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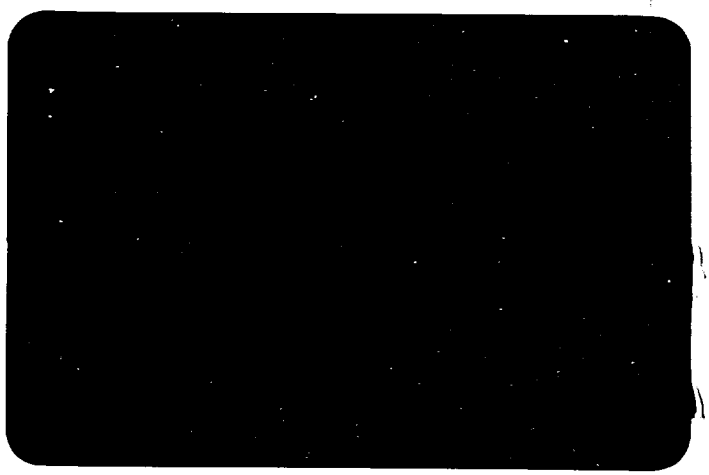

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External Affairs and International Trade Canada

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REPORT OF THE

CANADIAN PROCESSED ALFALFA

MISSION TO FRANCE,

PORTUGAL AND SPAIN

MARCH 14-30, 1990

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ACKNOWLEDGEMENT

The efforts and support of Canadian Embassy Officials in France, Portugal and Spain, Agro Canada and their agents in these countries, WestCan Alfalfa and Tirol Marketing were greatly appreciated and their contribution highly enhanced the undertaking of this project.

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MISSION BACKGROUND

The Canadian Dehy Industry has reached a mature state in Canada. An abundance of land for grazing, bailed hay, silage conventional feed ingredients, improving feed conversions of animals and increasing amounts of on-farm milling activity are making it difficult for the industry as a whole to increase sales in the domestic market.

With little opportunity for expansion in Canada and with the competition among companies becoming extremely fierce in the Pacific Rim, the only export market which Canadian industry depends on, there has been increasing interest in looking at new export market opportunities. The volume and dollar value of processed alfalfa exported from Canada has gradually increased over the last five years. However, much of this market increase has occurred in Japan and Korea which have now become saturated with little room for expansion. There have been few sales made to Spain and Portugal as well where the livestock population especially dairy cows have expanded quite significantly. In 1989 Canadian exports of processed alfalfa were valued at $75 million, 85% of which went to Japan and Korea. Most of this consisted of Alfalfa pellets both suncured and dehy. Canada has, to date, generated considerable sales to Portugal and indirectly through a broker from another country, to Spain. A number of inquiries have been received from France as well as Italy.

It was felt that some market assessment work is needed to evaluate the market opportunities and to obtain first-hand information on the livestock industry and processed alfalfa industry in Spain and France and their competitiveness to the Canadian industry.

MISSION ORGANIZATION AND OBJECTIVES

For the aforementioned reasons it was decided to organize an outgoing processed alfalfa Mission to France, Spain and Portugal in March 1990. The mission would provide an opportunity for a group of Canadian industry personnel, with federal government assistance, to assess first hand the market potential for Canadian processed alfalfa in these countries and to determine the capabilities and competitiveness of Canadian industry to supply top quality products To these regions. Emphasis would also be placed on gathering information on these countries on potential market demands, production capacities and local products, quality and prices. By obtaining information on each country's

requirement, and establishing contacts within the feed and livestock industries within these countries the basis would be laid for interested Canadian firms to continue meaningful marketing follow ups.

Mission membership and activities were planned to meet these objectives. Discussions took place with the Canadian dehy industry, federal and provincial officials familiar with processed alfalfa situations in various countries in Europe and with Canadian Trade Commissioners in the three visited countries on how best to stage this event. As much information as possible on production, utilization and trade, livestock population, feed manufacturing and feeding practices was obtained with the assistance of the Trade Commissioner services in these countries.

Strategy

It was decided that the mission should, in part, consist of one-day technical seminars of oral presentations with slides and overheads. Product samples were to be available for distribution to seminar participants. The subjects to be covered included production and characteristics of processed alfalfa in Canada for both suncured and dehydrated pellets and cubes, an illustration of processing plants and methods, quality and nutritional value of Canadian alfalfa products, feeding practices in both direct feeding and compound feed, the handling and shipping to export markets to minimize deterioration of product and cost of shipping. The competitiveness of Canada's dehy industry was considered to be a major point to be demonstrated during the seminar.

All presentations were prepared by mission members and translated during presentation by members and by a Spanish interpreter in the case of Spain. Products samples and literature were made available to attendees. In addition to the one-day seminar in each country, the individual appointments for mission members with both government and private sector were organized by the Canadian Embassy and Agro Canada agents to facilitate first-hand assessment of market potential and to seek out new potential buyers and users of Canadian Alfalfa products.

Attempts were made to select mission members whose firms were experienced in export markets as well as companies who were seeking access to these markets. Further, it was important to ensure within logistic limitations that the widest possible range of Canadian expertise, capabilities, and products were represented.

MISSION COMPOSITION

The mission was composed of the following members:

1. Sam Elkady (Mission Leader)
   Trade Commissioner
   Agri-Food Division
   External Affairs and International Trade Canada

2. Erik de Franciosi
   Agro Company of Canada Limited
   Montreal, Quebec

3. Ike Schroeder
   Tirol International Marketing
   Tilley, Alberta

4. Cecile Werner
   WestCan Alfalfa Inc.
   Regina, Saskatchewan

Company profiles of mission members are included at the end of this report.

MISSION RESULTS

Executive Summary

The mission did largely succeed in achieving its objectives. Three processed alfalfa industry representatives and an officer of the Department of External Affairs and International Trade visited the Western part of France, Portugal and Spain during March 14 - 30, 1990. The seminars were held in Rennes, Lisbon and Barcelona. These events were very well received and were attended primarily by livestock industry representatives, feed manufacturing experts and salesmen, government officials and scientists. The seminars also provided mission members with the opportunity to meet individuals and make additional private appointments.

The mission also toured numerous feed plants, dehy plants, dairy farms and dairy processing plants, the Chamber of Commerce, various port and storage facilities, agricultural research stations, feed and dehy industry associations and various government organizations.

Mission members were well received during their private appointments and firms demonstrated a willingness to show their facilities and discuss current problems and future plans. The mission members in turn were able to acquaint them with Canadian capabilities and many of them showed interest in further exploring the possibilities of doing business. As a result, a number of sales were made in Portugal for both pellets and cubes, and other trade opportunities are being followed up with all countries visited.

In conclusion, the mission not only acquired substantial information on livestock feed and processed alfalfa production in these countries, determining the potential of long-fibre products thus fully meeting its primary objective but it also created a high degree of interest in Canadian products among European livestock feed manufacturers, users, and importers. In addition, sales of approximately $2 million of both alfalfa cubes and pellets were generated, which were delivered to buyers within a few weeks of the conclusion of this mission, thereby significantly exceeding its expectations and objectives.

The following sections of Canadian Dehy Industry profile, EEC and individual country reports will outline the Canadian position and the results and findings of this mission in detail. It will also discuss the different aspects to logistical, economic, technical and commercial issues which have been observed by the members.

CANADIAN PROCESSED ALFALFA INDUSTRY PROFILE

Background

The Canadian alfalfa forage processing industry evolved in the late 1960's and early 1970's as a result of a need to diversify crop production in Western Canada during a period of surpluses of low priced grain and due to export opportunities for alfalfa pellets in Japan. The industry has grown over the past two decades, and today, processed alfalfa production exceeds 600,000 MT annually in the ratio of 2:1 as pellets and cubes. Sales are valued at close to $85 million annually, consisting of an excess of $75 million as value-added exported products.

Canada's processed forage industry produces pellets, cubes, mini-cubes, compressed bales and chopped alfalfa that is either dehydrated or sun-cured and packaged in bags. Pellets are a high quality, finely ground dehydrated or sun-dried product used as a source protein (including bypass protein), carotene, energy, fibre, vitamins and minerals in prepared livestock feeds. Dehy pellets are also used in direct feeding, largely for dairy cattle, and their use in direct feeding is increasing. The remaining products are either coarsely ground, chopped or in the long form, and are used largely as a source of long fibre in direct feeding to dairy cattle. Long fibre alfalfa products are also becoming recognized as a source of nutrients other than long fibre. Cubes, a source of long fibre, are more dense than long hay and dehydrated chops, and are therefore, more economical to transport to overseas markets.

The growing of alfalfa for processing has been attractive because it reduces weather risks, helps control weeds, improves the condition of the land on which alfalfa is grown, and thus is consistent with the soil conservation objective of soil management. It is estimated that 300,000 acres of alfalfa were harvested in 1988 for processing into alfalfa products. This represents approximately 7% of the total alfalfa acreage in Western Canada. Processed alfalfa is considered to be one of the highest value-added products which are manufactured from agricultural raw material in Western Canada.

Based on 1988 estimates, the industry employed some 500 full-time equivalent jobs (300 full-time workers and another 900 as seasonal employees) at an annual payroll of $12.3 million. Most workers are employed in rural areas and smaller communities, generating spin-off through additional economic activity within these communities.

CANADIAN PROCESSED ALFALFA SECTOR PROFILE

Sector Structure

Manufacturing plants are generally shareholder companies owned largely by farmers who also supply forage to their manufacturing plant for processing. In 1988, there were 32 known pelleting and cubing operations in Canada. Very recently, there have been a number of new small-scale cubing operations established in Alberta, and a number of compressed hay operations; largely in Alberta, parts of Eastern Canada and the Maritimes.

Products are marketed for export largely by four major processor-owned marketing groups. This is a major change from the early 1970's when processors marketed their product largely on an individual basis. There is a tendency for new plants to do their own marketing; although the additional risk to establish contacts and credibility in the marketplace is forcing them to turn to agents or to establish industry-owned marketing groups. Domestic marketing is less organized than the export market, although each marketing group maintains some presence in the domestic market. Individual processors also conduct their own domestic marketing program.

Supply Capabilities

The total processing capacity is currently estimated at over 800,000 MT annually, split approximately equally between pellets and cubes; with minor volumes of other products such as mini-cubes and other specialized products. The capacity to package compressed long hay is thought to be in the range of 20-40,000 MT. For 1990, production capacity for pellets is expected to increase somewhat as existing operations expansion plans materialize.

As mentioned earlier, production levels are currently at slightly over 600,000 MT annually for pellets and cubes. Additional capacity is currently in place to supply another 200,000 MT of product to markets, largely as cubes. The scheduled 1990 increase in dehydrating and pelleting capacity will place us in a position to supply an additional 25-35,000 MT; with an increased capacity expected to take place as market demand develops.

Recent studies and industry experience have shown that large processing operations are more efficient and hence more likely to survive and prosper in the long-term. We will, therefore, most likely see a general increase in the size of operations in the future. Individual plant decisions to increase

production capacity can be implemented in a relatively short period of time if warranted by market prospects. It is estimated that expansionary measures within existing plants could give us a total production capacity of 1 - 1.2 million MT annually, roughly at a 6:4 ratio of pellets and cubes, within a five-year span.

Canadian Dehydrators Association

The Canadian Dehydrators Association (CDA) was established in 1984 due to a perceived need to have a collective voice address a number of important issues facing the industry at that time, particularly the inclusion of alfalfa products under WGTA. Its office was temporarily established at Tisdale, Saskatchewan primarily due to convenience, since a provincial industry office was already in existence. However, it has been recently relocated in Edmonton, Alberta under new management and support staff. Currently, there are 25 members representing approximately 90 percent of the industry's total production of pellets and cubes.

Industrial Development Constraints

The pellet and cube industry has resolved most of its production related problems and is able to deal with those concerns as they arise. This segment of the industry is generally stable, and looks toward continued growth and expansion into existing and new markets by providing a consistent supply of high quality product.

Processors still need to gain a better understanding about the quality requirements in the marketplace, particularly in regards to the importance of a durable product that is minimal in fines. The consistency and green colour in suncured products (cubes and suncured pellets) continues to be somewhat of a problem, particularly when viewed in comparison with U.S. products where more favourable harvest conditions exist for the manufacture of suncured products.

A lack of demand for sun-cured alfalfa pellets (a by-product in the dehy pelleting industry) has been a problem in earlier years. This is currently partially resolved by the current short-term demand for the cheaper pelleted product by Korea. As Korean economic conditions improve, thereby allowing them to purchase higher quality alfalfa products, greater emphasis will be required to divert sun-dried forage into other types of products such as cubes, mini-cubes, etc.

A major concern to the industry at present is the potential change to the method of payment or potential elimination of the WGTA benefit to the industry. The impact of such changes could have a potentially disastrous effect on the industry's profitability and competitiveness, depending on how the change will be implemented.

Bulk handling and shipping of pellets, and more recently cubes, has allowed for efficient and competitively priced shipping of Canadian alfalfa products to Pacific Rim export markets. Unfortunately with cubes, this new method of shipping has resulted in more breakage and creation of fines in comparison to more costly containerized shipment. Changes to bulk port handling facilities may be necessary to resolve the breakage problem associated with handling cubes by bulk. This issue is currently being addressed by the industry in conjunction with Neptune Bulk Terminals at Vancouver. Further, the CDA is working with industry to monitor product durability, and many plants are now using screening as a means of removing product fines.

Although container availability is less of a problem due to bulk shipment of cubes to Japan, there is a continued need to address the limited supply of containers for small volume shipments of cubes and other long fibre products which can be shipped only by container. The recent study commissioned by Agriculture Canada to Harvest Foods Ltd. of Saskatoon will address the container situation.

The growth of the hay marketing industry has been hindered by a lack of processor knowledge about hay quality requirements, the absence of fumigation protocol for exporting hay to Japan, the uncertainty of WGTA, the question of Canada's competitive ability with other producing countries and the question of sustainability of the export market at today's prices.

The high tariff imposed on alfalfa imports by Korea has restricted the growth in that market. The lack of a satisfactory thermal protocol for the export of dehydrated alfalfa chops to Japan has hindered the development of dehy chops processing within Western Canada.

Competitiveness

Since the industry is largely an export orientated industry, the competition comes largely from foreign countries who produce forage products for export. They include primarily the U.S. (West Central and Pacific Northwest regions), a major competitor to Canadian alfalfa cubes and almost the sole supplier of long hay products to Japan.

Australia is also considered to be a potential competitor. Their dehy pellet industry has not been active for a number of years due to Canada's ability to capture the pellet market in Japan. However, there is renewed interest in producing long fibre suncured pellets, cubes and compressed forages for the long fibre markets.

Other countries which may become competitors in the future include certain South American countries (Argentina and Chile) and Russia, the world's largest forage producer, who could also enter the market.

Pellets, in addition to being a source of fibre in compound feed formulation, are also recognized for their contribution as a source of protein, bypass protein, energy and other nutrients. They must, therefore, compete with other feed commodities such as soybean meal, corn and corn by products, wheat bran, beet pulp, etc. which are available from a host of countries.

