

Foreign Exchange Situation (cont'd)

Imports, while not subject to actual quantitative restrictions, are hindered by bureaucratic controls and other measures. These include mandatory advance deposits introduced and maintained in an effort to reduce the high level of imports, particularly those of luxury and non-essential products. Basic foods and agricultural inputs are not yet being subjected to such restrictions. Greece is a recipient of EEC economic and U.S./W. German military assistance.

3. Fertilizer Situation

Preliminary estimates by the Ministry of Agriculture and SYNEL SA (a state controlled company which exclusively handles the management and distribution of fertilizers) indicate that Greek chemical fertilizer production in 1984 and 1985 totalled 2.07 million tonnes and 2.09 million tonnes (preliminary estimate) respectively. Production of phosphate fertilizer increased by 42.3 per cent from 390,009 tonnes in 1983 to 554,912 tonnes in 1984 reflecting completion of the company's modernization and expansion program. Total domestic consumption of fertilizers during 1984/85 was estimated at 2.2 million tonnes, of which 91.4 per cent was produced locally. A total of 140,000 tonnes of ammonium sulphate (21-0-0) was imported from Poland, USSR and Romania.

4. Import Mechanism

Since Greece's accession to the EEC in January 1981, all grain imports and exports have been handled by the state sector cooperative distribution agency (KYDEP). To conform with the EEC policy of free trade in grains, the Greek Government now permits the private sector to participate in this trade on a restricted basis. Total Greek imports of soft milling wheat in 1985/86 are currently estimated at 450,000 tonnes, all from France. Of this total, about 67% was re-exported as flour after having been blended with Greek wheat. The remainder was milled and consumed locally. Greece is actually self-sufficient in soft wheat and acreage is slowly being switched over.

5. Grain Industry Infrastructure

Grain handling, pooling, storing, imports and exports, previously a KYDEP monopoly, have now been liberalized to some extent, permitting the farmer to sell to YDAGEP (the EEC Intervention Agency), KYDEP or private traders (millers and exporters). Intervention prices set by the EEC are lower than those paid by KYDEP which in turn are below those received by farmers from the private trade.

6. Government Policies Affecting Grain and Agriculture

Greece's grain and agricultural policies are gradually being aligned to the EEC/CAP. Greece is self-sufficient in wheat and almost in corn and barley. EEC financial incentives are boosting durum wheat production at the expense of soft wheat. To compensate for the EEC co-responsibility tariff to be levied on Community wheat producers, following a decision of the Council of Agriculture Ministers in June this year, Greece's small wheat growers will receive 8 million ECUs (approx. 1 billion drachmas) during 1986/87. Greece produces 2.9% of the total Community wheat crop. Utilization of corn in the livestock industry is being replaced by cheaper feed grain supplements, thus freeing high quality corn for export to Western Europe. French corn of inferior quality is replacing this