

5. Grain Industry Infrastructure (cont'd)

Flour milling capacity has not changed in recent years and no changes are anticipated. Domestic capacity exceeds current internal consumption, hence flour imports are not required.

6. Government Policies Affecting Grain and Agriculture

Producer prices for cereals are still substantially higher than EEC support prices and this will be continued. Nevertheless, production of cereals will still fall short of demand and hence imports will be required. Due to market factors (alternatives) there has been a shift from use of corn for feed to other materials (manioc and barley). Therefore, corn may not be able to regain its former position. As part of its EEC commitment Portugal must buy 15% of its cereal imports from EC countries. This will result in some change to import patterns.

Due to import liberalization resulting from EEC membership, Portugal and EPAC have stopped exclusive import arrangements from the U.S.A. As a consequence, although levels must be paid to EEC, EPAC has in the first half of 1986 purchased over Cdn\$20 million worth of wheat and barley from Canada. This represents a significant market breakthrough. Opportunity exists under EEC regulations for canola seed.

The question of barter or countertrade is only just beginning to be discussed and is not very clearly understood by officials or industry.

7. Market Prospects - Grains and Oilseeds

No official projections exist for future Portuguese import needs for grains.

Some potential appears to exist for Canadian canola, however, Portuguese awareness of the differentiation between it and rapeseed is minimal. A more aggressive promotional stance would assist in making canola known and educating oil crushers of the advantages to be offered. As a further step more detailed technical promotion could be undertaken in Portugal if circumstances warranted by way of a technical mission/seminar approach.

Canary seed remains the principal special crop export to Portugal. While beans are imported, Canadian prices have been consistently uncompetitive.

8. Processing Facilities

	Year 1985		thousands of tonnes	
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	80	83	3.2**	710
Compound Feed Mills	90	100	2.0**	2,578
Maltsters	1	1	50.0	42.2
Brewers*	2	6	4.67	3.8
Oilseed Crushers	N/A	40	1,500	1,180

* Capacity and output in million hectolitres

** hourly capacity.