VALUE OF CANADIAN PROCESSED ALFALFA

Crop Year	Shipments ($ millions)	Exports ($ millions)
1973-74	8.5	6.0
1982-83	45.6	36.6
1983-84	64.5	52.5
1984-85	66.6	47.6
1985-86	57.9	46.9
1986-87	66.9	56.9
1987-88[1]	62.3	44.6
1988-89[1]	87.0	77.0

Source: Industry, Science and Technology Canada
1. Canadian Dehy Association estimates

CANADIAN ALFALFA PELLET AND CUBE PRODUCTION BY CROP YEAR*

Pellets	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
	tonnes							
Alberta	86,000	85,000	144,000	166,000	88,000	161,000	184,000	274,000
Saskatchewan	120,000	103,000	137,000	160,000	193,000	139,000	162,000	117,000
Manitoba & B.C.	23,000	16,000	19,000	25,000	18,000	23,000	30,000	22,000
Eastern Canada	35,000	38,000	35,000	30,000	26,000	24,000	22,000	22,000
TOTAL PELLETS	264,000	242,000	335,000	381,000	325,000	347,000	398,000	435,000
Cubes	43,000	47,000	57,000	65,000	85,000	106,000	121,000	169,000
TOTAL PROCESSED ALFALFA	307,000	289,000	392,000	446,000	410,000	453,000	519,000	604,000

* Crop year June 1 to May 31

SOURCE: Alberta Agriculture

TABLE 3

CANADIAN PROCESSED ALFALFA EXPORTS BY CROP YEAR*

Pellets	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
	tonnes								
Japan	148,188	137,270	208,668	280,426	276,497	302,104	312,735	273,679	304,638
E.E.C.	1,942	14,163	36	6,893	47	-	33,609	25,965	15,748
U.S.A.	2,145	5,393	6,425	5,061	4,092	12,466	16,685	15,285	43,350
Taiwan	9,506	1,386	24	2,817	6,173	8,224	4,387	15,598	18,123
Hong Kong	1,466	945	509	88	280	-	113	53	67
Other Countries	155	69	26	271	199	161	41	3,370	10,010
TOTAL	163,402	159,226	215,688	295,556	287,288	322,955	367,570	333,950	391,936
Ave. Export Value ($/tonne)	$165.60	$141.60	$169.70	$177.75	$165.85	$145.40	$159.30	$131.53	$161.98

* Crop year June 1 to May 31. Since January 1988, data excludes alfalfa cubes.

SOURCE: Statistics Canada, External Trade Division

TABLE 2

CANADIAN PROCESSED ALFALFA PRODUCTION ESTIMATES

CROP YEAR	DEHY	SUN-CURED	CUBES	TOTAL
	'000 tonnes			
1978	260	58	28	346
1979	264	59	38	361
1980	237	36	27	300
1981	220	44	43	307
1982	212	30	47	289
1983	252	83	57	392
1984	300	81	65	446
1985	264	61	85	410
1986	292	55	106	453
1987	346	52	121	519
1988	316	119	169	604

SOURCE: Alberta Agriculture

TABLE 4

NORTH AMERICAN ALFALFA PELLET PRODUCTION

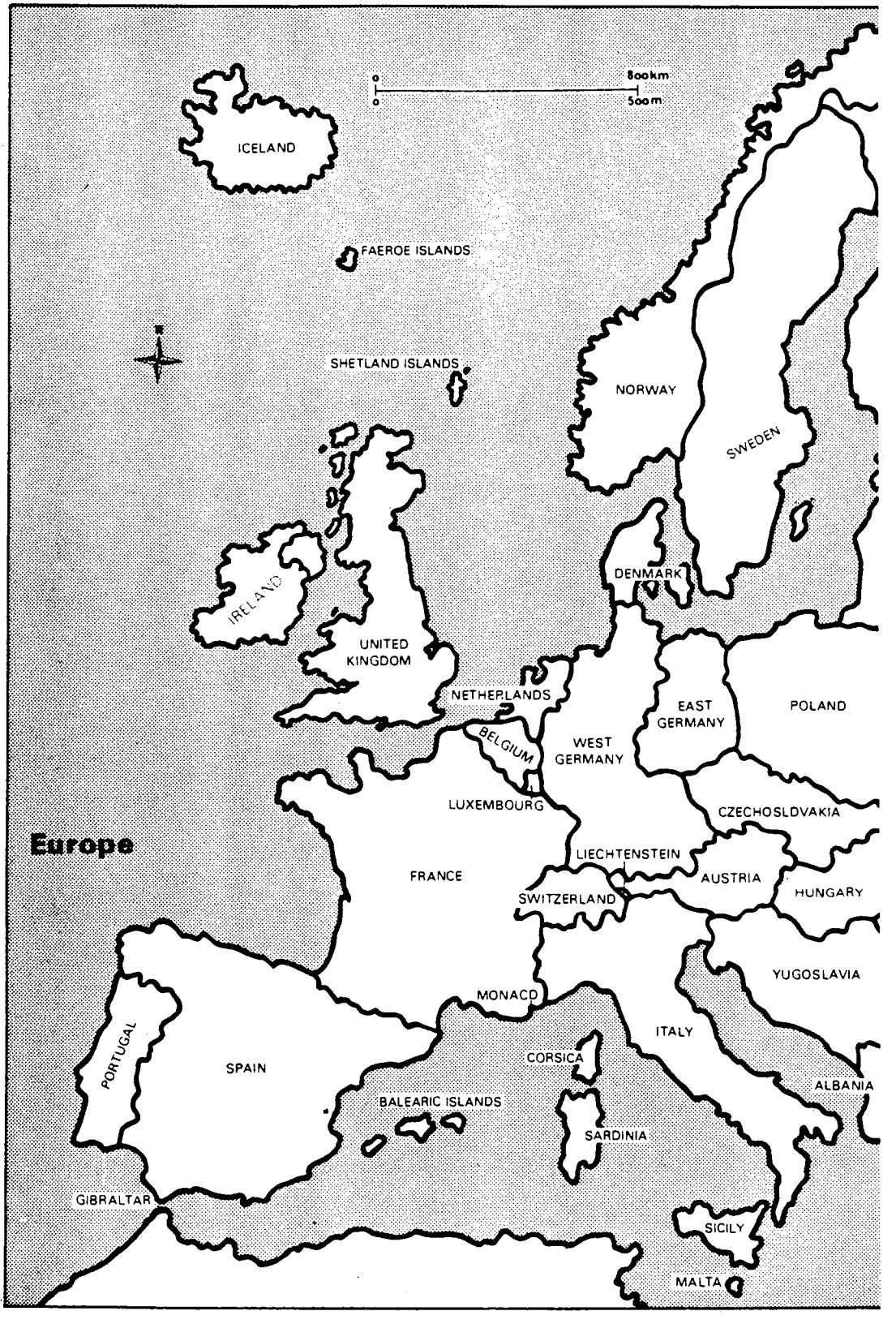
	U.S.[1]	Canada[2]	Total
	'000 tonnes		
1981-82	1,172.7	264.0	1,436.7
1982-83	1,099.0	242.0	1,341.0
1983-84	1,083.6	335.0	1,418.6
1984-85	1,017.5	381.0	1,398.5
1985-86	776.1	325.0	1,101.1
1986-87	742.2	347.0	1,089.2
1987-88	608.1	398.0	1,006.1
1988-89*	530.0	460.0	990.0

* Forecast

1 - May 1 to April 30
2 - June 1 - May 31

ECONOMIC EUROPEAN COMMUNITY (EEC)

EUROPE



The following section is to provide Canadian exporters with an outline of the political, social and economic structure of the European Community (EC) in order to increase the awareness of the functional authority of the EEC Commission in relation to its member countries.

THE EUROPEAN COMMUNITY

The Framework

The twelve member countries are Belgium, Denmark, France, West Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and the UK. Owing to its historical development, the Community is divided into three parts: The European Coal and Steel Community, the European Economic Community and Euratom. Since the merger of the three separate executive bodies on July 1, 1967, they have shared the same institutional framework.

The European Coal and Steel Community (ECSC) was set up under the Treaty of Paris of 1952 to pool the six nations' coal, steel and iron resources.

The European Economic Community (EEC) was set up by the Treaty of Rome in March 1957. Its main purpose was to achieve a common market in goods and services, but this was always seen as having political as well as economic consequences.

The European Atomic Energy Community, often referred to as Euratom, was set up at the same time under the Treaty of Rome to help provide the Community with an atomic industry to develop the peaceful uses of nuclear energy.

The Single European Act was agreed in December 1985, signed in February 1986 and came into effect in July 1987. It amends the treaties, increasing the role of qualified majority voting and the European Parliament including sections on the environment, research and social affairs.

The UK, Ireland and Denmark became members on January 1, 1973. **Greece** signed the treaty of accession on May 28, 1979, and became the tenth member on January 1, 1981. **Portugal and Spain** applied for membership in 1977, but negotiations were not completed until March 1985. The two countries signed their treaties of accession on June 12, 1985, and became members on January 1, 1986. Turkey applied for membership in April 1987 and Austria in July 1989.

There are Special Relations Agreements for industrial free trade with six members namely Austria, Finland, Iceland, Norway, Sweden and Switzerland.

The institutional framework of the EC consists basically of the Commission, the Council of Ministers, the European Parliament and the Court of Justice; there are a number of other specialist Community institutions.

The Commission has 17 members, two each from France, Italy, Spain, West Germany and the UK, and one from each of the other countries. They are supposed to be independent of their national governments. The Commission initiates Community action and has certain executive powers within the framework of agreed Community policy.

The Council of Ministers directly represents the members' governments. Which ministers of the national governments sit on the Council depends on the subject under discussion but the foreign ministers have a paramount position. The Council makes the final policy decision on the proposals presented by the Commission. Each member state is represented by one minister, but voting rights are as follows: West Germany ten, France ten, Italy ten, the UK ten, Spain eight, Belgium five, the Netherlands five, Portugal five, Greece five, Denmark three, Ireland three and Luxembourg two.

A qualified majority requires 54 votes out of 76. The Single European Act extended majority voting to encompass most aspects of the Commission's programme to complete the internal market by 1992, the main exception being taxation.

The European Parliament was directly elected for the first time between June 7 and 10, 1979. There are 518 members. It has no powers to initiate legislation, but under the new cooperation procedure of the Single European Act, it can amend various categories of legislation, especially those

associated with the completion of the single market by 1992; if supported by the Commission its amendments can only be overturned by unanimous vote in the Council.

The Court of Justice consists of 13 judges, one from each member country and one other, who decide whether Acts of the Commission, the Council, member governments and other bodies are compatible with the treaties.

The European Investment Bank is controlled by a **Board of Governors** (the finance ministers of member countries) and a **Board of Directors.** Its tasks are to finance development in the EC's less prosperous regions and schemes, such as transport, of Community-wide interest. It also gives loans to associate states, signatories of the Lomé Convention and other countries.

The development of the European Community, including the programme to break down all barriers to a single market for goods, services, capital and people by 1992, is in progress.

EEC AND VISITED COUNTRIES - LIVESTOCK POPULATION - 1988

1000 Head

	Horses	Cattle	Pigs	Sheep/Goats
Total (Europe)	2 340	124 780	190 412	154 550
France	292	21 100	12 577	11 510
Spain	250	4 980	16 941	20 794
Portugal	29	1 387	2 800	5 965

EEC PRODUCTION OF DRIED FORAGE ALFALFA AND GRASS

Production of dried forages has been steadily rising over the past few years, although more rapidly in Italy and Spain than the rest of the EC countries. Some of the increased output in the northern member states, especially the Netherlands and Denmark, is due to the success of the Commission's own policies which have reduced milk production and made some cereal and oilseed crops less profitable. In other EC countries where government legislation requiring a 70% green coverage of land to prevent pollution of water resources has helped to grow more forages.

Despite early fears of drought last year, 1989 production except in the UK and parts of Spain, proved to be one record year. Again, consumption has kept pace with increasing production and the industry has started the 1990/91 season with zero stocks.

1990-91 Forecast

Production prospects look equally promising for 1990 with grass and alfalfa already growing vigorously in the absence of any cold weather and promising an early start to the cutting season. In the main producing-country, France, efforts are being made to restrict this year's output to ensure that demand can keep pace with supply. The industry's fear is that if the 1989 increase is repeated the Commission will be forced to impose a standard maximum quantity on production.

Record Production of Dried Forage Expected this Year

European production of dehydrated alfalfa and grass will reach a record level approaching three million tonnes this year if the weather continue to provide alternating sunshine and rainfall. Production in Spain continues to mount but record output is also expected in the northern member states of the Community where, in some countries, where recent rains have ended fears of a drought-affected season. There some plants are having to turn down requests from farmers who are increasingly seeing alfalfa and grass as valuable alternative cash crops to cereals and rapeseed. The dramatic increase in production in the EC-10, estimated in 1989 at 2 321 000t has also been influenced, in most countries, by exceptionally favourable weather in the past two growing seasons. This has resulted in well-above average yields of green forage for the plants, especially in France and Italy.

Production is also being influenced by environmental actions taken by some national governments to keep farmland 'green', especially during the winter months, to prevent water sources being polluted by seepage of nitrates and phosphates. The Netherlands and Danish dehy industries are examples of the effect of these environmental pressures. Production in the Netherlands in May this year was 25% higher than in the same month in 1989 and already early forecasts of an output at 225+000 tonnes (dried product) are having to be revised upwards to more than last year's record of 245 000t - double the 1986 output.

There have been a similar recovery in Denmark where, from a peak of over 350 000t in the 1979s, output dropped back by nearly 200 000t over the next ten years but has now recovered to 294 000t and is expected to be at least 320 000t this year. There is a similar story to tell from Germany, where the industry is concentrated mostly among small-farmer cooperatives in Bavaria. There, production is climbing steadily as livestock farmers increasingly rely on the drying of their own grass in an area where cereal growing is becoming less profitable and where the climate limits the choice of alternative feed crops.

Germany and, to a lesser extent the Netherlands, are, however, exceptions in their high usage of own-produced product. In the EC-12, around 80% of dehy is sold as to feed compounders as a protein/zanthophyll-rich commodity. And, as the secretary-general of the European Dehydrators Federation told the annual assembly in Marbella, Spain, with no stock at the end of the 1989-90 marketing year the industry continues to match increasing production with increasing consumption.

