3. Fertilizer Situation

Plentiful supplies of fertilizers are available to the UK agricultural industry. Total fertilizer consumption figures for 1982/83 are given below in thousand metric tonnes.

Nitrogen	1,500
Phosphates	400
Potassium	500
Total	2,400

Between 1950 and 1983 consumption of fertilizer increased at an average annual rate of 3%. The increase in nitrogen consumption over the same period averaged 6% per year.

4. Import Mechanism

Private importers purchase grain from the international trade under EEC Common Agricultural Policy Import regulations.

5. Grain Industry Infrastructure

Three major milling organizations and two major grain trade firms purchase non-EEC wheat directly for virtually all of the U.K. and most of Ireland. The three milling Groups, Mardorf Peach/Associated British Foods, Rank Hovis McDougall, and Spillers Milling account for about seventy-five percent of non-EEC origin imported wheat which corresponds roughly to their collective share of the U.K. flour market. The balance of the flour market is supplied by smaller independent mills who purchase non-EEC wheat from two major trade houses namely Usbornes in the South-East of England and Milford Grain in the North-West. Alexanders, a small trading firm associated with Halls of Ireland, also purchase third country wheat for Irish mills. This market configuration appears to be stable.

6. Government Policies Affecting Grain and Agriculture

The current CAP favors the production of cereals and oilseeds in the Community and in the UK. It is likely that measures designed to limit cereal production in future will be introduced before too long. At present, however, the likely scenario is that grain production will continue to increase over the next few years. As a result, the EEC and UK cereal exports are likely to increase although this year's wheat will be subject to voluntary restraint as last year. This means that continued high levels of wheat feeding will likely take place this year particularly in the UK, replacing in part feed barley, more of which will then be available for export.

Imports of Canadian wheat have declined in recent years and are expected to continue to decline as a direct result of CAP. The high levy charged on third country wheat imported into the Community to ensure preference for Community wheat makes Canadian wheat, levy-paid, in the Community so costly relative to Community supplies that the substitution of gluten extracted from EEC wheat for Canadian wheat is now economically attractive. A levy charged on imported barley has virtually eliminated third country barley from the UK market.