



ANNUAL SURVEY OF WHEAT, COARSE GRAINS AND OILSEED MARKETS 1988

This survey is conducted on an annual basis primarily on behalf of the Canadian Wheat Board, although the information is also utilized in the Grain Marketing Bureau. Through the use of a survey questionnaire, 57 External Affairs trade posts abroad, covering 68 countries, are canvassed to obtain information on market opportunities and the supply and disposition situation for individual grains, oilseeds and products, including malt and malting barley. General information on government policies affecting grain and agriculture, market developments (e.g. countertrade), and on processing facilities, storage and throughput capacity and other subjects is also solicited.

As has been done since 1982, we have condensed the information, comments and statistics provided focusing on that information which may not be readily available to grain exporting and processing firms from more comprehensive domestic or international sources.

Not all countries are covered in the survey since posts in some major grain importing or exporting nations report on a regular basis and accordingly were excluded from the survey. Some other countries were excluded because locally available information proved to be too sketchy to be of any real value. In addition, some posts did not return a completed questionnaire or were only able to develop very limited information on their respective countries. Nevertheless, it is believed that the coverage and information are sufficiently broad and detailed for this report to be of interest and some usefulness to most grain industry recipients.

This market survey report is only made available on a very limited basis to those Canadian firms and organizations actively involved in the export marketing of grains, oilseeds and products and is not compiled for general distribution.

Grain Marketing Bureau
Agriculture Canada

April, 1989

ACKNOWLEDGEMENT

The cooperation and assistance of our External Affairs trade posts abroad in the conduct of this survey is acknowledged and appreciated.



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PART I
EUROPEAN ECONOMIC COMMUNITY



BELGIUM - LUXEMBOURG

BASIC INDICATORS (ECONOMIC/DEMOGRAPHIC/CONSUMPTION)

Economic classification:	Industrial Market economy	
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$11,195	1986
Annual per capita GNP	US\$13,429	1986
Average annual growth	6.85%	1977-87
Annual inflation rate	5.26%	1977-87
Annual inflation rate	1.3%	1988
Volume of imports	77.425 billion US\$	1987
Of which food	10.0%	1987
Of which fuels	19.0%	1987
Principal foreign exchange earning export:	Automobiles	
Debt service as % of GNP	10.4%	1986
Debt service as % of exports	18.39%	1987
Population	9.86 million	1986
Annual population growth	0.06%	1986
Annual Consumption:		
Flour	926,840 tonnes or 94 kg/capita	1988
Meat	695,800 tonnes or 71 kg/capita	1987

1. GENERAL INFORMATION

1. Crop Situation and Outlook

This year's general crop outlook is good. Winter barley yielded 7 to 8 tonnes per hectare and winter wheat (soft wheat) 7 to 8.5 tonnes per hectare on average.

(a) Seeded Acreage: (in hectares)

<u>Product</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	185,349	181,412
Durum	-	-
Barley	122,878	127,893
Corn	6,015	7,164
Sorghum	-	-
Oats	14,667	13,542
Rye	4,145	4,476
Soyabeans	-	-
Rapeseed	3,914	2,614
Sunflower	-	-

2. Foreign Exchange Situation

The Belgian government is continuing its efforts to put public finances in order. The Belgian economy is fairly sound. It is highly unlikely that Belgium will require international aid.

3. Fertilizer Situation

Generally, prices of straight and compound nitrogen fertilizers were not subject to any stress. In fact, prices trended downward, especially in the case of Belgian-made fertilizers and similar imported types. The lower prices are the result of reduced energy costs.

4. Import mechanism

There have not been any changes to current import procedures. Private companies continue to do the importing. No changes are expected.

5. Grain Industry Infrastructure

No significant changes have taken place.

6. Government Policies Affecting Grain and Agriculture

Belgian government policy is aligned on the Common Agriculture Policy (CAP) defined by the EEC Council of Agriculture Ministers.

Stabilization mechanisms have been introduced and can penalize producers for increases in production in any sector.

As a result of budget restraint, a ceiling has been placed on European agricultural expenditures and official price adjustments have thus been curbed.

An assistance plan has been introduced to encourage the withdrawal of arable land from production and the development of alternative production on other land.