The following table outlines the production of dried forage (alfalfa and grass) in the EEC for the period 1985-1990:

EC PRODUCTION OF DRIED FORAGE (ALFALFA AND GRASS) 1985-90

	1985	1986	1987	1988	1989	Exchange 89/90	1990 (forecast)
France	740 000	795 000	893 000	1 042 000	1 136 000	+ 9.00	1 136 000
Denmark	168 314	176 400	210 600	260 000	294 000	+13.10	320 000
Italy	155 000	179 282	205 000	244 000	347 000	+41.10	350 000
Netherlands	117 878	122 068	154 708	192 000	245 000	+27.60	245 000
W. Germany	110 145	124 531	152 237	179 750	223 000	+24.10	200 000
Spain		50 000	84 736	340 000	465 000	+36.80	505 000
UK/Ireland	59 729	60 383	67 113	69 000	70 000	+ 1.40	84 000
Belgium				5 948	6 000	+ .09	7 000
Total	1 331 066	1 507 664	1 767 394	2 334 678	2 766 000		2 847 000

EEC CONSUMPTION OF DEHY PRODUCT

Consumption in the last two years had undoubtedly been helped by the drought affecting parts of south-west France and some regions in Spain. However, prospects for a better forage crop this year will result in re-doubling marketing efforts in order to move production. Generally, low commodity prices, particularly of the main imported competing feeds e.g. soya meal corn glutton feed, and citrus pulp, made compounders reluctant to commit themselves which is driving continental dehy prices under the severest pressure for some years. This pressure is less severe in the U.K. where some dehydrators are reporting increased demand for home produced dehy. As a result of increasing farmers demand for more natural ingredients in feed mixtures. This trend, which started after the salmonella scare early in 1989, has been reinforced by a recent concern over the inclusion of

meat - and - bonemeal in feeds and their possible connection with bovine spongiform encephalopathy (BSE). Direct sales to farmers both of dehy as a straight feed and of feeds incorporating a higher percentage of the grain product, are also increasing, especially in the dairying regions. All this will no doubt increase consumption of dehy products in the community and other dehy consuming nations as well.

EEC PRODUCTION SUBSIDY FOR PROCESSED ALFALFA

The production of dehy and suncured alfalfa in the producing EC countries (France, Spain and Italy) is heavily dependent upon EEC subsidies. In the past subsidy paid for dehy alfalfa was much higher than that paid for sun-cured. For example, in 1987 EEC subsidies reportedly amounted to 50% of price paid to producers by processors and cooperatives. However, last year the Commission agreed to remove some of the differential to narrow the gap between the subsidy paid to dehy vs. sun-cure. To enable Spanish producers to receive the same level of aid as those in France and Italy. This is still 33 ECU per tonne below the aid for dehy. The higher rate of aid for sun-cured now on offer could eventually help to reverse the trend in the community but it will be at least another two years before there is any significant change. It is also important to note that subsidization in the EEC was limited to 2 million tonnes per year. However, to the best of our knowledge this limitation is no longer in effect.

Continuing large expansion in dehy production capacities in Italy and Spain could therefore, particularly in medium term, result in important decrease in dehy alfalfa price which would be upset by EEC subsidy. Imports of dehy alfalfa into EEC is exempt from duty under tariff heading 1214.10.00. The estimate for EEC production of processed alfalfa has reached 2.2 million tonnes in 1989.

The following tables are selections taken from Agra Europe issue of June 29, 1990 which will highlight valuable statistics regarding dehy products.

	Production			Import	Export	Consumption
	Dehydrated	Sun-dried	Total			
France	1 136 000	170 000	1 306 000	24 050	467 540	862 510
Spain	465 000	120 000	585 000	35 160	36 200	583 960
Italy	347 000	120 000	467 000	102 880	26 000	543 880
Denmark	294 000	.	294 000	1 600	166 860	128 740
Netherlands	245 000	.	245 000	103 640	38 520	310 120
West Germany	223 000	.	223 000	218 890	5 860	436 030
UK + Ireland	70 000	.	70 000	70 400	170	140 230
Belgium	6 000	.	6 000	161 530	360	167 170
Portugal	.	.	.	30 800	0	30 800
Greece	.	.	.	700	0	700
Total	2 786 000	410 000	3 196 000			3 204 140

Database selection code: TAB FEEBAL

EC trade in dehydrated and sun-dried forage 1989/90 (tonnes)

	Country of origin											Total		
	Fr	Sp	It	Dk	Nl	UK	UK+ Ire	EC	Pol	Hun	Can	Var- ious	3rd coun.	General Total
France		16 000						16 600						16 600
Spain				10 000				10 000			25 000		25 000	35 000
Italy	61 800					1 380		63 180		8 000			8 000	71 180
Denmark														
Netherlands	71 000			6 040		600		77 640						77 640
West Germany	60 700			78 800	21 100		20	160 620	7 300	15 000		270	22 570	183 190
UK + Ireland	1 000			55 600	2 400			59 000						59 000
Belgium	120 000				12 300	410	20	133 530						133 530
EC	323 600	26 600		153 640	35 800	2 390	40	542 870	7 300	23 000	35 000	270	65 570	607 640
Austria						3 450		3 450						
Switzerland	520							520						
Finland				9 800			130	9 930						
Cyprus	250			1 500				1 750						
Reunion	2 000							2 000						
Various	1 170	3 500	26 000	1 920	2 400	20		35 010						
3rd countries	3 940	3 500	26 000	13 220	2 400	3 460	130	52 650						
Total	327 540	30 100	26 000	166 860	38 200	5 860	170	594 730						

Database selection code: TAB FEETRA

EC consumption of dried forage

	Consumption 85/86		Consumption 89/90		Change	
	Tonnes	C/P%	tonnes	C/P%	Tonnes	Base 100 (85/86)
France	559 605	64	862 510	66	302 905	103
Spain *	273 477	87	583 960	100	310 483	115
Italy	286 750	147	543 880	116	257 130	79
Denmark	44 384	26	128 740	44	84 356	166
Netherlands	230 623	196	310 120	127	79 497	65
West Germany	310 415	282	436 030	196	125 615	69
UK and Ireland	117 129	196	140 230	200	23 101	102
Belgium	107 035	.	167 170	.	60 135	

Note: C/P% = Consumption as % of production, * reference 1987/88; Database selection code: TAB FEEBAL

EC production of compound feeds, [1] 1980 to 1989 (million tonnes, index 1980 = 100)

	Germany		France		Italy		Netherlands		Belgium		UK		Ireland		Denmark		EC-10		Spain		Portugal		EC-12	
	mt	%	mt	%	mt	%	mt	%	mt	%	mt	%	mt	%	mt	%	mt	%	mt	%	mt	%	mt	%
1980	16.8	100	14.7	100	10.5	100	14.5	100	4.9	100	11.1	100	1.8	100	4.8	100	79.1	100	11.2	100	3.5	100	93.8	100
1981	17.6	105	15.2	103	11.0	105	14.6	101	4.8	98	11.0	99	1.9	106	4.8	100	80.9	102	13.1	117	3.6	103	97.6	104
1982	17.2	102	15.4	105	10.9	104	14.7	101	5.0	102	11.8	106	1.8	100	4.6	96	81.4	103	13.2	118	3.3	94	97.9	104
1983	17.7	105	15.2	103	11.2	107	15.4	106	5.1	104	12.2	110	2.1	117	4.5	94	83.4	105	12.4	111	3.0	86	98.8	105
1984	17.2	102	15.0	102	10.9	104	16.0	110	5.0	102	10.8	97	1.9	106	4.2	88	81.0	102	11.7	104	2.6	74	95.3	102
1985	16.7	99	14.7	100	10.6	101	16.2	112	5.0	102	10.4	94	2.0	111	4.3	90	79.9	101	11.7	104	2.6	74	94.2	100
1986	16.5	98	15.4	105	11.0	105	16.5	114	5.1	104	11.2	101	2.4	133	4.5	94	82.6	104	11.4	102	2.9	83	96.9	103
1987	16.4	98	15.7	107	11.4	109	16.5	114	5.0	102	10.6	95	2.1	117	4.8	100	82.5	104	11.1	99	3.0	86	96.6	103
1988	16.8	100	16.7	114	11.8	112	17.0	117	5.1	104	10.7	96	2.2	122	4.9	102	85.2	108	11.3	101	3.2	91	99.7	106
1989	16.4	98	17.5	119	12.2	116	16.2	112	5.4	110	10.5	95	2.4	133	4.7	98	85.4	108	11.5	103	3.3	94	100.3	107

Notes: 1) Excluding Greece and Luxembourg. Source: FEFAC. Database selection code: TAB FEEPRO

EC production of compound feeds by type in 1989* ('000t)

Types of feed	Germany	France	Italy	Netherlands	Belgium	UK	Ireland	Denmark	EC-10*	Spain	Portugal	EC-12*
Total cattle feeds	6 667	4 437	4 500	4 900	1 469	4 190	1 424	1 620	29 207	2 100	938	32 245
Pig feeds	5 434	5 134	2 500	7 550	2 883	2 120	462	2 401	28 484	4 350	1 179	34 013
Poultry feeds	3 318	6 468	4 300	3 300	958	3 580	351	521	22 716	3 850	1 107	27 673
All other compounds	965	1 478	900	500	133	720	182	137	5 015	1 200	123	6 338
Total	16 384	17 517	12 200	16 250	5 443	10 530	2 419	4 679	85 422	11 500	3 347	100 269

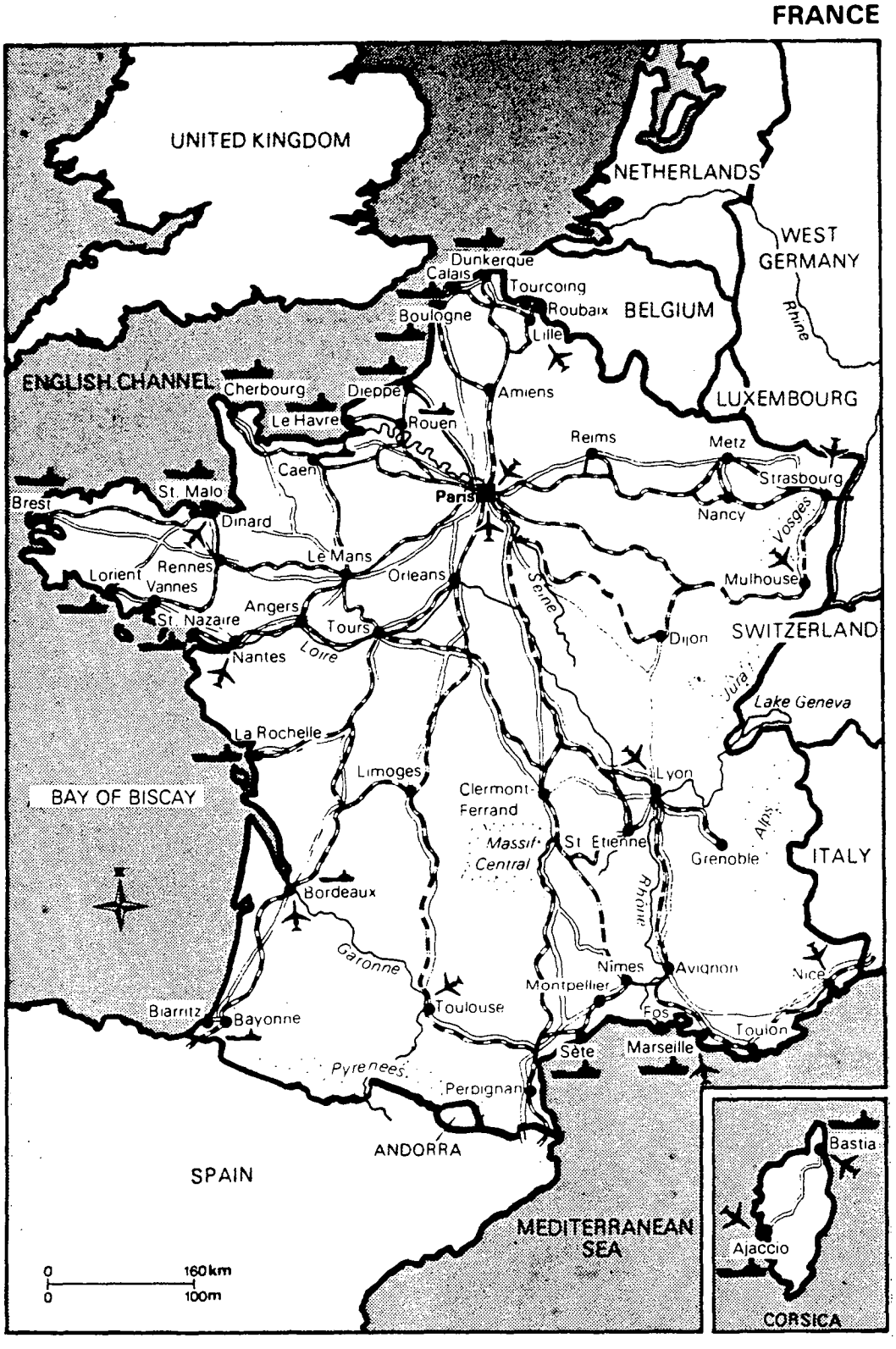
Note: *Excluding Luxembourg and Greece. Source: FEFAC. Database selection code: TAB FEEPRO

EC production of compound feeds * 1980 to 1989 (million tonnes

	1989	% change 89:88	1988	% change 88:87	1987	% change 87:86	1986	% change 86:85	1985	% change 85:84	1984	% change 84:83	1983	% change 83:82	1982	% change 82:81	1981	% change 81:80	1980
Total cattle feeds	32.25	0.2	32.19	1.8	31.67	- 4.7	33.15	3.2	32.10	- 1.5	32.58	- 8.2	35.24	7.5	32.58	1.8	31.98	3.8	30.75
Pig feeds	34.00	- 1.6	34.56	3.4	33.38	2.3	32.62	3.1	31.61	- 0.9	31.90	- 0.6	32.09	- 2.3	32.82	- 1.8	33.42	1.5	32.93
Poultry feeds	27.68	1.0	27.41	1.7	26.95	2.2	26.35	1.4	25.98	0.2	25.94	- 2.5	26.58	- 2.5	27.24	0.4	27.13	5.6	25.62
All other compounds	5.88	5.7	5.54	17.0	4.60	- 3.9	4.78	5.6	4.51	- 8.2	4.88	- 0.2	4.89	- 7.6	5.26	3.6	5.07	11.2	4.50
Total	99.80	0.1	99.70	3.1	96.60	- 0.3	96.90	2.8	94.20	- 1.2	95.30	- 3.7	98.80	0.9	97.90	0.3	97.60	3.9	93.80

Note: * Excluding Luxembourg and Greece. Source: FEFAC. Database selection code: TAB FEEPRO

FRANCE



FRANCE

GENERAL DESCRIPTION OF COUNTRY

Geography

France the largest country in Europe (excluding USSR) is half way between the North Pole and the Equator. With its area of 551,500 square kilometres, the country is a little smaller than the province of Manitoba and is about half the size of Ontario. It is bounded on the north-west by the English Channel, the Strait of Dover and the North Sea; on the north-east by Belgium, Luxembourg and Germany; on the east by Switzerland; on the south-east by Italy; on the south by the Mediterranean and Spain; and on the west by the Atlantic.

France has a number of rivers, of which the most important are the Seine, the Rhone, the Loire, the Garonne, and the Rhine, which provides a natural border between France and West Germany for nearly two hundred kilometres on the east.

Plains and plateaux take up more than half the area of the country. The mountain regions include the Alps, the Pyrenees, the Vosges and the Massif Central.

Climate

In general, France is not as cold as Canada in winter, except in the mountainous regions. The temperature ranges between 4◦C in winter and 32◦C in summer in the Paris region. On the Cote d'Azur, this variation may be from 9 C in winter to 35 C in summer.

