (up from 80,000 the previous season), with 64,000 hectares devoted to winter pulses. But because of lower yields, overall production was down by some 12% to 81,000 tonnes. This decrease involved winter pulses (-11% to 70,000 tonnes) as well as spring pulses (-17.3% to 11,000 tonnes).

2. MARKET GARDEN CROPS

168,000 hectares were planted in market garden crops for the 2007-2008 season, up from 164,000 the year before. Production was up for most vegetables, especially tomatoes and potatoes, while that of melons, watermelons and artichokes fell slightly because of a drop in cultivated area. The overall increase in market garden crop production allowed for smooth supply of the domestic market and even provided a surplus of certain products for export.

MARKET GARDEN CROPS (In thousands of tonnes)

	2001	2002	2003	2004	2005	2006	2007	2008
Tomatoes	750	810	880	970	960	855	1,029	1,250
Peppers	214	242	247	255	256	260	278	291
Melons & watermelons	380	411	395	450	446	467	554	552
Potatoes	330	310	310	375	310	365	357	370
Onions	259	257	241	230	262	355	350	365
Artichokes	18	16	13	12	12	16	19	18

Source : Ministry of Agriculture and Hydraulic Resources

Harvest of fresh tomatoes continued to go up, reaching 1,250,000 tonnes (an increase of 21.5%) thanks to the combined effects of the greater area of land planted and higher average yield per hectare, up from 38.9 to 45.8 tonnes. 807,000 tonnes of fresh tomatoes went to processing plants, which produced 138,000 tonnes of concentrated tomato paste (*DCT*), compared to 98,000 tonnes in 2007. After meeting domestic demand estimated at 100,000 tonnes a year, this provided a surplus for export. Fresh tomatoes were sold to processing plants for 105 millimes per kilogramme, up from 95 millimes a year earlier.

Potato production went up by 13,000 tonnes (3.6%) to 370,000 tonnes, enough to fully meet domestic demand, constitute 40,000 tonnes in buffer stocks, and maintain growth in exports, which came to 12,700 tonnes compared to 11,400 in 2007. This was made possible by the increase in cultivated land, up from 24,600 hectares in 2007 to 25,600 in 2008, with average yield per hectare remaining unchanged at 14.5 tonnes.

In line with the increase in cultivated land, pepper production in 2007-2008 rose by 4.7% to 291,000 tonnes. The processing season, which began in early September 2008 with a carry-over stock of 1,500 tonnes of canned hot pepper paste (harissa), handled 50,000 tonnes of fresh peppers purchased by processing plants at a price of between 280 and 480 millimes per kilogram. 25,000 tonnes of harissa were manufactured, up from 22,500 the year before. 11,300 tonnes were exported for 23 MTD, up from 8,400 tonnes and some 20 MTD in 2007.

B. TREE FARMING

Tree farming evolved favourably over the 2007-2008 agricultural year for most products, especially olives for oil, citrus fruit and both spring and summer fruits except for almonds.

1. OLIVES FOR OIL

The good weather prevailing as olive trees bloomed and olives ripened helped the 2007-2008 season. Olive production went up by 70,000 tonnes to 980,000 tonnes, used to produce 200,000 tons of oil, up from 180,000 the previous season.

OLIVE OIL PRODUCTION AND EXPORTS (In thousands of tonnes)

