

3. Fertilizer Situation

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	(1984 in '000 tonnes)
Urea	1,290	126	335	Government domestic price controls encourage exports. Phosphate imports are for incorporation in compound products. Main sources of potassium chloride are East Germany, Israel, France, Spain, USSR
Amm. Nitrate	919	70	195	
Amm. Sulphate	1,034	17	321	
Phosphate	1,159	118	-	
Pot. Sulphide	N/A	57	127	
Pot. Chloride	N/A	613	3	
Cmpd/Complx	2,497	719	531	

4. Import Mechanism

Private traders, with occasional transfers of intervention stocks from other EC countries to AIMA (Italian Intervention Agency). A.I.M.A. has occasionally in past purchased supplies of durum on the world market for subsequent auction to local industry. Italy follows EC regulations regarding levies, restitutions, etc.

5. Grain Industry Infrastructure

Continued concentration of grain and oilseed imports from third countries in the hands of a few large trading companies with multi-national operations (Italgrani, Continental, Casillograni, Ferruzzi) and owning port silo facilities. No new infrastructure of note. Continued closure of many smaller mills, pasta plants, and substantial new investment in equipment and plants by remaining industries (high temperature pasta driers). ITALMOPA reports 1,178 milling companies active in 1985, with total of 1,226 mills. Bread wheat milling capacity listed at 11,942,910 tonnes/year, durum at 5,496,000, for total capacity of 17,438,910 tonnes/year (includes switchover capacity).

6. Government Policies Affecting Grain and Agriculture

High EC price supports encourages increased production of durum. Corn production is stable, barley on increase and bread wheat is increasingly down due to cheap French supplies. In general, EC is becoming increasingly self-sufficient, with little need for third country grains except for top quality wheat blending requirements. Semolina and pasta exports aided by high export restitutions. Exports of semolina to Algeria linked to Italy's purchase of Algerian natural gas. AIMA currently holding large stocks of durum, and in the past year has held a series of export auctions, with most of the product being sold to the Soviet Union. No appreciable change in meat consumption/production.

High EC support prices for grains in general have wiped out our historical market here for barley, and currently restricts our wheat sales to minimum blending requirements. USA has also lost much of its traditional corn market here, but this can also be attributed to the high U.S. dollar.

In regards to countertrade/barter policy, few such arrangements are in effect. Algerian purchases of semolina are indirectly linked with Italian purchase of Algerian gas.