Population

With a population of 55,750,200 (January 1, 1988), France is, for Western Europe, a relatively under-populated country. This low population is the result of a long period of population stagnation from the mid 19th Century to the Second World War.

Public Holidays

January 1, Easter Monday, May 1, Ascension Thursday, Whit Monday, July 14, August 15, November 1, 11, December 25.

Languages French, Breton, Basque, Alsatian, Occitan.

Measures Metric system.

Currency Franc=100 centimes. Average exchange rates June 1990, Cdn $1=F4.83.

AGRICULTURE IN FRANCE

The variety of climate permits the production of a wide range of agricultural products and the sector is of substantial importance to the economy. The agricultural sector -- both farming and agro-industry -- accounts for some 7 per cent of GDP output and for the employment of about 9 per cent of the labour force. The export of basic products from the sector accounted for 8.0 per cent of merchandise exports in 1988, while processed agricultural products accounted for a further 8.9 per cent. Imports of basic agricultural products represented 4.6 per cent of merchandise imports, with imports of processed products adding a further 7.5 per cent. The degree of self-sufficiency varies widely. There are, for instance, vast wheat surpluses for export whereas the country is barely self-sufficient in potatoes.

Land use ('000 ha)

	1971	1976	1981	1986
Land area	54,575	54,569	54,563	54,563
Arable land	17,056	17,131	17,241	17,686
Permanent cropland	1,634	1,606	1,387	1,307
Permanent pasture	13,933	13,284	12,773	12,121
Forest and woodland	14,243	14,567	14,594	14,620
Other land	7,709	7,981	8,568	8,829

Source: FAO, Production Yearbook.

French agriculture has undergone dramatic modernization since the Second World War, with a corresponding reduction in its labour force. France is the largest agricultural producer in the EC and the second largest exporter in the world after the USA.

The EC Common's Agricultural Policy has brought major benefits to the French agricultural sector through its effect of maintaining prices at relatively high levels and opening up markets in other EC countries. France is by far the largest exporter in intra-EC agricultural trade. However, the increasing seriousness with which the EC is now confronting the problem of massively mounting agricultural surpluses has made for declining real prices and production restraints that have badly affected many French farmers. This in turn has forced the government to provide special support to alleviate some effects of the policy changes (e.g. in the dairy sector). The presence of Spain in the EC will eventually cause further difficulties. This is notably the case for growers of Mediterranean type fruit and vegetables. In 1990-95, during the second stage of transition for the integration of Spanish production of these products in to the CAP, Spanish competition on French markets is likely to become much keener. On the other hand, the opening up of Spanish markets to temperate farm produce from other EC countries has already widened export opportunities for French cereal growers.

On world markets, France is a leading exporter of dairy produce, notably milk and cheese. The country is also the world's foremost wine exporter. In recent years it has achieved remarkable success, albeit with the help of both EC export subsidies and very favourable national export credit arrangements, in securing major wheat export contracts on the Soviet and North African markets (often in the face of stiff US competition).

Production of Meat and Dairy Produce (mn tons)

	1982	1983	1984	1985	1986	1987
Meat production						
beef and veal	1.80	1.80	2.10	1.90	1.90	2.00
lamb, mutton & goat	0.19	0.18	0.18	0.18	0.17	0.17
pork	1.90	1.80	1.70	1.70	1.70	1.70
Dairy production						
milk	34.50	33.50	33.90	33.00	33.70	32.40
butter	0.61	0.62	0.63	0.61	0.64	0.58
eggs	0.92	0.91	0.92	0.92	0.03	0.90

Source: FAO, Production Yearbook

Livestock Numbers (mn head)

	1982	1983	1984	1985	1986	1987	1988
Cattle	23.6	23.5	23.5	23.1	23.1	22.87	21.1
Sheep	13.1	12.3	11.2	10.8	10.8	10.6	
Pigs	11.9	11.7	11.3	11.0	11.0	12.0	12.5

Production by Regions of Animal Feed Products
Total Production of Private and Coop Sectors

	Beef & Dairy	Sheep & Goats	Hogs	Chicken	Rabbits	Others	Total
Champagne-Ardennes	117,809	12,815	33,965	34,799	15,848	7,722	222,978
Picardie	104,994	3,647	53,714	50,566	17,536	51,263	281,725
Haute-Normandie	133,780	4,189	30,444	85,481	26,018	82,315	362,227
Basse-Normandie	201,936	5,965	102,245	83,316	30,038	125,710	549,812
Bourgogne	157,250	11,715	132,215	114,932	43,538	26,067	485,717
Nord-Pas-de-Calais	266,675	3,952	258,000	201,356	59,343	43,938	834,264
Lorraine	186,325	8,849	37,957	52,625	26,635	(29,608)	340,999
Pays de la Loire	473,635	28,538	458,266	1,155,155	161,725	109,355	2,383,476
Bretagne	731,993	9,734	3,008,990	2,580,479	108,078	163,486	6,602,761
Midi-Pyrénées	124,955	108,413	196,926	164,434	36,213	41,053	671,994
Rhone-Alpes	174,872	16,589	193,244	381,253	53,042	14,909	833,910
Auvergne	129,751	16,925	91,525	105,827	11,649	19,084	374,762
TOTAL (All of France)	3,275,253	379,678	5,127,374	6,158,920	738,464	1,033,393	15,710,882

The above table outlines the animal feed production in 12 major regions in France. Data from another 9 minor regions are not included separately, however, it is reflected in the total French production line. "Others" category includes, feed for breeding stock, dogs and cats, birds, exotic animals, etc.

MISSION DETAILS - FRANCE

Objective of the Mission in France

The objective of the mission was to study the potential interest by the French mainly in Canada's long fibre dehy products (cubes) also in pellets; and the possibility of export of these products to Brittagne and the Pays de Loire. These two areas represent 55% of the French meat production and have ports near consumption areas.

Mission Plan and Itinerary

The initial visit on March 19 was to the Port de Lorient under guidance of Mme Huberte Grognec, Manager, Manutention Transit et Entrepots. This port is now heavily oriented to receiving ingredients by bulk ocean vessel from around the world and would be a probable point of entry for any future imports of Canadian processed alfalfa for Bretagne (over half of french feed manufacturing activity occurs within 300 km). Mission members were particularly impressed with ship unloading equipment which is superior to that used for arrival of Canadian alfalfa products in Japanese ports.

The second visit on March 19 was to Cecaliment Livestock Feed Mill at Saint Allouestre under the guidance of Manager Pierre Stricher. Although already in operation this plant is still receiving finishing touches. It is understandably described as the most modern in Europe and computerized throughout to facilitate preparation of its 120 item livestock feed product line.

A luncheon with Mr. Stricher permitted mission members to substantially clarify/expand their knowledge of livestock feeding practices in Bretagne. Mr. Stricher not only responded to numerous questions from the Canadian Delegation but also did not hesitate to pose many of his own on specifications and uses of Canadian suncured and dehy pellets as well as cubes and mini-cubes. This exchange was most useful to mission members in that it enabled us to make our presentations in the subsequent seminar within the context of conditions which exist in Bretagne.

Seminar which took place at Rennes was attended by 20 representatives of most major french feed manufacturers and feed ingredient importers and brokers. Erik de Franciosi mission member and a native of Nantes region was in addition to his excellent presentation, particularly effective in

interpreting the English presentations of Werner and Schroeder. Sam Elkady and Erik DeFranciosi delivered their presentation in french. Not only did participants listen intently to prepared interventions by Canadian Delegation they subsequently engaged in unusually long and very much two-way exchange of information during question and answer period. Following a brief break virtually all of representatives returned to the seminar room to engage in more direct discussion during the mission-hosted reception. The degree of interest by those present was clearly evidenced by the fact that the event which began at 4 p.m. did not end until some 5 hours later.

Mission Results and Findings

In addition to the aforementioned information obtained from the visit to Bretagne, the information provided by Mr. Davidson, Commercial Consul in Paris, and the various discussions which took place during mission lead to the following conclusions:

Feed manufacturers in Bretagne feel somewhat distant from dehy alfalfa producers in Champagne. Notwithstanding excessive EEC subsidization of domestic dehy production in Champagne, high cost of road transport to Bretagne might permit Canadian product to be competitive. In addition, alfalfa product would probably have to arrive at Lorient accompanied by other Canadian products destined same port (feed peas, cast iron, etc) as geography and economic factors would be strong disincentives to arrival of less than complete vessels.

French seemed to be generally pleased with quality of Canadian dehy pellets. Nevertheless, they would prefer specifications guarantees to be within narrow bands rather than only maximum or minimum for each characteristic (eg. fibre, protein, vitamin A). However, consistency throughout the shipping season is an important consideration (perhaps should always originate from same dehy facility). Fibre fineness vs that of France and Champagne's alfalfa must be evaluated. Particularly narrow ranges of variability are required for manufacturing of rabbit feeds. French custom is to control quality at port of arrival, rather than at port of embarkation. Past French experience with European-produced sun-cured pellets has been negative. If Canadian product is in fact found to be of high and consistent quality, lower cost of this product might make it particularly competitive in Bretagne with domestically-produced dehy.

Cubes and mini-cubes are not known in France. Nevertheless given tendency of hay to be rained on up in Bretagne before it is baled and the practice of making silage from whatever is available at any given time (corn, cereals, grass)

cubes and mini-cubes might find a use in increasing the number of herds which are now striving to produce same quality of milk with fewer cows. The use of cubes to reduce silage runoff was also demonstrated to the French producers.

Although French producers have in the past been penalized for over-production of milk, 1989/90 will be the first year in which they will also be penalized for over-production of fat content. Ability of cubes to increase protein content could therefore be useful. This would also be of interest to those many cheese producers who must now work with milk at borderline of minimum protein content.

The marketing policy for French Alfalfa makes dehydrators (processors) exclude distributors from the marketing chain. In other words, distributors are not allowed to purchase, for resale, processed alfalfa. Those distributors are very well linked with the end users and the importers of other products. Thus, there is a strong interest from the distribution chain to find alternative sources of supply. Canada's alfalfa, if competitive, could be the alternative.

The unloading, storage and handling facilities at the Port of Lorient were inspected and found to be more than sufficient and suitable.

A very knowledgeable and aggressive agent has been identified and has agreed to work with Canadian Exporters.

In conclusion, the mission not only acquired substantial information on livestock feed production in Bretagne and alfalfa dehy production in France thus fully meeting its primary objective but it also created a very high degree of interest in Canadian products among French livestock feed manufacturers and importers thereby significantly exceeding what was originally a secondary objective. Contacts have been established which will permit further evaluation of the various technical, logistical and economical issues which remain outstanding.

Recommendations and Follow-up

The key factor to export Canadian Alfalfa Products into this sophisticated production environment is to bring some product into France for the end-users to try and appreciate the Canadian quality.

A follow-up trade mission to strengthen our business relationship with existing contacts to be conducted early next year. At that time, and if further

interest warrants it, another technical mission will become essential especially in the case of regular and mini cubes and sun-cured pellets, if the doors which have been left ajar by this first mission are to be fully opened to Canadian products.

Proper updated technical brochures especially for alfalfa cubes, its value and utilization for dairy, beef and rabbit production among other livestock must be supplied to end-users and feed manufacturers.

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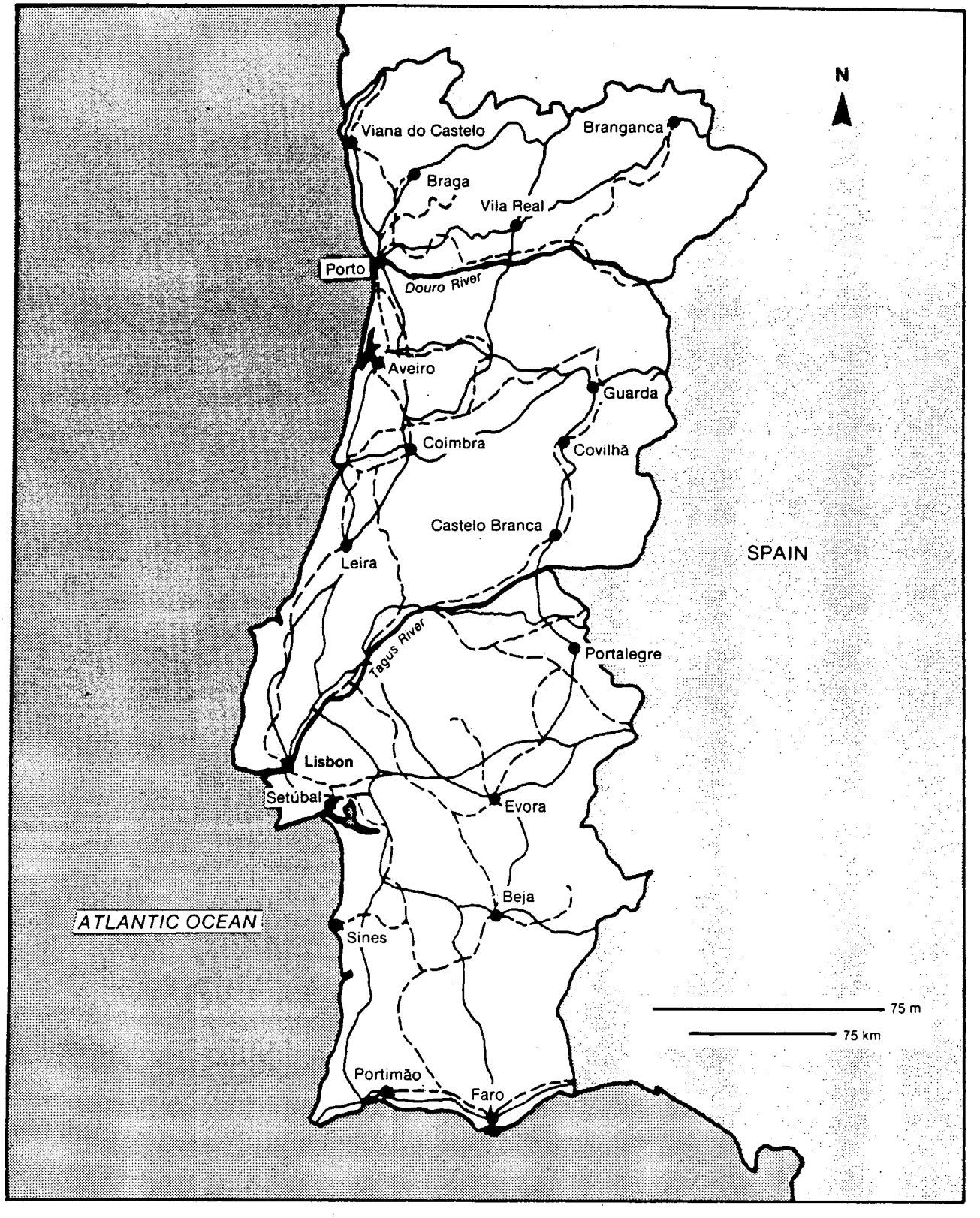
PORTUGAL

PORTUGAL



PORTUGAL

GENERAL DESCRIPTION OF COUNTRY

Official Name: Portuguese Republic

Portugal is one of the smallest (92,000 square kilometres; 49% arable; 31% forest; 6% meadow and pasture; 14% waste, urban, inland water etc.) and the least developed country in the European Economic Community, with only Greece having a lower per capita income. The population is approximately 10.1 million, including some 600,000 in Madeira and Azores. Portugal faces the Atlantic on the South and West, and is bordered by its only neighbour, Spain, on the North and East.