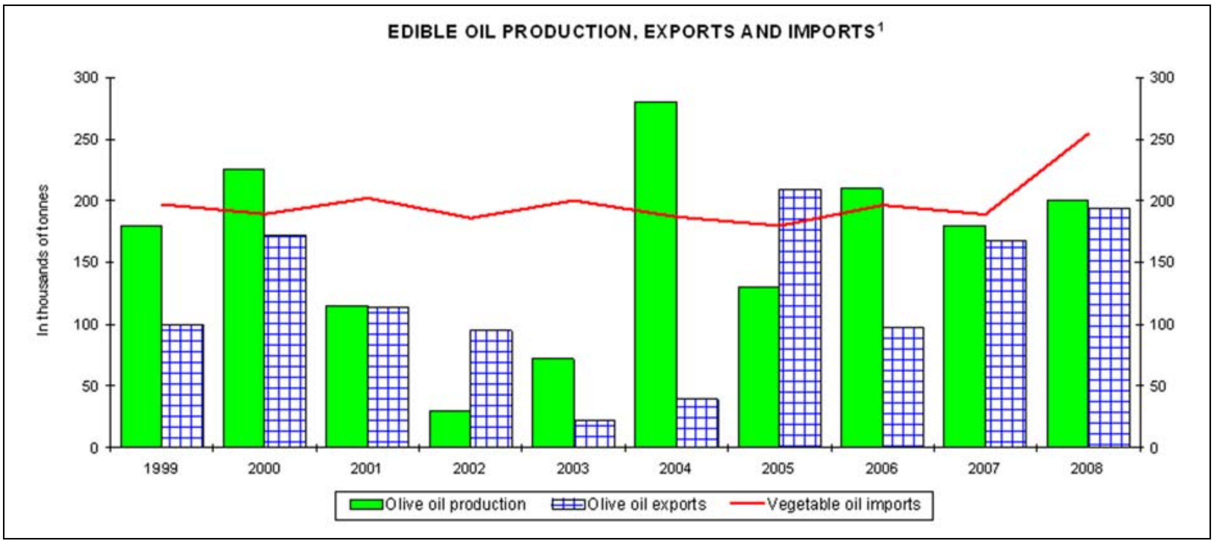
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Production	30	72	280	130	210	180	200	150
Exports	22	39	209	98	167	194	179	120[1]

Source : National Oil Board (ONH)

The national oil Board (*ONH*) handled ever-lower quantities of this production, down from 10,000 tonnes the year before to 8,000, while private operators continued to increase their share in handling as well as export. With a carry-over stock of 5,000 tonnes at the start of the

[1] Forecasts.

marketing season, 179,000 tonnes of olive oil were exported, compared to 194,000 the previous season.



For the 2008-2009 oil season, 750,000 tonnes of olives for oil were produced, the equivalent of 150,000 tonnes of oil. With domestic demand rising constantly (especially in light of lower prices), it is expected that 120,000 tonnes will be exported, in a context of ready supply worldwide and the adverse effect of the international financial crisis on external demand. To further promote the sector, a number of measures were taken in December 2008, targeting enhanced regeneration of olive groves and extension of the premium for buying plants to include selected Tunisian varieties. Efforts will also be devoted to moving from past practice of exporting virtually all oil in bulk to greater added value. Promoting export of processed olive oil under a Tunisian label is one of the main challenges to be met by the sector to ensure a sound future. The 2008 harvest of table olives posted an increase of 6.7% over the previous year's figure, coming to 16,000 tonnes.

2. CITRUS FRUITS

Citrus production for 2007-2008 rose by 21.5% over the previous season's figure, coming to 300,000 tonnes (including almost 143,000 tonnes of Maltese oranges). All varieties recorded higher production. Exports, involving mainly Maltese oranges, rose considerably, up from 16,300 to 27,500 tonnes from one year to the next, well above the target of 25,000 tonnes set initially.

CITRUS FRUIT PRODUCTION AND EXPORTS (In thousands of tonnes)

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Production	236	225	209	243	262	247	300	300
Exports	22.0	17.2	18.6	19.1	19.3	16.3	27.5	25[2]

Source : Inter-professional Citrus Fruits and Fruits Group (GIAF)

For the 2008-2009 season, production remained stable at 300,000 tonnes, with a 13.7% drop for Maltese oranges and a more or less sizeable increase for other varieties.

[1] Second year of the agricultural season for production and export of olive oil and edible vegetable oil for imports.
[2] Forecasts.

3. DATES

The 2008-2009 date harvest came to 145,000 tonnes, some 96,000 tonnes of which were of the deglet-nour variety, compared to 124,000 and 78,000 tonnes respectively for the previous season. 60,000 tonnes in exports are projected, compared to 61,000 a year earlier. The adopted strategy focuses on drawing up of a national programme to enhance the quality of exported dates, boosting sales on both traditional and new markets such as Malaysia and Russia, and securing promising markets like India and China.

DATE PRODUCTION AND EXPORTS (In thousands of tonnes)

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Production	105	115	111	122	113	131	124	145
of which :								
Deglet nour	65	72	68	76	70	82	78	96
Exports	38	42	40	53	43	59	61	60[1]

Source : Inter-professional Citrus Fruits and Fruits Group (GIAF)

4. GRAPES

Production of grapes for wine in 2008-2009 went up by 20% to 42,000 tonnes. Processing of this production yielded some 300,000 hectolitres of wine, compared to 197,000 the year before. With a carry-over stock of some 131,000 hectolitres at the end of August 2008, more than 430,000 hectolitres of wine were thus available. 70,000 hectolitres are expected to be exported, down from 110,000 the year before. The 2008 table grape harvest went up considerably (by more than 24%) to 83,000 tonnes, easily meeting demand on the domestic market and providing a surplus for export.

