

3. Fertilizer Situation

	<u>Production</u>	<u>Imports</u>	<u>Exports</u> (1982 in '000 tonnes)	
Urea	935	91	274	Government price controls and low production encourages exports.
Amm. Nitrate	779	60	114	
Amm. Sulphate	900	21	508	
Phosphate	1,070	114	-	Phosphate imports are for incorporation in compound products. Potassium Chloride is imported from E. Germany, Israel, USSR, France and Spain.
Pot. Sulph.	N/A	33	86	
Pot. Chlor.	N/A	563	-	
Cmpd/Complx	2,198	819	581	

4. Import Mechanism

Private traders, with occasional transfers of intervention stocks of bread wheat from other EC countries. AIMA (Intervention Agency) has in the past, occasionally held tenders to purchase third country durum from local trading companies. Major change last year in EC import policy requires technical equivalence for re-exports of product imported temporarily for outward processing. This has raised the price of flour and semolina re-exports, and consequently reduced temporary imports of North American bread wheat and durum.

5. Grain Industry Infrastructure

There is an increasing concentration of grain and oilseed imports in the hands of a few large trader/importer companies with multi-national operations (Italgrani, Continental, Casillograni, Ferruzzi) and port silo facilities. Little new infrastructure has been created, although mills have increased their own storage capacity. The last few years has seen closure of many smaller mills and pasta plants, and there has been substantial investment in new machinery and plants (high temperature pasta dryers).

6. Government Policies Affecting Grain and Agriculture

Grain Production: High EC support encourages increased durum production.

Grain Imports and/or Exports: Changed EC regulations on outward processing has reduced demand for North American bread wheat and durum.

Grain Consumption Patterns: High feedgrain prices encouraging use of wheat for feed, and also encouraging a switch to locally produced grain substitute materials; bread and pasta consumption is in slight decline.

Grain Reserves: AIMA holds large stocks of local durum which should increase considerably due to record crop.

Meat Consumption: Rising slightly.

Implications for Canadian grains: High EC support prices for barley have led to overproduction in the Community; this availability combined with rapid rise of the dollar has made it uneconomical to import Canadian barley, and consequently there has been a sharp drop in Canadian sales. Although the EC outward processing regulations dampen demand for North American bread wheat, traditional quantities of CWRS Utility and CWAD will continue to be required for domestic blending.