Historically, agriculture has played an important part in the Portuguese economy, at least from the viewpoint of employment. Tourism has recently become a major source of currency. Other activities, such as ship servicing and manufacturing, have begun to modify the structure of the economy. It is worth noting that even today, the largest source of foreign exchange is remittances from Portuguese working outside the country.

Portugal is one of the oldest autonomous nations in Europe having been established as a separate nation in 1143 following he expulsion of the Moors. Portugal claims its place in history for discovering most of the new world. Columbus spent much of his life in Portugal and returned to the Port of Lisbon to announce his discovery of America. Vasco de Gama and Bartolomeu Dias remain dominant figures in the Portuguese mind today.

Geography

Continental Portugal (including Madeira and the Azores) has an area of about 92,000 square kilometres or is slightly larger than New Brunswick (72,000 square kilometres). The mainland is about 220 kilometres wide and 600 kilometres long. Portugal has 800 kilometres of coastline, much of which is lined with picturesque fishing villages and attractive beaches. The northern river valleys are covered with terraced vineyards in which are produced some of the famous Portuguese wines. With the exception of a broad plain in the Alentejo, south-east of Lisbon, the country is generally hilly. From the fertile vineyards in the North to the alpine Serra da Estrela in the centre, where skiing is sometimes possible in

the winter, down to the cork-oak forests and produce-farming districts around Lisbon and to the arid Algarve with figs, dates and almonds, Portugal presents an amazing geographic contrast and interest for such a small country.

Climate

The Portuguese climate is temperate and pleasant. Summers are sunny and at times windy, but generally cool at night. The hottest period is August and September, when the temperature can rise as high as 40°C. It almost never rains in Lisbon during the summer time.

From October to May rain is frequent and sometimes very heavy. There are more cloudy days than sunny throughout the winter. Some means of supplementary heating is required to keep houses from becoming damp. Lisbon receives an average annual rainfall of 85 cms. The average winter temperature in Lisbon is 8°C at night and 14.5°C during the day. The wettest part of the year is between Christmas and February. The coast is often foggy in winter.

Language

The language of Portugal is Portuguese, a romance language similar to Spanish but nevertheless very distinctive in its pronunciation and colloquial usage. English is perhaps now classifiable as the predominant second language. Literacy is estimated to be 80 percent.

Economy GNP: $19.2 billion (1984).

Major Industries

Textiles and footwear, wood pulp, paper, cork, metalworking, oil refining, chemicals, fish canning, wine.

Exports

$5.2 billion (f.o.b., 1984); principal items - cotton textiles, cork and cork products, canned fish, wine, timber and timber products, resin, machinery, appliances.

Imports

$7.8 billion (c.i.f., 1984); principal items - petroleum, cotton, industrial machinery, iron and steel, chemicals.

Major Trading Partners

58 percent European Community, 9 percent United States, 18 percent other developed countries, 13 percent less-developed countries.

PORTUGUESE AGRICULTURE AND ITS FUTURE

Over a considerable number of years the most diverse analysts, both Portuguese and foreign, have presented Portuguese Agriculture as being in a systematically negative position and were quite pessimistic as to its future development.

Despite the fact that available information is scarce and sometimes of doubtful credibility, the principal indicators showed a sector which had been dormant for many years and which, although employing over 20% of the active Portuguese population, had a very weak position in the GNP (9%). There were even reports from the World Bank saying that it was negative, which meant that the sector survived at the cost of weakening its own resources.

The most serious aspect, the fact that imported foodstuffs constituted over 50% of domestic consumption which was not offset by any export, namely of the forestry subsector, to lessen the imbalance.

Integration into the European Communities, where productivity indices were higher, technology employed in farming was, in most cases, extremely advanced, and also where the structurally well-equipped trade circuits showed an incomparably greater aggressiveness, created serious and understandable apprehensions in the minds of those who were both aware and interested in this question. It was difficult to find any reasons for optimism where the relative positions were so highly unfavourable to Portugal.

Portuguese agriculture is the major problem area of the economy. Yields per hectare are below a third of the European average; in fact, yields for most products are the lowest in either West or East Europe. The situation has actually been deteriorating in the last ten years, with many yields falling and the arable and permanent crop area declining in size. The reasons for the low

productivity and output are numerous: poor quality soil, not helped by inefficient use of land and inputs; large annual variations in rainfall; the very small size of farms in the north and centre (85 per cent of the total 950,000 farms are of 5 ha or less), where most output is semi-subsistence and modernisation not economically feasible; the disruption caused by the land redistribution (and subsequent part reversal) after the 1974 coup, which discouraged larger scale farms (51 per cent of the utilised area is farmed by units of over 50 ha) from investment and which has yet to be clearly defined; technological backwardness; and the feebleness of extension services and marketing organisations. Generally, poor agricultural conditions have been worsened by inadequate investment at every level (annually only 1 per cent of gross fixed investment goes to agriculture) and a debilitating landholding structure. Financial incentives have not been lacking, and indeed most Portuguese intervention prices are above EC levels. However, the incentives have generally acted to prolong inefficiency. Their complete dismantlement by 1996, when Portugal becomes a full CAP member, will hit the farming community hard, though extensive investment in infrastructure and marketing over the ten year transition period should improve competitiveness and yields from their present very low state.

In Portugal, as everywhere else, ruminant production should be fundamentally based on the consumption of green or conserved forages and grasses. Although concentrated feeds in the temperate zone of the world have a significative contribution to meat and more so to milk production, it is an accepted principle that at least 60% of the total feed used by diary cows must be forages. In Portugal, however, in fact, up to no more than ten years ago, a policy of subsidizing imported cereals and the leguminous of the feedstuffs generated a very distorted situation. That needs urgent rectifying, which is being done, although the Portuguese ecology is not very favourable to natural permanent pastures. In several regions of Portugal there is an interaction of two or three ecological types - atlantic, mediterranean and continental. Above 700 meters the mediterranean influence disappears and gives place to mountain ecology.

The atlantic influence generates winters with reasonably mild temperatures and bland summers, with small pluviometric variations throughout the year and high atmospheric humidity. The mediterranean ecology is responsible for mild winters and very warm and dry summers. Rain is concentrated during autumn and winter decreasing markedly after mid-spring. The continental influence makes cold winters, summers warm and dry and the thermic amplitudes are increased. Of those three types, only the atlantic is favourable to permanent pastures.

In the places were the atlantic influence is abated only altitude can improve the changes of permanent pastures. Coming down to the south and inland, the atlantic influence became weaker and the mediterranean ecological component increases. With it, forage production is slowed down, in absolute terms as in its distribution throughout the year. Cattle numbers decrease and sheep increases. Further south and inland the continental component becomes stronger and with it the increase in sheep numbers, which percentage wise, go up to more than 52% of the total, far outnumbering, the cattle population.

It is also in those southern districts that winter cereals are grown. Here also are to be found large areas of fallow ground, that traditionally go hand in hand with cereal growing and on this complex, of cereal culture and fallow ground sheep breeding is based.

The cattle population is, in consequence, much smaller. Mountain influence affects only 12% of Portugal, and mainly in the north and inland. There are some reasonable permanent pastures as the demographic concentration is not very marked. All this explains why only 112,000 ha of permanent pastures are to be found in Portugal, the great majority of them spontaneous.

This represents only 1.3% of the country. In Europe, and according to FAO (1985), 18% of the total area is covered by permanent pastures. Further to the 1.3% of permanent pastures, ruminants in Portugal, have access to feeding resources found in some 1 336 000 hectares, designated by <incultos> which represents 15.7% of the usable land. Those resources are of very low value, normally made up of shrubs and very stony.

Today, the soils with the highest limitations must be made into pastures, that the so called <incultos> can be improved, through the destruction of shrubs and stimulation of the growth of natural grasses by means of fertilization and limestone utilization, and some of the areas that are or should be made into forests, or cork and holm oacks are compatible with an undergrowth of permanent pastures, the potential area for pastures can be estimated at 2 180 000 ha. The following tables, the most recent information available, reflect production information for agricultural products in Portugal.

PRINCIPAL CROPS ('000 metric tons)

	1985	1986	1987
Wheat	5,329	4,392	5,768
Barley	10,698	7,431	9,602
Maize	3,414	3,423	3,555
Rye	273	220	320
Oats	680	433	503
Rice (paddy)	463	496	490
Potatoes	5,927	5,125	5,379
Tomatoes	2,429	2,400	2,347
Onions	1,249	1,166	1,104
Cabbages	546	465	421
Sugar beet	6,619	7,746	7,908
Sugar cane	263	224	240*
Grapes	5,450	5,788	6,181
Olive oil	429	533	710
Almonds	287	221	250
Oranges	1,968	2,135	2,359
Mandarins	1,051	1,164	1,133
Lemons	482	619	584
Bananas	402	471	410

* FAO estimate.
Source: FAO, *Production Yearbook*.

LIVESTOCK ('000 head at September each year)

	1985	1986	1987
Cattle	5,007	5,088	4,954*
Sheep	17,520	17,641	17,177*
Goats	2,635	2,850	2,800*
Pigs	11,390	13,387	14,000*
Horses	253	248	241*
Mules	139	117	129*
Asses	155	140	140*

* Unofficial estimate.
† FAO estimate.
Source: FAO, *Production Yearbook*.

LIVESTOCK PRODUCTS ('000 metric tons)

	1985	1986	1987
Beef and veal	401	440	456*
Mutton and lamb	192	194	206†
Goats' meat	17	18	18*
Pig meat	1,388	1,399	1,240*
Horse meat	5	5	5*
Poultry meat	816	762	792*
Cows' milk	6,301	6,157	6,341†
Sheep's milk	232	253	240*
Goats' milk	371	377	370*
Butter	16.4	15.0†	15.0*
Cheese	171.5	172.1*	174.5
Hen eggs	648.1	689.6	725.1
Other poultry eggs	1.2	2.2*	2.2*
Honey	16.1	16.0*	16.2*
Wool (greasy)	24.8	24.3	26.0*
Cattle hides	42.2	45.8	44.5*
Sheep skins*	32.8	33.0	22.5

* FAO estimate. † Unofficial estimate.
Source: FAO, *Production Yearbook*.

Alfalfa Production in Portugal

Portugal does not produce processed alfalfa products of any kind. It depends totally on imports from the EEC producing nations such as France, Spain and the Netherlands. Imports by Portugal of dehy alfalfa products range from 55,000-65,000 tons per annum of which 55,000-60,000 tons consist of alfalfa pellets and the remaining quantity is in cubes. These products are normally shipped to Portugal in 25,000-30,000 ton vessels. The principal ports of entry are Lisbon and Leixoes (Porto).

Canadian dehydrated and suncured alfalfa pellets were first exported to Portugal two years ago and sales have been continuous until the present. A Portuguese delegation of compound feed millers was invited to Canada in 1989 by the Canadian Dehy Industry with the assistance of the Department of External Affairs and International Trade, a mission that exposed top-quality alfalfa products to the visitors.

MISSION DETAILS - PORTUGAL

Mission Objectives

- To assess market potential and study the possibility to export cubes to Portugal;
- To convince the feed manufacturer and large dairy producers that high quality Canadian alfalfa products can be used to optimize milk production at minimum cost;
- To follow up on the Portuguese feed millers to Canada and recruit new agents for Canada's alfalfa products.

The mission arrived in Portugal on March 20, and was welcomed with an informal reception held by Conagra in their office in Lisbon. The following day the mission members met with Canadian Embassy officials for a briefing session on the general agricultural and the livestock and dehy industry situation in Portugal. A meeting with Conagra's staff to review the itinerary and plans for visits and a seminar was also conducted. In the afternoon the members visited a dairy farm and a compound feed processor of Conagra (Sapropor) one of the largest operations in Portugal located in Cartaxo, 60 kilometres northeast of Lisbon. The company owns pig, dairy, beef and poultry farms, slaughter houses, fish farms and a large research station.

On Thursday, March 22, the mission, with the support of the Canadian Embassy, conducted a seminar at the Hotel Altis for local producers and importers of animal feed, large dairy farmers.

The seminar was well attended by a large group of animal feed producers, compounders, importers and brokers, salesmen, university and private animal nutritionists and dairy farmers. Mr. Luis Bustos, Commercial Consul and Mr. Manuel Lima, Senior Commercial Officer of the Canadian Embassy were also in attendance. The seminar was handled in the same fashion as the one held in France and has generated many interesting questions and discussions during and after the presentations. Samples and brochures were distributed to participants some of which requested private appointments with mission members.

Following the seminar, the mission hosted a dinner for the participants which proved fruitful as it served as an opportunity to discuss some dehy sales. These business discussions were followed up during the next two days and resulted in a sizeable sale of alfalfa cubes and pellets to Portugal.

On Friday, March 23, the mission visited the port to have a look at the facilities, unloading, storage and transportation to determine its suitability and to assess cost.

Subsequent to the visit to the port the mission was divided into two groups, one which had private appointments with importers and stayed in Lisbon and one which travelled to the College of Agriculture to look at some of the feeding and breeding programs being carried out by Dr. Ribeiro, Chief, Animal Husbandry Division. The main purpose of the visit was to discuss with Dr. Ribeiro the possibility of running some feeding trials using Canadian Dehy products and to have the results officially published by the college for the feed and livestock communities.

On Saturday, March 24, the mission departed Lisbon to Madrid.

Mission Results and Findings

Portugal is in the process of entering the EEC. During the integration, farmers are getting a higher corn price than the other EEC member countries' price. Dairy farmers are using corn silage as a source of roughage in Portugal. We believe if the farmer replaces the corn silage with Canadian long-fibre alfalfa they will have a cost advantage to what they could earn in growing corn for grain instead, which means that theoretically our products as a direct feed ingredient for milking cows is reasonably good.

The analysis of average corn silage in Portugal has been studied in Canada as a result of this mission. Such an analysis shows that Canadian cubes can be sold competitively against the price the farmers can obtain in selling their corn as grain.

Canadian dehydrated and suncured pellets have now been exported to Portugal for two years and farmers that used our products have enjoyed increased milk production and it is now a matter of convincing more farm populations of the value of Canadian alfalfa products and optimizing milk production at minimum costs.

The average production of a commercial dairy farm in Portugal is 28 litres per day/cow. This leaves a good margin for considerable improvement in milk production.

The lack of knowledge of farmers who are used to buying the cheapest feed products without knowing their comparative nutritive values is a major obstacle. Only education can overcome this situation and strong support from Canada in this respect is needed.

Tentative approaches have been looked at during the mission when a major Portuguese research station was visited to discuss with their nutritionists a feeding trial research program using Canadian products with the involvement of some dairy farmers. Dr. Ramalho, Chief Animal Research, was invited to Canada and spent a few days with the Canadian Dehy Association members to formulate the outline and logistics for the proposed processed alfalfa feeding trials. Dr. Ramalho is in the process of preparing a cost study of the project for consideration.