5. OTHER FRUITS

Production of other fruits went up in 2008 as a whole, aside from dry shell almonds. Thus consumer demand was met at reasonable prices.

MAIN PRODUCTION OF OTHER FRUITS (In thousands of tonnes)

	2001	2002	2003	2004	2005	2006	2007	2008
Apple	108	100	99	135	100	120	101	110
Pears	55	68	60	62	53	65	53	75
Dry-shell almond	32	18	36	44	43	56	58	52
Apricots	25	24	26	27	26	28	24	27
Pomegranates	56	63	67	69	68	71	71	75

Source : Ministry of Agriculture and Hydraulic Resources

C. LIVESTOCK FARMING

Livestock was the object of a set of measures taken in 2008 to promote the dairy sector and boost quality and food safety. There was also a programme to increase pastureland, in line with the data specified in agricultural mapping. 5.4% more land was planted in fodder crops for the 2007-2008 season, for a new total of 330,000 hectares. But actual production of fodder was down by 9% to 4 million tonnes, following scant rainfall, especially in the central and southern portions of the country. Similarly, after increasing over the previous four years, breeding livestock for the main animal varieties dropped by 8.6% in 2008 to a total of 5,374,000 head, of which 4,097,000 (more than 76%) were sheep. This was because of the drought that marked certain periods of the year and the unprecedented increase in

[1] Forecasts.

production costs for animal feed, which led to slaughter of breeding stock. To counter this situation, the decision was taken to sell concentrated feed at subsidised prices, lower customs duty on certain imported animal feed products, increase land area devoted to summer fodder crops, while also encouraging farmers to grow substitute fodder crops and master techniques for producing new varieties.

BREED STOCK (In thousands of heads)

	2001	2002	2003	2004	2005	2006	2007	2008
Cows	484	485	450	436	444	450	454	449
Sheep	4,110	3,990	3,924	3,963	4,044	4,095	4,568	4,097
Goats	829	798	801	809	810	820	855	828

Source : Ministry of Agriculture and Hydraulic Resources

To narrow the deficit in production of feed for cattle and to keep up the level of national herds, 749,000 tonnes of corn and 267,000 tonnes of soy cakes were imported, up from 618,000 and 258,000 tonnes respectively in 2007.

There was virtual stagnation in production of red meat in 2007, coming to almost 129,000 tonnes. This was enough to steadily meet domestic demand at reasonable prices.

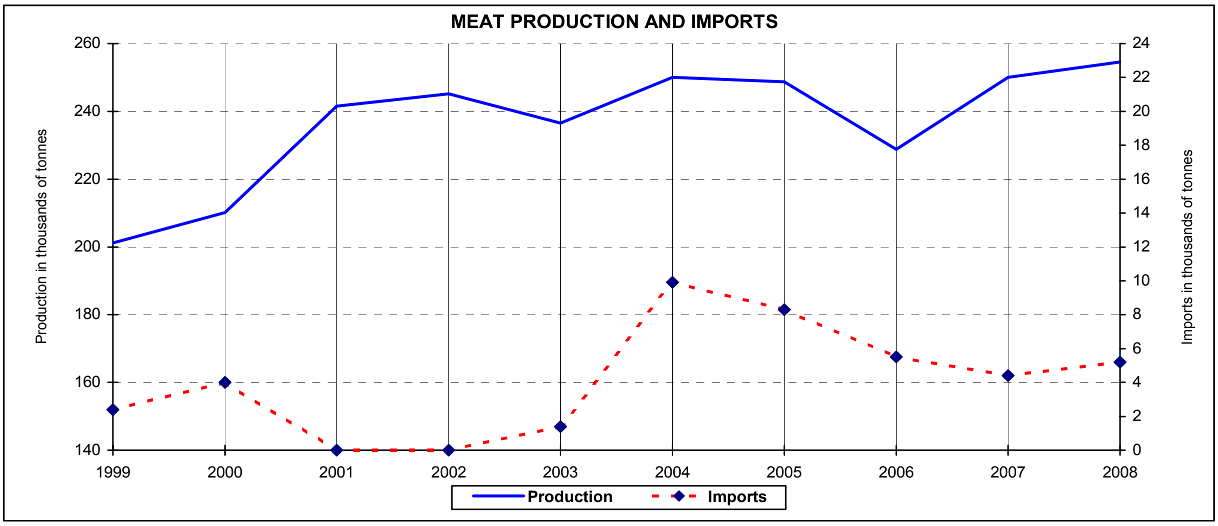
PRODUCTION OF RED MEAT AND MILK (In thousands of tonnes)