7. Market Prospects - Grains and Oilseeds

Europe will become a "unified" market in 1992. Canadian initiatives to penetrate the European market will generally have to be made at the Community level: negotiation of quotas, investments in the EEC, association with local partners, company takeovers and mergers, and so on.

A few possibilities exist for certain special crops from Canada, such as wild rice, lentils and peas, but the price must be attractive and regularity of supply must be ensured.

8. Processing Facilities

Year: 1987 (most recent)
thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	73	73	1,800	931
Compound Feed Mills	90	103	6,500	5,365
Maltsters	9	12	600	502.1
Brewers*	105	126		13.7
Oilseed Crushers	8	8	2,500	2,000

* Capacity and output in million of hectolitres

9. Storage and Throughput Capacity

Grain Import Capacity by Port

Year: 1987 (most recent)
- - thousands of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Antwerp	237	5,600
Ghent	930	8,000
Total Capacity	1,167	13,600

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987/88 estimate:

- - thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley Suitable for malting	625.6	52.4		N/A	

2. Statistical Notes: 1987/88 est.
thousands of tonnes (previous year in brackets)

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt		-----Not available-----	
Malting barley	678 (793)		

Export Destinations includes: EEC, Netherlands, Fed. Rep. of Germany
Import Originations includes: EEC, France, The Netherlands

3. Additional Information

Annual per capita beer consumption: Since 1980, "average" beer consumption (120L per capita) has been only slightly below that of the previous decade. In that sense, one might say that a "saturation point" has been reached. Beer, though, has lost considerable ground to other beverages: mineral water, coolers, juice, and wine.

Beer Production Capacity: More than anything, what we have witnessed is a concentration of production capacity (consolidation and stabilization), given that brewing technology and the development of distribution channels have required major investments. Total beer production in Belgium has virtually not changed since 1972.

Domestic malting capacity: Local capacity is nearly stable. Belgian maltsters do not consider that present capacity needs to be increased since it is sufficient to meet domestic requirements, especially given the stagnant beer market situation.

Market potential for Canadian malt: Belgian imports 99.99% of the raw material used in malt production from other EEC countries. Imports from other countries are subject to a fairly high tariff (20%), which significantly limits market access.

III. OILSEEDS

1. Trade Policy

Oilseeds imports and exports are handled by private firms. Other factors are processing subsidies and export taxes, which are governed by existing EEC regulations.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oilseed</u>	<u>Production</u>
Oil	6.68
Rapeseed	12.02

<u>Oil</u>	<u>Production</u>
Crude linseed	5.9
Soya crude	22.33
Other crude	560.84
Refined	627.5
Acid oils	
TOTAL	1,216.57

<u>Meal</u>	<u>Production</u>
Linseed meal	10.77
Other	1,553.38
TOTAL	1,564.15

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Wheat*	1,201 (1,115)	()		
Durum wheat		N/A		
Flour/Semolina				
TOTAL	1,201 (1,115)			
* of which spring wheat 18	(28.4)			

(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Corn	63 (40)			
Barley	900 (738)			
Others*	(--)			
Oats	117 (96)			
Rye	26.0 (20)			
TOTAL	1,106 (894)			
* (Triticale and Canaryseed)				

NOT AVAILABLE

DENMARK

Economic classification: Industrial market economy		
Oil exporter or importer (net):	Importer	
Annual per capita income	US\$18,110	1987
Annual per capita GNP	US\$18,810	1987
Average annual growth	2.2%	1977-87
Annual inflation rate	7.9%	1977-87
Annual inflation rate	4.0%	1988
Volume of imports	24.260 billion US\$	1987
Of which food	3.9%	1987
Of which fuels	7.6%	1987
Principal foreign exchange		
earning export: Machines and instruments		
Debt service as % of GNP	-	/*
Debt service as % of exports	-	/*
Population	5.13 million	1987
Annual population growth	0.1%	1977-87
Annual Consumption:		
Flour	352,310 tonnes or 68.7 kg/capita	1987
Meat	530,110 tonnes or 103.3 kg/capita	1987