Qualified agents for Canadian companies were selected to represent their interest and promote products in Portugal.

Port facilities, transportation and storage in Lisbon were investigated and found to be satisfactory in handling Canadian products.

Recommendations and Follow-up

The mission recommends to proceed with the proposed feeding trials once the project outline is received from Dr. Ramalho.

Canadian nutritionists and feed technologists should be sent to Portugal to conduct seminars with dairy farmers and other interested parties on the formulation and merits of feeding alfalfa pellets, cubes and mini-cubes.

It is highly recommended that the production of technical brochures on the value of Canadian processed alfalfa product be produced in the Portuguese language and distributed through the companies' agents and the Canadian Embassy to all interested parties in Portugal.

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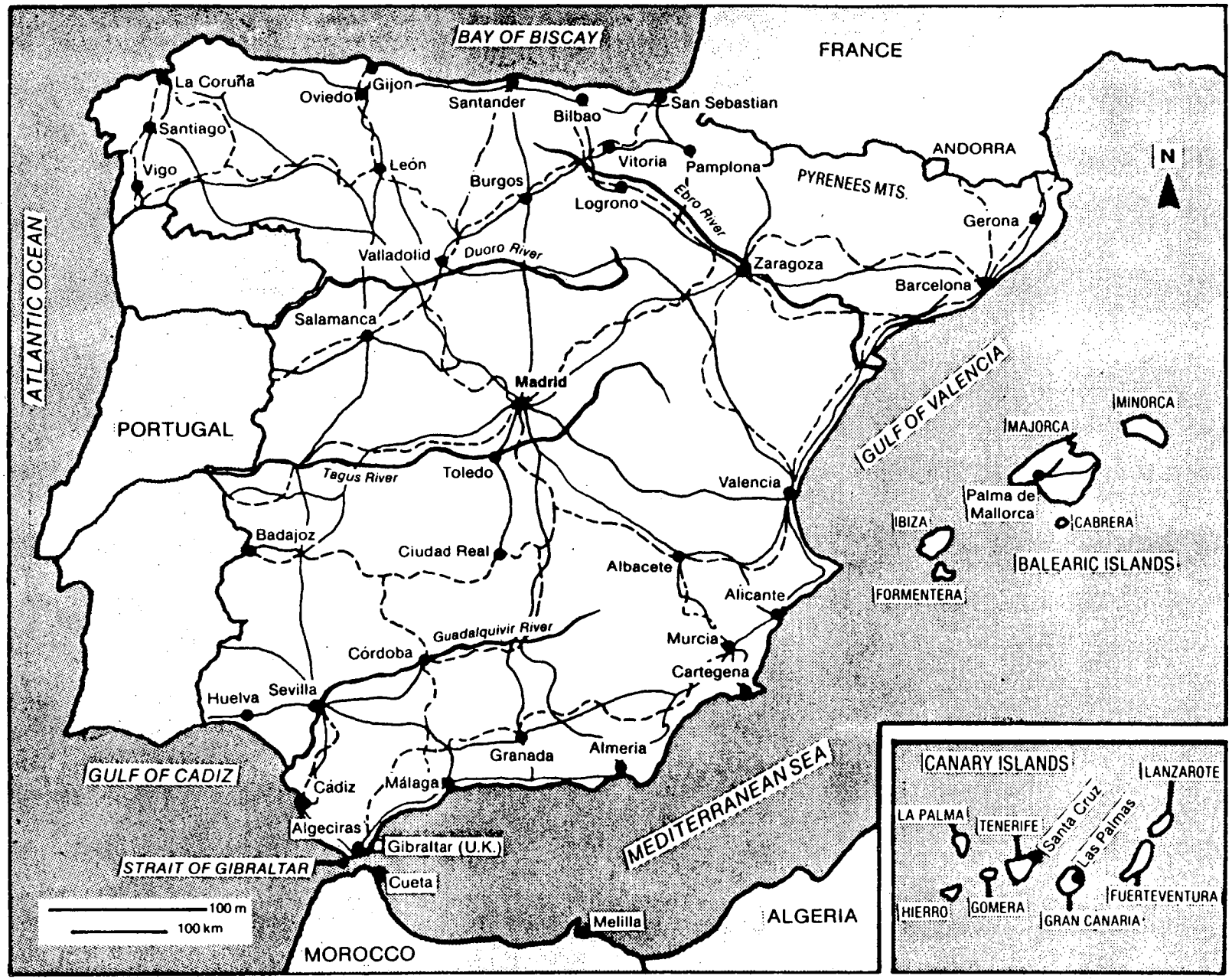
SPAIN

SPAIN



SPAIN

GENERAL DESCRIPTION OF COUNTRY

Spain, Europe's third largest country after the U.S.S.R. and France, is a country of multiple attractions. Its geography is extremely diversified and its history very ancient and complex. Spanish civilization is the rich product of the intermingling of peoples that in the course of time has given birth to contemporary Spanish culture.

Climate

Most of Spain is a high plateau. With its high mountains, Spain has the second highest average altitude in Europe, exceeded only by Switzerland. The northern coasts have a moderate climate with some rainfall year round. Madrid, on the central plateau, has a very dry climate with hot summers and cold winters. The southern coasts have hot, dry summers and mild winters. The average number of hours of sunshine in high throughout the country, even in Madrid.

Population

The population of Spain is 38.6 million and is growing at an annual rate of 0.5% (0.9% in U.S.). The people are a homogeneous composite of Mediterranean and Nordic decent. Spain's territories include the Balearic Islands (off the east coast of Spain), the Canary Islands (off the west coast of Africa), and Ceuta and Melilla, 2 cities on the Mediterranean coast of Morocco.

Public Holidays

National holidays include New Year's Day, Three Wise Men's Arrival, when Christmas gifts are opened (January 6), Feast of St. Joseph (March 19), Holy Week and Easter (March and April), Labour Day (May 1), Corpus Christi (date varies), Feast of St. James (July 25), All Saints Day (November 1), Immaculate Conception and feast day (December 8), and Christmas, which is more religious and less commercial than in the U.S.

Languages

The official language is Castilian Spanish, which is spoken by a great majority of the people. Three other languages are also spoken by significant minorities in Spain: 17% speak Catalan (mainly in the northeast), 7% speak

Galician (in the northwest), and approximately 2% speak Basque (in the north). Regional dialects of Spanish are also common, but almost all Spaniards are fluent in "standard Spanish." English is spoken in the main tourist centres, but in more rural areas Spanish is generally the only language used.

Economy

Although relatively rich by the world's standard, Spain is one of the poorest countries in Western Europe. Industry is very important in the north and northeast. Spain is a major world producer of both automobiles and nuclear energy. Other important industries include textiles, footwear, food and beverage processing, metal manufacturing, and chemicals. However, agriculture and mining are also an important part of Spain's economy and provide much of the nation's exports. In good crop years, Spain is virtually self-sufficient in food products. Spain is one of the largest producers of wine in the world. Other chief agricultural products are various grains, fruits, and vegetables. Tourism is an important part of the Spanish economy; more tourists visit Spain each year than any other country in the world. Both unemployment and inflation are significant problems in Spain. The monetary unit is the *peseta*.

AGRICULTURE IN SPAIN

In 1988 agriculture, forestry and fishing accounted for 5.1 per cent of GDP and 15.1 per cent of employment. This represents a decline from levels of 24 and 42 per cent respectively in 1960. Yields in terms of both output per ha and labour productivity are still low by Western European standards. Apart from poor soil and irregular rainfall, this is due to low farm capitalization and an inefficient structure of land tenure in parts of Spain - holdings being too small in the north and east (minifundia) and often too large and inefficiently run in the south (latifundia). In the 1960s considerable publicity was given to the government programme of concentración parcelaria, which entailed the consolidation of small holdings. By the end of 1981 some 5 mn ha had been consolidated. In Spain some 3 mn ha (15 per cent of cultivated land) is now irrigated and the aim is ultimately to raise this by another 3 mn ha.

After the civil war the main objective of agricultural (as well as industrial) policy was to ensure a high degree of self-sufficiency. Hence, agricultural policies reflected protection and government intervention. The continued emphasis on the production of cereals, and especially wheat, reflected in price support schemes and other subsidies, led to a corresponding neglect of other forms of agriculture over the last 20 years. Since the early 1960s the government has

provided some incentives for the greater production of livestock and has more recently induced farmers to switch from wheat to maize, barley and other animal feedstuffs.

EC entry has made considerable demands on Spanish agriculture and a seven year transition period has been agreed for most products. Spain is a major producer of wine and olive oil, both of which are in large surplus in the EC. It is also a successful producer and exporter of citrus fruit. While EC producers of Mediterranean farm products, and in particular French farmers, feel threatened by Spain's actual and potential levels of fruit and vegetable production, Spanish livestock, cereals and dairy producers in turn face considerable competition from existing Community members, not least because of Spain's lower quality standards.

AGRICULTURAL OUTPUT AND NUMBER OF LIVESTOCK ('000 TONS UNLESS OTHERWISE INDICATED)

	1983	1984	1985	1986	1987	1988[a]
Output						
Total cereals	**13,819.**	**20,906.**	**20,967.**	**16,502.**	**20,320.**	**20,000.**
Wheat	4,330.	6,044.	5,329.	4,392.	5,768.	6,514.
Barley	6,662.	10,965.	10,698.	7,431.	9,602.	12,070.
Maize	1,803.	2,505.	3,414.	3,423.	3,555.	3,577.
Oats	464.	790.	680.	433.	503.	537.
Rice	224.	437.	463.	496.	490.	499.
Vegetables/melons	8,709.	9,269.	9,532.	9,576.	9,479.	--
Fruit excl melons	12,364.	11,412.	12,443.	12,826.	13,715.	--
Potatoes	5,098.	5,949.	5,927.	5,125.	5,379.	--
Pulses	325.	370.	338.	319.	309.	--
Sunflowerseed	674.	943.	915.	872.	995.	--
Olives	1,292.	3,342.	2,039.	2,557.	3,551.	--
Olive Oil	278.	714.	429.	533.	710.	357.
Wine	3,157.	3,554.	3,451.	5,674.	3,800.	--
Beef	422.	389.	401.	440.	456.	454.
Pigmeat	1,119.	1,192.	1,388.	1,399.	1,240.	1,630.
Cow's milk[b]	6,259.	6,244.	6,301.	6,157.	6,341.	5,700.
Livestock head						
Cattle ('000)	5,070.	5,004.	5,007.	5,008.	4,954.	--
Pigs ('000)	12,364.	12,001.	11,390.	13,387.	14,000.	--
Chickens (mn)	54.	53.	49.	51.	54.	--
Sheep (mn)	16.5	17.5	17.5	17.6	17.2	--

a Estimates. b Mn litres.

Sources: FAO, *Production Yearbook;* Ministry of Agriculture; Banco Central, *Boletin Informativo.*

DEHY ALFALFA PRODUCTION - SPAIN

Rising production of dehy alfalfa in Spain, since its accession into the EEC, has taken the European Commission by surprise. The Commission's concern was an expectation of an explosion in the sunflower production in Spain. Instead sunflower production was lower in 1987 than that of 1986. By contrast, production of dehy alfalfa has risen in the same period from 50,000 tons to 465,000 tons.

There are over one million hectares of lucerne in Spain but until 1986 they were used mainly for hay or for sundried lucerne. In 1986 output of sun-dried was around 350 000t. Since then it has been in continual decline with 1989

output estimated at only 80 000t. The reason for the swing is the wide variation between the levels of aid for sun-dried and dehy. This was especially the case for Spain in the first three years of accession.

Last year the Commission agreed to remove some of the differential to enable Spanish producers receive the same level of aid as those in France and Italy, the only two other countries where sun-dried is produced. This is still 33ECU/t below the aid for dehy and the change came too late to prevent Spanish sun-dried producers from equipping their plants to take advantage of the higher aid for dehy. Estimates of Spain's total dehy production capacity vary, but reliable sources put the figure as high as 800 000t.

The higher rate of aid for sun-dried now on offer could eventually help to reverse the trend but it will be at least another two years before there is any significant change. However, the increased production is finding a ready market, both domestically and in the nearby southern Mediterranean countries so that there are no carryover stocks. But the cost for the EC's proteins' budget has been far higher than officials had expected.

MISSION DETAILS - SPAIN

Objective of the Mission to Spain

The objective of the mission was partly fact finding in terms of determining the potential of long products in Spain, and commercial in the sense of visiting the companies that have previously done business with Canada to determine whether or not an ongoing potential exists for continuous sales or, should we view this market as being only good for spot sales whereby opportunities will exist only when drought prevails. Another objective was to learn about the acceptance of the cubes shipped from Canada to Santander.

Mission Plan and Itinerary

The first visit in Madrid was on March 26, 1990 to the Canadian Embassy where we met with Mr. Robert Nobel, Commercial Counsellor and Mr. Mike Crawcour, Senior Commercial Officer. Mr. Nobel provided mission members with an overview of the Agricultural profile of Spain and the Canadian Commercial position. An in-depth overview of the dehy industry in Spain was also provided. Also review of the mission itinerary which was organized by Mr. Crawcour took place during the meeting.

Following the meeting at Canadian Embassy, mission members accompanied by Mr. Crawcour visited the following companies:

- Confederacion Espanola de Fabricantes de Piensos Compuestos
- Solixport S.A.
- Kruger Grain S.A..

On the evening of the same day, March 26, mission was split to 2 groups, one group (Elkady and Schroeder) travelled to Granada and the second group (Defranciosi and Werner) travelled to Santander March 27. Several livestock (beef and dairy) farms were visited in both Santander and Granada regions with officials from the following companies:

- Consejero de Agricultura, Ganaderia y Pesca
- UNIASA

All mission members returned to Madrid the evening of March 27 and flew together to Zaragoza the morning of March 28. After a visit to:

Asociacion de Fabricantes de Granulados de Alfalfa
Zaragoza, Spain

the mission travelled by car to Peretta to visit one of the major alfalfa processing companies in Spain:

Alfalfa Oses, S.A.
Peretta, Spain

Following the visit to the company's plant and offices a luncheon meeting was hosted by the company. Following the lunch meeting the mission continued their trip to Barcelona.

On the evening of March 28, a dinner reception was hosted by Agro Canada Ltd. agents in Spain, D. Ignesibou. On March 29, the mission visited:

Compania de Industrias Agricolas, S.A.

Following this visit a seminar was held at the Agricultural Exchange Building (Lonja). The seminar was attended by 19 representatives of import agents and buyers of alfalfa and animal feed products. The Canadian delegation, with the assistance of a Spanish interpreter, delivered an excellent presentation followed by a question and answer period. Following the seminar a guided tour to the exchange took place followed by a luncheon reception hosted by the Canadian mission.

On March 30, the largest feed mill in the Barcelona region was visited:

"CIA" Piensos Equilibrados
Balmes, Spain

The mission returned to Canada.

Mission Results and Findings - Spain

Thirty thousand mt of cubes and 4,000 mt of pellets have been shipped from Canada to Santander under an emergency drought program by the Cantabria provincial government. The product was sold to Spanish

farmers at half price, subsidized by the Government of Cantabria. Spain is a growing producer of alfalfa pellets (about 450,000 mt) and for the first year will produce cubes as well. The production is mostly suncured.