	2002	2003	2004	2005	2006	2007	2008	Structure in %	
								2007	2008
Meat [1]	**132.2**	**118.5**	**115.1**	**116.7**	**122.8**	**128.1**	**128.6**	**100.0**	**100.0**
-beef	64.4	57.7	53.7	52.7	56.1	60.3	62.1	47.1	48.3
-lamb	58.3	51.4	52.0	53.4	55.7	56.8	55.1	44.3	42.8
-goat	9.5	9.4	9.4	10.6	11.0	11.0	11.4	8.6	8.9
Fresh milk	**940**	**891**	**864**	**920**	**971**	**1.006**	**1.046**	**100.0**	**100.0**
of which : collected quantities	485	458	483	517	560	580	599	57.7	57.3

Sources : Ministry of Agriculture and Hydraulic Resources and Breeding and Grazing Board

Fresh milk production went up by 4% in 2008 to 1,046,000 tonnes. Similarly, there was an increase from 580,000 to 599,000 tonnes for quantities collected and sent to dairy plants.

To encourage ranchers to keep up the level of their herds, production prices for fresh milk increased to 500 millimes per litre at the start of 2008.



[1] Cleaned meat and offal.

Poultry production went up by 3.3% to 126,000 tonnes and production of eggs went up slightly to 1.48 billion eggs. Higher production allowed for smooth supply to the local market as well as constitution of buffer stocks.

POULTRY PRODUCTION

	2001	2002	2003	2004	2005	2006	2007	2008
Poultry meat (in 1,000 tonnes)	116	113	118	135	132	106	122	126
Eggs (in millions)	1,434	1,487	1,390	1,472	1,538	1,471	1,461	1,480

Source : Ministry of Agriculture and Hydraulic Resources

D. FISHING

Policy to promote the fishing sector was implemented and further strengthened in 2008, focusing on conservation of resources from the sea, rational use of these resources, and promotion of both deep sea and farmed fishing, while also boosting the sector's competitiveness.

The main measures consisted in :

- extending the period of prohibited fishing by three months in areas threatened with over fishing and creating a fund to provide financing for this purpose,
- strengthening the programme to limit draw nets and invasive trawling, by beefing up plans to create artificial reefs and enhancing means for policing activities,
- implementation of a programme to set up mixed companies among professionals in the fishing sector in countries with which Tunisia is close and on good terms,
- raising the amount of the premium to subsidise fuel, the selling price of which went up by 20% in central and southern Tunisia and by 30% in the north,
- accelerate design of the study that will lead to social coverage for employees in the fishing sector,
- exempt products to be sold on the domestic market from the tax on unloading at fishing ports.

Despite these measures, fishing production (of all kinds) was down for the second straight year, coming to some 100,000 tonnes compared to 105,000 in 2007. This drop involved in particular coastal fishing (-8.5%) and lamp fishing (-4.1%), which together account for 72% of overall production.

FISHING PRODUCTION (In thousands of tonnes)

	2002	2003	2004	2005	2006	2007	2008	Variation in %	
								2007/2006	2008/2007
Coastal fishing	27.0	26.2	27.4	27.0	27.0	25.8	23.6	-4.4	-8.5
Lantern fishing	35.5	35.7	47.0	48.8	53.4	50.8	48.7	-4.9	-4.1
Trawling	26.5	27.8	29.0	24.8	23.5	21.3	20.3	-9.4	-4.7
Miscellaneous	7.7	5.1	6.9	8.1	7.0	7.2	7.7	2.9	6.9
Total	**96.7**	**94.8**	**110.3**	**108.7**	**110.9**	**105.1**	**100.3**	**-5.2**	**-4.6**

Source : General Department of Fishing and Aquaculture at the Ministry of Agriculture and Hydraulic Resources

Consequently, exports of seafood were down by 6.5% (to 20,000 tonnes) in terms of quantity, but rose by 2.1% in terms of value (to some 238 MTD).