

2. Foreign Exchange Situation

Since being unpegged from the U.S. dollar in August 1983, the Greek drachma has depreciated by over 30% against the U.S. and Canadian dollars, and by smaller percentages against other currencies. While this move has assisted tourism and exports somewhat, it has increased the cost of imports in terms of drachmas, and kept the annual inflation rate up to 18%. The drachma is still weak against the dollar and other major currencies and a further adjustment of exchange rates should not be ruled out during 1984.

While not imposing actual quantitative import restrictions, which would be at variance with GATT and EC regulations, the government, through the introduction of strict profit margins and other bureaucratic measures, is endeavouring to cut down the high level of imports of what it considers luxury and non-essential products, in an endeavour to improve the large imbalance in the country's foreign trade, current account and balance of payments. Foreign currency reserves showed a further drop from US\$1,042 million on December 31, 1983 to US\$954 million on March 31, 1984. However, it is unlikely that restrictions will be introduced on the import of essential foods and other agricultural products, which cannot be provided or substituted by domestic production, including for the time being certain quantities of corn and seed potatoes. The Ministry of Agriculture hopes to be self-sufficient in these two latter items within the next five years.

Greece receives EC economic and US military aid.

3. Fertilizer Situation

Preliminary estimates of the Ministry of Agriculture and the Agricultural Bank (February 1984) indicate Greek chemical fertilizer production at 1,725,000 tonnes in 1983 compared to 1,615,000 tonnes in 1982. Increased production is planned at the Phosphate Fertilizer Industry S.A. plant through the installation of a 400 tonne/day capacity ammonia unit and a 700 tonne/day capacity sulphuric acid unit to replace the existing out-dated 350 tonne/day capacity unit, which uses indigenous pyrites as raw material.

According to the following Agricultural Bank of Greece figures 150,000 tonnes of fertilizers were imported in 1983:

Ammonium Sulphate (21-0-0) - 110,000 tonnes from Italy, Poland and USSR.
Urea (46-0-0) - 18,000 tonnes from Romania.
Potassium Sulphate (0-0-50/52) - 15,000 tonnes from France and Germany.
Potassium Nitrate (13-0-46) - 7,000 tonnes from Israel.

The total consumption of fertilizers in CY1983/84 to cover the needs of Greek agriculture has been estimated at 2 million tonnes, including stock carryover. At the beginning of CY 1984/85 total fertilizer stocks were estimated at 354,000 tonnes, based on preliminary information supplied by the Agricultural Bank. In September 1983, the Ministry of Agriculture had estimated the total needs of fertilizer input for 1984 at 2,070,300 tonnes - 1,915,000 tonnes domestic production and 155,500 tonnes imports.