The dairy production is in the north/northwest of Spain where cows can graze. Production is low, about 22 litres/day/cow for a commercial farm. There are also large and very efficient milk producing companies in the south which use up to 65% of alfalfa in their feed rations, including 35% of baled alfalfa. Cheap production is concentrated in the central part of Spain.

The percentage of cereals in feed rations is very high at about 60% but decreasing towards EEC average of 30%. The Netherlands' average is the lowest in the EEC at only 12%.

The price of the milk is being reduced over a 9-year period to bring them into line with the EEC milk price levels.

Spain can easily import feedstuffs but quantities are too small to really make it economical on a scale as large as Netherlands.

The Canadian alfalfa cubes sold at half price by the Cantabrian government to the farmers have definitely helped to improve the milk production, the visited commercial farmers having noticed an increase of 4 litres/day/cow. The Port of Santander facilities have been recognized as being suitable to receive alfalfa products and a shipping agent has been found.

The major importers, end-users and merchants have been visited or have attended the seminar in Barcelona. A visit to one leading Spanish dehydrator and to professional associations have given us a better knowledge of the Spanish alfalfa industry.

The dairy sector in Spain is worried about its competitiveness within EEC after the common market of 1992 and therefore is open to use alfalfa products as a way for improvement. The weather situation is not very good in northern Spain which may force the Spanish government to reduce water availability for irrigation. Spanish growers are harvesting 5 cuts per year in the major growing area of the province of Aragon. The northern provincial governments may also have to renew their emergency drought program.

There is a strong interest from merchants to try a limited quantity of cubes to northwest Spain provided that we can ship it at a competitive freight cost. As in the case of Portugal, education and technical assistance to the farmers is the key to success.

We believe that several alfalfa processors in Spain will get into the production of long fibre products and, therefore in the long term it is questionable whether we should be investing substantial amounts of money in terms of market development in that market as long as the existing production subsidies (which amount to about $130 mt) exist. However, it would appear that there is sufficient interest in our long fibre products that some continued conscious efforts of market development should continue in certain regions of Spain.

Recommendations and Follow up

It is recommended that a follow up mission to Barcelona and Santander be undertaken in the near future to meet with brokers and other contacts established during this mission for the purpose of assisting with the promotion of our products.

We should invite some of the Spanish cattle buyers to Canada to familiarize them with the Canadian dehy industry, to meet with the Canadian Dehy Association and to visit some of our production and research facilities.

Conducting some feeding trials using Canadian long-fibre products for the purpose of publishing results as a means of educating Spanish Dairy Producers is also a possibility which should be further investigated by the Canadian Dehy Association and the Department of External Affairs and International Trade.

COMPANY PROFILE FOR MISSION PARTICIPANTS

The following appendix contains the profile reports for the three companies which participated in this mission.

These reports were compiled by the Agri-Food Division of the Department of External Affairs and International Trade as a part of a major project which aims at producing similar reports for all the major exporting Agri-Food exporting companies in Canada.

External Affairs Canada / Affaires extérieures Canada

TRIP REPORT
RAPPORT DE DÉPLACEMENT

DATE	FILE NO./DOSSIER N°
January 29, 1990	3235-1

COMPANY VISITED/COMPAGNIE VISITÉE	OFFICER/AGENT
WestCan Alfalfa Inc.	Sam Elkady, Trade Commissioner
PERSON MET AND TITLE/NOM ET TITRE DE LA PERSONNE RENCONTRÉE	**DATE OF VISIT/DATE DE VISITE**
Mr. Cecil Werner, Chief Executive Officer	February 1, 1990
COMPANY ADDRESS/ADRESSE POSTALE	**TEL/TÉL**
440 McDonald Street Regina, Saskatchewan S4N 6E1	(306) 721-6292
	TELEX/TÉLEX
	Tlx: 071-2619 Fax: (306) 775-2164

DIST. DIFF.

REPORT/TEXTE

ACTION MESURE À PRENDRE

Action

Background:

WestCan Alfalfa Inc. is a private marketing organization, established and incorporated in March, 1986. The company's main objective lies in marketing Western Canadian alfalfa products, primarily off-shore, on behalf of member plants. Processing plants and marketing staff have been involved in the industry for the last 15-20 years, with most of the plants having previously been involved under a co-operative structure marketing organization.

Structure:

The company's major shareholders are alfalfa-producing plants in Western Canada as follows:

Alberta Dehydrating Company Ltd.
P.O. Box 390
Vauxhall, Alberta

- dehy, suncure, haycubes, mini cubes

Carlea Alfalfa Processors Ltd.
P.O. Box 206
Aylsham, Saskathewan

- dehy, suncure, mini cubes

Falher Alfalfa Ltd.
P.O. Box 117
Falher, Alberta

- dehy, suncure, haycubes, mini cubes

All administrative, accounting and sales functions are carried out at WestCan's office in Regina, under the direction of
Mr. Cecil Werner, Chief Executive Officer.

Products:

(a) Dehydrated alfalfa pellets - 1/4, 3/8" diameter; Protein 17% minimum; Fibre 25% maximum; Moisture 10% maximum; Ash 12% maximum; Vitamin A - 100,000 to 125,000; IUPP minimum.

(b) Suncured alfalfa pellets - 1/4, 5/16, 3/8" diameter; Protein 15% minimum; Fibre 28% maximum; Moisture 10% maximum; Ash 12% maximum, no Vitamin A guarantee.

(c) Mini Cubes - 7/8" diameter; Protein 16% minimum; Moisture 10% maximum; good green color.

(d) Haycubes - 1 1/4" x 3"; Protein 16% minimum; Moisture 12% maximum; good green color.

During the last two years, WestCan has exported over 225,000 metric tonnes of processed alfalfa products from Canada each year.

Markets:

Major markets in order of importance/exports for the 1989/90 production year were as follows:

(1) Japan - the majority of the dehydrated pellets, along with suncured pellets, hayubes, and Mini Cubes,

(2) Korea - Some dehydrated pellets, haycubes and Mini Cubes, although mostly suncured pellets.

(3) Spain - A large quantity of haycubes, with some dehydrated pellets as well. Although Spain is not normally a buyer of Canadian alfalfa, this product purchased due to the severe drought in northern Spain.

(4) Portugal - combination of both dehydrated and suncured pellets.

(5) Taiwan - suncured pellets, haycubes, Mini Cubes, small quantities of dehydrated pellets.

Other markets include the U.S. and Hong Kong.

Markets which require additional follow-up or research include Spain, Portugal, Taiwan, and the Middle East.

External Affairs Canada / Affaires extérieures Canada

TRIP REPORT
RAPPORT DE DÉPLACEMENT

DATE	FILE NO./DOSSIER N°
March 1, 1990	3235-1

COMPANY VISITED/COMPAGNIE VISITÉE	OFFICER/AGENT
Tirol International Marketing	Sam Elkady
PERSON MET AND TITLE/NOM ET TITRE DE LA PERSONNE RENCONTRÉE	**DATE OF VISIT/DATE DE VISITE**
Ike Schroeder, General Manager	February 1990
COMPANY ADDRESS/ADRESSE POSTALE	**TEL/TÉL**
P.O. Box 220 Tilley, Alberta T0J 3K0	(403) 377-2227 - 377-2443
	TELEX/TÉLEX
	Fax: (403) 377-2777

DIST. DIFF.

REPORT/TEXTE

ACTION MESURE À PRENDRE

Action

Background and Structure

Tirol International Marketing was established in 1985 as a General Partnership owned equally by Tirol Dehydraters Ltd., Hills Alfalfa Processors Ltd. and Bow Island Dehy Ltd. The major function of the partnership is to market alfalfa products, mainly cubes, and to provide for the efficient management and administration of the three companies:

1 - Tirol Dehydrators Ltd. was established in 1970 as Canada's first cubing plant. It was built in the heart of 50,000 irrigated acres that has been noted for producing very high quality alfalfa hay. Tirol Dehydrators is a private company owned by 60 shareholders who are mostly producers of alfalfa hay. Many of these farmers continue to produce hay for the plant today.

2 - In 1979 Tirol Dehydrators joined with approximately 120 shareholders/hay producers in Rolling Hills, Alberta to establish Hills Alfalfa Processors Ltd. Jointly, these two plants have the capacity to produce 80,000 tonnes of alfalfa cubes a year.

3 - Bow Island Dehy Ltd. was established in 1985 by Hills Alfalfa Processors and Tirol Dehydrators in conjunction with approximately 120 Bow Island area hay producers/shareholders. This expansion added another potential 40,000 tonne capacity. The three plants combined now have a total capacity to produce 120,000 tonnes of alfalfa cubes annually.

Products

Alfalfa (Lucerne) Cubes made of pure alfalfa size 1 1/4" x 1 1/2 x 2 1/2 (3.5 cm x 3.5 cm x 6 cm).

Specifications: protein 17 % minimum D.M. basis
Fiber 32 % maximum
Moisture 12 % maximum
T.D.N. = 55%

Markets

U.S.A.
Orient: Japan, Korea, Taiwan
Europe: Spain, Portugal, Germany, England
Middle East: United Arab Emirates, Iran

Production Capacity

The Triol Group of Companies through Tirol International Marketing now exports 100,000 tonnes annually of quality Alberta forage into the Middle East, Orient, Europe and North American markets. The future will see the Tirol Group continue to take bold new steps in product innovation and market development.

Market Strategy

The company markets directly through a number of agents in importing countries. Colourful brochures and other promotional material are distributed regularly.

The future will see the following goals being achieved in order to meet the objectives of the original founders:

Short Term - expansion plans for the Tirol Group are to add one more cuber at each plant increasing the production capacity of the three plants by 25,000 to 30,000 tonnes.

Long Term - Long term expansion plans are to expand into other forage commodities (ex. double compressed bales) and add further plants to group.

Market Interest

The company has an interest in expanding its market share in Spain and Portugal and introducing their products to France and Italy. Other markets of interest is Latin America.

Handling Enquiries

All enquiries regarding the products mentioned in this report should be directed to Mr. Ike Schroeder, General Manager at the company's head office.

External Affairs Canada / Affaires extérieures Canada

TRIP REPORT
RAPPORT DE DÉPLACEMENT

DATE	FILE NO./DOSSIER N°
March 1, 1990	3235-1

COMPANY VISITED/COMPAGNIE VISITÉE	OFFICER/AGENT
Agro Company of Canada Limited Division of Conagra Inc.	Sam Elkady
PERSON MET AND TITLE/NOM ET TITRE DE LA PERSONNE RENCONTRÉE	**DATE OF VISIT/DATE DE VISITE**
Mr. Eric De Franciosi	February 1990
COMPANY ADDRESS/ADRESSE POSTALE	**TEL/TÉL**
450 Bridge Montreal, Quebec H3K 2C6	(514) 937-4241
	TELEX/TÉLEX
	Tlx: 05560623 Fax: (514) 937-4249

DIST. DIFF.

REPORT/TEXTE

Company Profile

Agro Company of Canada Limited was incorporated in 1939 and in its 50 year existence, it has grown to become one of Canada's largest grain exporters. Agro has been an accredited export agent of The Canadian Wheat Board for over 40 years and it is presently one of The Canadian Wheat Board's largest agents for the export of wheat and barley.

Agro trades in all agricultural commodities with the major ones being wheat, oats, barley, alfalfa and pulses. Agro trades grain throughout the world and presently its major markets are in Europe, U.S.A., Japan and South America. Gross sales revenue average about $500 Million Cdn. per annum.

Agro's head office is in Montreal, Québec and Agro has trading offices in Winnipeg, Manitoba and Vancouver, British Columbia. Agro administers an oat cleaning facility in Gibbons, Alberta, and operates, through a joint venture, a bean processing plant in St. Robert de Sorel, Québec.

Agro has a freight department, chartering ships to cover Agro's C&F sales. This department has also under time charter ships ranging from 50,000 to 60,000 tons for customers, including the Canadian Wheat Board.

Agro has also been working as a marketing agency for a group of Canadian alfalfa producing companies and is devoting a portion of it's resources in Western Europe for developing an export opportunity for Canada's alfalfa products.

Agro representatives in Spain, Portugal and France are the following:

Mr. Jacques Ratieville
Grainco
12 rue de Buffon
76000 Rouen, France
Tel: 35-70-65-33
Fax: 35-70-28-46

ACTION
MESURE À PRENDRE
Action

Mr. Iganzi
Grainco, Succursal Espanola
Princesa 42
08003 Barcelona, Spain
Tel: 3-315-30-71
Fax: 3-310-16-49

Mr. Antonio Correia
Conagra Internacional Lda.
Av. Conde de Valbom, 6-5
Lisbon, Portugal
Tel: 1-548-484
Fax: 1-533-745

MISSION MEMBERS' REACTION

The following Appendix reflects the opinion, observations and recommendations of the industry associated mission members. They are in the form of letters addressed to the Honourable John C. Crosbie, Minister of International Trade and Sam Elkady, Mission Leader and Trade Commissioner at the Agri-Food Division of the Department of External Affairs and International Trade.

TIROL INTERNATIONAL MARKETING

P.O. Box 220
Tilley, Alberta Canada T0J 3K0
Phone (403) 377-2227 — 377-2443
Fax (403) 377-2777

April 17, 1990

The Right Honourable John C. Crosbie
Minister For International Trade
Ottawa, Ontario
K1A 6G2

Dear Mr. Crosbie:

A word of sincere gratitude to you and your staff for assisting the recent Processed Alfalfa Mission to Western Europe. The assistance your Department provided through financial help for airfare, local transportation and official hospitality; in Remies, Lisbon, Madrid and Barcelona, proved to be integral to the success of the mission.

I am confident that the contacts established on this mission will serve the Canadian Forage industry well in the future.

The Canadian forage processing industry continues to receive a high degree of respect in South Western Europe. The Embassy staff, particularly Sam Elkady of the Department of External Affairs, obviously worked hard to ensure that the correct contacts were made.

I would also like to thank your Government for the bold initiatives it has undertaken in promoting international trade around the world. The current GATT negotiations, the Free Trade Agreement, and the recent tariff negotiations for alfalfa in Korea, have instilled confidence in our industry that this Government is serious about opening trade barriers.

Again, thank you for your support on this mission. We look forward to participating in future missions if the opportunity presents itself.

Sincerely Yours,

TIROL INTERNATIONAL MARKETING

Ike Schroeder
Marketing Manager

IS/ls

TROL INTERNATIONAL MARKETING

P.O. Box 220
Tilley, Alberta Canada T0J 3K0
Phone (403) 377-2227 — 377-2443
Fax (403) 377-2777

April 20,1990

Mr. S. Elkady
Department of External Affairs
125 Sussex Drive
Ottawa, Ontario
K1A OG2

Dear Sam:

Re: Processed Alfalfa Mission
to France, Portugal and Spain
March 14 - March 29, 1990

Allow me to begin by extending my gratitude to you and your Department for the excellent Mission we recently participated in. I am sure that the hard work and persistance you expended will result in a meaningful and rewarding market for our industry in the future.