Average exchange rate - DKR 717.50 = US\$ 100.00

/*Interest payments as % of GNP - 4.1%	1987
Interest payments as % of exports - 14.0%	1987
Foreign debt as % of GNP - 40.9%	1987
Foreign debt as % of exports -134.9%	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

	87 final figures		88 preliminary figures	
	Yield 000 t	Hectares 000	Yield 000 t	Hectares 000
Wheat	2,311	398	2,180	320
Rye	512	135	0.33	75
Winter barley				
90% of it 6 row	310	61	0.21	35
Spring barley 2 row	4,045	883	5,290	1,136
Total barley	4,355	943	5,500	1,171
Oats and mixed seed	93	23	0.15	30
Spring rape	592	261	0.46	190
Field peas	528	204	0.54	160

2. Foreign Exchange Situation

As a member of the EEC the kroner is (kept) high within the state. Although many experts have difficulty justifying this policy, Conservative minority government continues to be strongly against devaluation.

3. Fertilizer Situation

		<u>1986</u>	<u>1987</u>
		kg/ha	
Use of:	Nitrogen	382	380
	Phosphate	46.1	45.1
	Potash	121	125

Total acreage sown (hectare): 1986: 2,834,000; 1987: 2,815,000

b) Canadian exports of potassium chloride in 1987: CAD 9.3 million.

7. Market Prospects - Grains and Oilseed

Denmark is minimal importer of Canadian products, but technological co-operation continues to provide good environment to enhance potential sales of specialty products.

8. Processing Facilities

Year: 1987

			thousands of tonnes	
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	6	10	340	
Compound Feed Mills		25	4,500	4,200
Maltsters	6	6	140	140
Brewers *	18	23		8.5
Oilseed Crushers	1	1	400	230

* Capacity and output in millions of hectolitres

N.B. New rape seed crushing plant (Scanola) with annual capacity of 100,000 tons start-up October 1988.

9. Storage and Throughput Capacity

Grain Import Capacity by Port - Year: 1987

Name of Ports: Copenhagen, Aarhus, Aalborg, Odense, Esbjerg, Frederikshavn, Kalundborg, Korsor, Abenraa.

Storage capacity is owned by different grain companies and not the ports. Capacity is small.

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987

- - thousands of tonnes- -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All barley		4,050	310		4,360
Suitable for malting					1,500

2. Statistical Notes: 1988/89 est. thousand of tonnes - previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	140 (140)	(10)	50 (40)
Malting barley	5,000 (5,000)	(100)	700 (500)

Export destinations include: Norway, FRG, Japan, Panama, Sweden, Thailand, Philippines

Import origination includes: France, FRG, Belgium/Luxembourg

Denmark is normally self-sufficient in malting barley, annual production currently 140,000 tons, however new malting plants are projected to increase capacity by 30-60,000 tons annually, probably commencing 1990.

3. Additional Information

Unchanged but new calculating formula has been used giving per capita consumption of only 125 l. (against 86 figure 130). 10% should be added for 1987 "Border shopping" in FRG where taxes are lower.

Beer production capacity: Stable.

Domestic malting capacity: Stable.

Market potential for Canadian malt: Nil.

III. OILSEEDS

1. Trade Policy

Import/export structure: Private firms through licenses.

Additional factors: Oilseeds are free of import duties.

2. Supply of oilseeds and products by type, tonnes:

Year: 1987

<u>Oilseed</u>	Domestic Production	Imports	Exports
Rapeseed	556.0	0.8	251.0
Soybeans		61.0	0.1
Copra		5.5	0.0
Sunflower		4.0	1.2
Other oilseeds		16.9	1.7
Total	556.0	88.2	254.0

<u>Oil</u>	Production	Imports		Exports	
		Crude	Refined	Crude	Refined
Rape	95.5	0.7	9.1	29.2	0.7
Soya beans	-	21.6	13.3	0.1	1.0
Palm	-	20.5	23.9	0.0	15.2
Coco		6.9	0.9	0.4	1.5
Others		1.4	3.8	0.0	0.3
Total	95.5	51.1	51.0	29.7	18.7

<u>Meal</u>	Production	Imports	Exports
Rape	140.8	0.0	0.0
Soya beans	-	8.1	0.0
Others			
Total	140.8	8.1	0.0

