

## 2. Foreign Exchange Situation (cont'd)

reduced prices for agricultural commodity imports. Food imports (representing some 60% of total agricultural requirements) remain critical to Portugal to meet overall food and feed requirements and as such, access to necessary foreign exchange is always available for essential needs. Portugal is not a recipient of food aid nor is it likely to become one.

## 3. Fertilizer Situation

Because of an increase in price in 1985, fertilizer consumption declined by about 16% to an estimated 795,000 tonnes. Production increased by 8% to over one million tonnes. Exports increased by 164% to 215,000 tonnes while imports declined by 31% to 68,500 tonnes. Some 60% of fertilizer consumed is used on grain crops (30% on wheat and the remaining 30% on all other grains including rice).

## 4. Import Mechanism

With EEC membership, Portugal has had to liberalize cereal imports in 1986. A minimum of 20% of cereal import requirements (1985 base) must be imported by the private sector and not via the former state import monopoly EPAC. Tonnages specified for private import in 1986 are 471,000 tonnes of cereals and 24,000 tonnes of rice. In 1987 the share will increase to 40%, in 1988 to 60%, etc. It was initially believed that EPAC would be able to compete for this private share, however in a recent opening of a tender for the private import of 70,000 tonnes of corn the Portuguese Ministry of Agriculture excluded EPAC from participation. It is clear that EPAC will remain a major player but it is also apparent that the role of private importers will grow as they gain direct experience in the market. Tenders for cereal requirements are issued on a regular basis (usually several times/week) for boat load quantities. EC variable levels apply to imports from third countries.

## 5. Grain Industry Infrastructure

Notwithstanding our comments in last year's report, the new Portuguese grain terminal at Tragaria is not yet operational. The target opening is Aug/Sep 1986. It will be able to unload 27,000 tonnes/day (into 200,000 tonnes storage capacity) directly from vessels and will operate in conjunction with EPAC's other Lisbon facility at Beato which can unload 2,000 tonnes/day (120,000 tonnes storage capacity). Under present circumstances due to limited draught at Beato, 40% to 50% of each vessel load is transferred by barge to 5 privately owned plant terminals outside of Lisbon on the coast (4 flour mills, 1 feed mill). The remaining tonnage is transported directly to Beato for off-loading. Rail and road transport move the grain to some 114 private mills (38 flour and 76 compound feed) located in the south and centre of the country. In addition, slightly more than 1/3 of grain imports arrive at the EPAC facilities in the Port of Leixoes from where it is transported to 48 mills in the north of the country (22 flour and 26 compound feed).

Efforts are being made to market the facility at Trafaria as a trans-shipment point to African and mid-East destinations to fully utilize its capacities.

An additional 60,000 tonnes of storage capacity was built at Beato.