Following are my recommendations for follow-up work that should be undertaken as result of this Mission.

Portugal

1. I recommend that Dr. Ramalho Ribeiro be invited to Canada to attend the I.N.F.C. Symposium '90 in Saskatoon. I would also suggest that Mr. Rebeiro be invited to spend 1 -2 days with the C.D.A. to formulate the outline and logistics for a processed Alfalfa Feeding Trial. It is hoped that such discussions could reach the contract stage during the visit.

2. If the aforementioned Feed Trial is desirable by all parties, the C.D.A. will assist in the

a) Cost of the experimental product

b) Cost of sending a nutritionist to monitor the results of the Trial

c) Cost of administrating the Feed Trial

3. Finally, let us consider sending a nutritionist to Portugal to conduct Seminars with dairy farmers and other interested parties in the merits of feeding alfalfa pellets, cubes and mini-cubes.

France

I recommend that a follow-up mission to strengthen our business relationships with existing contacts be undertaken within the next 18 months. At that time, and if further interest warrants it, we should consider holding another Seminar for the purpose of evaluating consumer response to our product.

Spain

1. It is suggested that a follow-up mission to Barcelona be undertaken to meet with Broker contacts established during the recent mission for the purpose of assisiting with the promotion of our products.

2. It is my understanding that Dr. Mario Piera, who is in charge of feed and cattle purchases for Uniasa, travels to Canada frequently to purchase dairy cattle. We should select one of these trips and cover his costs to travel to Western Canada to meet with C.D.A. representatives and visit some of our production facilities.

Italy

I suggest that a visit to Milan may be in order to meet with potential importers who have shown keen interest in our product. I also feel that a market a study to evaluate the potential of our products should be carried out in Italy within the next 12 months.

Please review the above recommendations and provide your comments. Thank you in advance for your attention to my requests.

Best Regards

Ike Schroeder

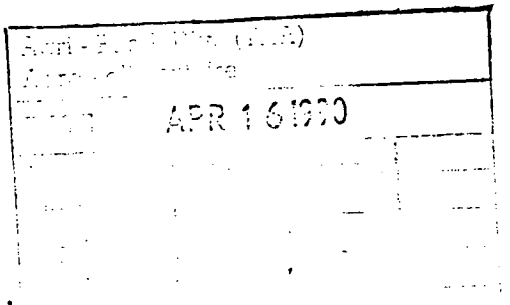
Ike Schroeder
Marketing Manager.

WestCan Alfalfa Inc.

440 McDonald Street
Regina, Saskatchewan
Canada S4N 6E1

Tel: (306) 721-6292
Fax: (306) 775-2164

Telex: 071-2619
(CMAR WCAN REG)



April 6, 1990

The Honourable John C. Crosbie
Minister, External Affairs &
International Trade Canada
Ottawa, Ontario
K1A 0G2

Dear Mr. Crosbie:

RE: Canadian Alfalfa Mission to France, Portugal & Spain

I would like to take this opportunity to thank you for the assistance provided by your Department in organizing the trade mission to the western part of France, Portugal and Spain. This mission, which was led by Mr. Sam Elkady of your Department, involved meeting appropriate government and business people that already have or may have a future interest in processed alfalfa products.

This mission was partly fact finding in terms of determining the potential of long fibre products in the western part of France and Spain and, commercial in a sense that companies in Portugal and Spain that have previously done business with our company were visited with a view to determine whether or not an ongoing potential exists for regular sales or, do we view these markets as being spot whereby opportunities will exist only when drought conditions prevail in those countries.

We appreciated the presence of Mr. Ron Davidson from your Paris office in attending a seminar which was held in Rennes, and the organizational efforts provided by Mr. Manuel Lima from your Lisbon office and, Mr. Mike Crawcour from your Madrid office, in arranging for several appointments. It was unfortunate that Mr. Tom Collins from your Barcelona office was unable to assist in or attend the business seminar held in Barcelona.

.../2

The financial support in terms of providing airfare, ground transportation and hospitality for the seminars is greatly appreciated. All of the meetings that were organized with the help of your staff and the help of various companies in France, Lisbon and Spain, were very fruitful. A considerable amount of follow-up with some of the companies and government organizations will be required in order to take full advantage of the potential that exists.

As you may know, the EEC heavily subsidizes the production of dehydrated alfalfa pellets in France, Spain and other producing European countries, however transportation logistics and costs, as well as quality, have allowed us to enjoy sales to Portugal and more recently hay cubes to northern Spain. At the present time, Europe has not been producing a long fibre product such as mini cubes, which our company manufactures, or regular hay cubes and, therefore the interest in the west part of France, Spain and Portugal is strong to utilize long fibre products as a partial replacement for corn silage and other domestically produced forages. Again because of the subsidies in producing corn, the farmers that produce corn silage must charge an opportunity cost equivalent to what they could earn in growing corn for grain, which means the theoretical value of our products as a direct feed ingredient for milking cows is reasonably good. We know that some farmers that used hay cubes purchased by the Government of Spain in the Santander area have enjoyed increased milk production and it is now a matter of convincing the farm population in general that high quality Canadian long fibre alfalfa products can be justifiably used in order to optimize milk production at minimum cost.

We believe that several alfalfa processors in Spain will get into the production of long fibre products and, therefore in the long term it is questionable whether we should be investing substantial amounts of money in terms of market development in that market as long as the existing production subsidies (which amount to about $130/MT) exist. However, it would appear there is sufficient interest in our long fibre products that some continued conscious efforts of market development should continue in certain regions of Spain and particularly Portugal. As one major dairy farmer who milks 10,000 cows said, by purchasing 50% of his requirements from Canada it would improve his negotiating power with domestic suppliers of alfalfa products. This is only one reason why sales might be contemplated into those markets even though from a theoretical point of view we would be at a significant disadvantage.

In closing, I would like to again thank you for your support and to say that we greatly appreciated the financial and professional assistance.

Yours very truly,

Cecil Werner
Chief Executive Officer

cc: Mr. D.T. Wismer, Director
Western Europe Trade &
Investment Technology Division
External Affairs & International Trade Canada

[redacted], Director General
Agra Food Division
External Affairs & International Trade Canada

WestCan Alfalfa Inc.

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Regina, Saskatchewan
Canada S4N 6E1

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Telex: 071-2619
(CMAR WCAN REG)

April 6, 1990

Mr. Sam Elkady
Trade Commissioner
Agricultural Products Division
External Affairs Canada
6th Floor, Tower C
125 Sussex Drive
Ottawa, Ontario
K1A 0G2

Dear Sam:

RE: European Mission

I would like to take this opportunity to thank you for organizing our recent mission to France, Spain and Portugal. The financial support from your Department was very much appreciated. I think the team of yourself, Ike Schroeder, Erik De Franciosii and myself worked together very well.

All of our meetings were very productive and informative. As well, the seminars gave us a good opportunity to present information about Canadian products.

There will be some follow-up work required and potentially additional assistance from the Government of Canada. For example, paying the costs of a researcher/nutritionist from Portugal to the International Feed Symposium in Saskatoon will be very helpful in terms of allowing us and Dr. Christensen, of the University of Saskatchewan, to work out the basis for some feeding trials to be conducted utilizing long fibre products in Portugal as a replacement or partial replacement of corn silage.

Also, we would like to find a way of shipping a few containers or a couple of hundred tonnes of mini cubes to Portugal, Spain and the western part of France. The logistics of how we might accomplish this still needs to be determined. If we can cop up a vessel containing alfalfa pellets going to Lisbon in late April/May and tuck one or two hundred metric tonnes from Lisbon to southern Spain and France, it might be the least cost way rather than shipping by container.

CANADA EXPORT AWARD

.../2

There are several other areas of follow-up that will be addressed when I compile my notes, but at this stage would like to express my sincere appreciation for all of your efforts, time and money. It was a good mission.

Best regards,

Cecil Werner
Chief Executive Officer

AGRO DU CANADA LIMITÉE
COMPANY OF CANADA LIMITED

450 Bridge
Montreal, P.Q.
Canada
H3K 2C6

Telephone: (514) 937-4241*
Telex: 055-60623
Fax: (514) 937-4249

le 4 avril, 1990

L'Honorable John C. Crosbie
Ministre du Commerce extérieur
Ottawa, Ontario
K1A 0G2

Monsieur le Ministre,

Je vous remercie de votre lettre du 14 mars assurant les membres de la mission dont j'ai eu le plaisir de faire partie, du support de votre ministère pour la promotion de nos produits de la luzerne en France, au Portugal et en Espagne.

L'assistance offerte par le conseiller commercial M. Ron Davidson à Rennes, et les agents commerciaux M. Manuel Lima à Lisbonne et M. Mike Crawcour à Madrid, nous a permis de mieux appréhender les conditions spécifiques de chacun de ces marchés et d'établir des contacts très appréciés.

Le support financier apporté par votre ministère a rendu possible cette mission.

Nous avons ainsi découvert les potentialités du marché français où nous avons confirmé nos relations commerciales avec un agent très bien positionné sur ce marché.

Au Portugal, nous avons fait suite à la visite d'une mission d'acheteurs portugais venus au Canada en 1989. Nous avons aussi présenté de nouveaux produits à un marché où nous avons réalisé des percées significatives au cours des deux dernières années.

En Espagne, nous avons en particulier rencontré les utilisateurs des cubes de luzerne que nous y avons vendus au cours des derniers mois. Ces rencontres ont confirmé la valeur de nos produits mais elles ont aussi mis en évidence la nécessité d'informer voire d'éduquer les agriculteurs espagnols.

. . . . /

AGRO DU CANADA LIMITÉE
AGRO COMPANY OF CANADA LIMITED

Cette mission a définitivement atteint ses objectifs en positionnant notre industrie canadienne des produits de la luzerne sur ces marchés, au moment idéal pour en tirer parti dès la récolte 1990.

Je tiens également à souligner la compétence et la flexibilité du chef de mission, M. Sam Elkady, qui nous a permis d'opérer dans des conditions de travail optimales et de présenter à nos clients européens une image très positive du soutien de notre gouvernement à notre industrie.

Je ne voudrai pas passer sous silence l'effet multiplicateur sur les exportations canadiennes d'une telle mission en ce que chaque vente de produits de la luzerne nous donne la base pour affréter des navires que nous pouvons compléter avec d'autres productions agricoles canadiennes.

Avec mes remerciements,

Sincèrement vôtre,

AGRO DU CANADA LIMITÉE

ERIK DE FRANCIOSI

EDF/ew

cc: Mr. D.T. Wismer
Director Western Europe
Trade Investment and Technology Division
External Affairs and International
Trade Canada

cc: Mr. Burchill
Director General
Agrifood Division
External Affairs and International
Trade Canada

AGRO DU CANADA LIMITÉE
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le 4 avril 1990

Mr. Robert B. Noble
Conseiller Commercial
l'Ambassade du Canada
Apartado 117
Edificio Goya - 4th Floor
Niñez de Balboa, 35
28001 Madrid
Spain

Monsieur le Conseiller,

La mission commerciale pour la promotion des produits de la luzerne en France, au Portugal et en Espagne est maintenant rentrée au Canada et je voudrai, en mon nom et au nom des autres membres de cette mission, vous remercier pour l'assistance apportée par Mike Crawcour.

La qualité des contacts que nous avons pu avoir avec des représentants des associations professionnelles et avec des clients potentiels, a été tout particulièrement appréciée.

Nous ne pouvons que nous réjouir de la suggestion de partager la mission afin de couvrir à la fois Santander et Granada, ce qui nous a permis de découvrir une agriculture espagnole traditionnelle d'une part et à la toute pointe du progrès technologique d'autre part.

Lors de notre passage à Barcelone, nous n'avons pu, comme convenu, faire rapport à Tom Collin qui n'a pas été en mesure de se rendre disponible pour assister à la présentation que nous avons faite à la Bourse de Commerce.

. . . . /

AGRO DU CANADA LIMITÉE
AGRO COMPANY OF CANADA LIMITED

Le marché espagnol, dans son ensemble, nous apparaît plus sensible au prix qu'à la qualité. Néanmoins la modernisation progressive de l'agriculture espagnole et la connaissance progressive des produits de la luzerne nous rendent confiants dans la possibilité de ne pas être seulement un fournisseur occasionnel pour les situations d'urgence.

Les développements que nous anticipons, devraient nous permettre, dans un avenir prochain, d'avoir le plaisir de vous rencontrer à nouveau à Madrid.

Sincèrement vôtre,

AGRO DU CANADA LIMITÉE

ERIK DE FRANCIOSI

EDF/ew

AGRO DU CANADA LIMITÉE
COMPANY OF CANADA LIMITED

450 Bridge
Montreal, P.Q.
Canada
H3K 2C8

Telephone: (514) 937-4241
Telex: 055-60623
Fax: (514) 937-4249

le 4 avril, 1990

Mr. Luis Bustos
Commercial Counsellor and Consul
Canadian Embassy
Av. da Liberdade, 144/56 - 4.°
1200 Lisboa
Portugal

Dear Mr. Bustos:

Our mission, for the promotion of Canadian alfalfa exports to southern Europe is now back in Canada, and on behalf of myself and other members of the group, I would like to thank you and Mr. M. Lima for your assistance in its preparation.

Your cooperation with our Conagra office in Lisboa for the organisation of the seminar, and the dinner which followed was very much appreciated.

The Portuguese market is a difficult one, and is primarily price driven. This represents a challenge for high quality alfalfa processed products from Canada. However our ability over the past two years to increase our share of the Portuguese market should augur well for the future thanks to the support of our Conagra office in Lisboa and the assistance of Mr. Andrade.

Future developments should give us the opportunity to meet with you again in Lisboa.

Yours sincerely,

AGRO COMPANY OF CANADA LIMITED

ERIK DE FRANCIOSI

EDF/ew

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le 4 avril, 1990

M. Ronald Davidson
Conseiller (Affaires commerciales)
Agriculture et pêche
l'Ambassade du Canada
35, avenue Montaigne
75008 Paris
France

Cher Ronald,

Ce fut un plaisir de vous rencontrer en Bretagne les 18 et 19 mars. Notre mission pour la promotion des produits de la luzerne du Canada, est maintenant rentrée au Canada et je voudrai vous remercier pour votre participation au séminaire de Rennes.

Votre connaissance approfondie de la politique agricole commune et de l'agriculture française nous ont aidé à mieux préparer ce séminaire et à en assurer le succès.

Malgré la présence forte d'une production nationale française de produits de la luzerne, nous croyons fermement que nous pouvons faire une percée avec les cubes et la luzerne séchée soleil. L'intérêt exprimé par les participants à ce séminaire est extrêmement encourageant.

Nous sommes par ailleurs convaincus que M. Jacques Ratiéville a toutes les qualités pour nous aider à réaliser cette implantation sur le marché français. Nous nous engageons toutefois à donner suite à toute demande qui pourrait vous être adressée et que vous nous feriez parvenir.

Avec nos remerciements,

Sincèrement vôtre,

AGRO DU CANADA LIMITÉE

Erik de Franciosi
EDF/ew

Encls.