* Northern-short growth seed

IV. STATISTICAL NOTES(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	2,180 (2,311)	410 (456)	90 (90)	2,680 (2,857)
Durum wheat	1 (1)	1 (1)	2 (2)	3 (3)
Flour/Semolina	0			
TOTAL	2,180 (2,311)	411 (457)	92 (92)	2,683 (2,860)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Human</u>		<u>Industrial</u>	<u>Other</u> (seed, waste)	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
	<u>Consumption</u>	<u>Animal Feed</u>					
Wheat	338 (335)	1,500 (1,500)		130 (129)	500 (483)	212 (410)	2,680 (2,857)
Durum wheat	2 (2)					1 (1)	3 (3)
Flour Semolina							
TOTAL	340 (337)	1,500 (1,500)		130 (129)	500 (483)	213 (411)	2,683 (2,860)

Export destination: EEC: 31%

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets N/A

(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Corn		10 (12)	90 (85)	100 (97)
Barley	5,300 (4,355)	480 (561)	50 (53)	5,830 (4,969)
Sorghum	0 (0)			
Oats	150 (93)	25 (22)	30 (33)	205 (148)
Rye	330 (512)	190 (430)	30 (30)	550 (972)
TOTAL	5,780 (4,960)	705 (1,025)	200 (201)	6,685 6,186

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets

	Human				Exports	Carry-out	Total
	Consumption	Animal Feed	Industrial	Other (seed, waste)			
Corn	30 (30)	(50) (45)	10 (8)	5 (4)	1,000 (703)	5 (10)	1,001 (97)
Barley		(3,330)(3,275)	200 (200)	310 (311)		1,020 (480)	5,830 (4,969)
Sorghum	30 (30)	90 (85)		10 (8)	30 (0)	45 (25)	205 (148)
Oats	110 (105)	300 (295)	5 (2)	30 (30)	1,001 (350)	5 (190)	550 (977)
Rye							
TOTAL	170 (165)	3,740 (3,700)	215 (210)	355 (353)	1,130 (1,053)	1,075 (705)	6,685 (6,186)

Industrial use: Beer

Export Destination Saudi Arabia, USSR, Poland

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	ORIGIN				TOTAL IMPORTS		
	Canada	U.S.A.	Australia	Argentina		EEC	All Others
Corn					60 (55)	30 (30)	90 (85)
Barley					50 (53)		50 (53)
Sorghum					30 (30)	3 (3)	30 (33)
Oats					30 (30)		30 (30)
Rye					170 (168)	33 (33)	200 (201)
TOTAL							

Principal Others: Sweden, German Democratic Republic, Israel

G R E E C E

Economic classification: Middle Income economy		
Oil exporter or importer (net): Importer		
Annual per capita GDP	US\$5,000	1987
Average annual growth	1.5%	1977-87
Annual inflation rate	16.3%	1977-87
Annual inflation rate	15.7%	1988
Volume of imports	12.6 billion US\$	1987
Of which food	14.0%	1987
Of which fuels	18.0%	1987
Principal foreign exchange earning export: manufacturing		
Debt service as % of GNP	38.0%	1987
Debt service as % of exports	70.0%	1987
Population	10.0 million	1987
Annual population growth	1.0%	1976-86
Annual Consumption:		
Flour	1,495,000 tonnes or 149 kg/capita	
Vegetable Oil	375,000 tonnes or 37.5 kg/capita	

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Most recent Ministry of Agriculture forecasts/estimates of grain and feed crop yields for 1988 crop in thousand tonnes (1987 crop year figures in brackets): soft wheat 1,200 (1,100); durum wheat 1,150 (1,300); corn 1,920 (1,700); barley 800 (650); oats 70 (60), rye 15 (5); rice N/A (106); olive oil 280 (360); sunflower 67 (35).

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	420	463
Durum	425	416
Barley	290	290
Corn	190	201
Oats	40	40
Rye	10	10
Sunflower	90	80
Rice	16	16

2. Foreign Exchange Situation

The Greek drachma, since being unpegged from the U.S. dollar in August 1983 and through subsequent devaluations, has depreciated in value by over 70 per cent against the U.S. and Canadian dollars, and by smaller percentages against other currencies. While tourism and exports have benefitted, import costs have

Foreign Exchange Situation (cont'd)

increased and annual inflation has been around 15 per cent. The drachma is still weak against European currencies. Greece continues to be plagued by an adverse foreign trade, current account and balance of payments situation.

Imports, while not subject to actual quantitative restrictions, are hindered by bureaucratic controls and other measures, in an effort to reduce the high level of imports, particularly those of luxury and non-essential products. Basic foods and agricultural inputs are not yet being subjected to such restrictions. Greece is a recipient of EC economic and US/W. German military assistance.

3. Fertilizer Situation

Consumption of chemical fertilizers in Greek agriculture increased from 1.6 million tonnes in 1980 to 2.4 million tonnes in 1985, an average annual increase of 7%. Compared with consumption levels in the last decade, fertilizer use has risen by 60% in 1985. Consumption of nitrogen fertilizers grew by 80%, phosphoric fertilizers by 20% and potassium by 14% in this 10 year period. However, Greek farmers still use less fertilizer than other EC farmers (194 kg/ha versus 201-339 kgs/ha). Imported fertilizers (mainly ammonia and urea) cover only 10% of overall needs with local production providing the balance of around 2.2 million tonnes. The 1985 production breakdown (latest available from Agric. BK of Greece) of the country's four producers (AEVAL, AEEXML, XBBE, VFL) as follows, in thousands of tonnes:

Ammonium phosphate (20-10-0)	543
Ammonium phosphate (16-20-0)	394
Ammonium nitrate	374
Calc. amm. nitrate	242
Ammonium sulphate	145
Compound fertilizer (11-15-15)	287
Compound fertilizer (12-12-12)	45
Superphosphoric (low concentration)	79
Other mixed	69
 TOTAL	 2,178

The end of the Greek transition period into the EC on January 1, 1986 opened the Greek market to imported fertilizers, but so far this has not adversely affected production and sales from domestic producers, although the industry is burdened by higher cost raw materials (in view of the weak Greek currency), which account for 75% of manufacturing costs. Only 20% of the raw materials are produced in Greece.

4. Import Mechanism

Since Greece's accession to the EC in January 1981, all grain trade has been handled by the state sector cooperative distribution agency KYDEP. To conform with the EC policy of free trade in grains, the government since January 1, 1986 has permitted the private sector to participate in this trade on a restricted basis. In view of a large carryover of both soft (180,000 tonnes) and durum (500,000 tonnes) wheat from the 1986 crop because of radioactivity

Import Mechanism (cont'd)

contamination, particularly for durum, KYDEP is experiencing both disposal problems for the 1986 crop as well as pressing storage problems for the 1987 crop. The authorities are, therefore, pressuring traders to take more domestic wheat in order to obtain financing for imports of better quality EC soft wheat. About 380,000 tonnes of soft wheat were imported during 1986/87, of which 318,000 tonnes was from France and 62,000 tonnes from the UK. Greece is actually self-sufficient in soft wheat and is decreasing cultivation in favour of durum. About 60-70% of imported soft wheat is re-exported as flour after being blended with inferior Greek wheat. The remainder is milled and consumed locally. In 1988 Greece produced 500,000 tonnes of soft wheat and imported 500,000 tonnes mainly from France (400,000) and Spain and the U.K. (100,000 tonnes).

5. Grain Industry Infrastructure

Grain handling, pooling, storing, imports and exports, previously a KYDEP monopoly, have now been liberalized to some extent, permitting the farmer to sell to YDAGEP (the EC Intervention Agency), KYDEP or private traders (millers and exporters). Intervention prices set by the EC are lower than those paid by KYDEP which in turn are below those received by farmers from the private trade.

6. Government Policies Affecting Grain and Agriculture

Greece's grain and agricultural policies are being aligned to the EC/CAP. Greece is self-sufficient in wheat and corn and almost so in barley. EC financial incentives are boosting durum wheat production at the expense of soft wheat. Durum can be cultivated on non-irrigated land in marginal mountainous areas. To compensate for the EC co-responsibility tariff to be levied on Community wheat producers, following a decision of the Council of Agriculture Ministers in June 1986, Greece's small wheat growers will receive compensation. Greece produces 2.9% of the total Community wheat crop. Utilization of corn in the livestock industry is being replaced by cheaper feed grain supplements, thus freeing high quality corn for export to Western Europe. French corn of inferior quality is replacing this shortfall in corn availabilities for feed purposes. Higher feed costs in Greece compared to other EC countries inhibit the development of cattle breeding, making it difficult to compete against EC lower priced beef/veal. EC levies make it prohibitive to import either beef/veal or breeder cattle from Canada, and it is difficult for Canadian poultry meat to compete with domestic and EC poultry.

Greece has never been and is unlikely to be in the foreseeable future a purchaser of Canadian grain or oilseeds. However, in view of a perennial adverse balance of trade and balance of payments situation, Greek authorities are keen to save on scarce foreign exchange outlays for major capital equipment purchases and it is now regular practice to discuss countertrade, barter, offsets, etc.

7. Market Prospects - Grains and Oilseeds

Self-sufficiency in soft wheat, durum and corn and almost so in barley, rules out future sales opportunities for Canadian grains, outside of exceptional circumstances such as radiation affected grains, extreme drought conditions, etc.

8. Processing Facilities

	Year 1987			
	thousands of tonnes			
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	170	170	2,600	2,000
Compound Feed Mills	1,450	1,450	2,000	1,670
Maltsters	4	4	43	43
Brewers	5	5	320	285
Oilseed Crushers (except olives) +	40	40*	4,000 t/24hr**	50% in 1986

* 30 crush only cottonseed, others crush soybean, sunflower, sesame, rapeseed, corn.

** or 1.2 million tonnes p.a. (300 days) of which soybean crushing capacity 510,000 tonnes.

+ olives crushing by approximately 4,000 units all sizes throughout Greece.

9. Storage and Throughput Capacity

Grain Import Capacity by Port

<u>Name of Port</u>	Year 1986	
	- thousands of tonnes -	
	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Piraeus	20	250
Thessaloniki	20	250
Volos	15	160
Total Capacity	55	660

In addition KYDEP (Home Products Handling Cooperative Organization) operates modern grain elevators and old grain storage warehouses (600 thousand tonnes capacity) throughout Greece. An EC/Greek State program for the construction of metal silos of one million tonnes capacity has been under way since 1984.

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1986/87 estimate:

- - thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley		800			
Suitable for malting		60-70%			

2. Statistical Notes: 1986/87 est.
thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt		4 (4)	
Malting barley		20 (20)	

Import origination includes: malting barley - France; malt - FRG, Holland

3. Additional Information

Annual per capita beer consumption: Increasing slowly in this traditional wine drinking country, through influence of growing tourist influx and changing habits of a more affluent population. Still relatively low at 25 litres.

Beer production capacity: On an annual basis there is an over capacity, with a tight to short supply situation during the hot summer tourist season. Stiff competition among existing breweries with 2 plant shut-downs in recent years.

Domestic malting capacity: No recent published malting capacity or production figures (estimate around 35,000 tonnes). All Greek breweries have their own malting facilities.

Market potential for Canadian malt: Malt import situation is unlikely to change in the foreseeable future in view of the European interests in Greek breweries (Amstel, Carlsberg, Henninger, Lowenbrau).

III. OILSEEDS

1. Trade Policy

Import Tariffs:	Oilseeds:	6% VAT and 1.125% regulatory tax 1.125%
	Crude oil:	Containers 1-5 kg - 18.53%*
		Containers above 5 kg - 17.74%*
		Inedible - 33.51%*
	Oilseed meal:	30.4%*
	Refined oil:	Containers 1-5 kg - 24%*
		containers above 5 kg - 23%*
		Indedible - 40%*

* Total duty, VAT and regulatory tax

Non-tariff import barriers/export assistance measures: Greek olive oil producers receive EC/Greek government financial support. Sunflower production has shown a spectacular expansion in Greece as a result of EC incentives, increasing from 81,000 tonnes in CY85/86 to 160,000 tonnes in CY86/87, and is tending to replace soft wheat and sugarbeet cultivation in some areas. There is no import requirement for sunflower oil.

Import/export structure: Oil seeds were allowed to be imported freely by the private trade in 1986 for the first time (previously under quota), although the Greek authorities did not give their approval to the soybean crushers to sell their oil domestically until October 1986. Until that time, under a previous commitment on the part of the crushers, most of their soybean oil was exported.

Additional Factors: Greece's oil market picture depends in large part on its olive oil output, which has an alternate year pattern of production. Consumption of olive oil remains fairly constant, with other oils increasing in use, especially as shortening, margarine and table oil ingredients. Sunflower oil and cottonseed oil are prime examples of this trend. According to EC requirements, the domestic production and trade of soybean oil was to have been freed from January 1, 1986 instead of being mandatorily exported. In view of the importance of olive oil in the Greek economy, the government was reluctant to take this step and delayed action until October 1986. It would have preferred to maintain the status quo, particularly as soybeans are not cultivated in Greece. However, strong interest is now being shown in producing soybeans in Greece in the future and some experimental plantings have been started.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1986/87 (CY 1985/86 in brackets)

<u>Oilseed</u>	Domestic Production	Imports	Exports
Soybean		283 (250)	
Cottonseed	286 (250)		
Sunflower	160 (81)	(4)	
TOTAL	446 (331)	283 (254)	

<u>Oil</u>	Production	Imports Crude Refined	Exports Crude Refined
Olive	280 (360)		40 (80)
Soybean	46 (40)		42 (40)
Corn		12	
Cottonseed	48 (30)		
Sunflower	67 (35)		
TOTAL	441 (465)	12	82 (120)

<u>Meal</u>	Production	Imports	Exports
Soybean	237 (200)		25 (20)
Cottonseed	168 (160)		40 (35)
Sunflower	60 (40)		20 (10)
TOTAL	465 (400)		85 (65)

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1986/87 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Wheat (soft)	1,200 (1,114)	93 (134)	380* (420)**	1,673 (1,668)
Durum wheat	1,000 (666)	33 (193)	(7)	1,033 (866)
Flour/Semolina				
TOTAL	2,200 (1,780)	126 (327)	380 (427)	2,706 (2,534)

* France - 318; UK - 62; ** all from France
All sown in spring, harvested in June

DISPOSITION 1986/87 est. - thousands of tonnes - previous year in brackets.

	Human Consumption		Animal Feed	Industrial	Other (seed, waste)	Exports	Carry-out	Total
Wheat	*1,250 (1,250)+	103 (70)			50	100 (255)	170 (93)	1,673 (1,668)
Durum wheat	+245 (346)	33 (5)				255 (483)	**500 (32)	1,033 (866)
Flour Semolina								
TOTAL	1,495 (1,596)	136 (75)			50	355 (738)	670 (125)	2,706 (2,534)

* as flour + as pasta
Export destination: Italy - durum; Middle East - soft wheat flour Greek-French blend and flour
** of which approx. 400 radiation contaminated

IMPORT TRADE 1986/87 est. - thousands of tonnes - previous year in brackets

ORIGIN	U.S.A.	Australia	Argentina	EEC	All Others	TOTAL IMPORTS
Canada						

WHEAT (including durum)

Cash						380 (427)
Commercial credit						380 (427)

I R E L A N D

Economic classification:	Industrial Market economy	
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$7,872	1987
Annual per capita GNP	US\$8,550	1987
Average annual growth	1.7%	1977-87
Annual inflation rate	13.6%	1977-87
Annual inflation rate	2.25%	1988
Volume of imports	15.6 billion US\$	1987
Of which food	11.8%	1987
Of which fuels	7.4%	1987
Principal foreign exchange earning export:	Computers & Parts	
Debt service as % of GNP	12.2%	1987
Debt service as % of exports	20.7%	1987
Population	3.5 million	1986
Annual population growth	0.9%	1985-86
Annual Consumption:		
Flour	19.2 kg/capita	1986
Meat	78.0 kg/capita	1986

I. GENERAL INFORMATION

1. Crop Situation and Outlook

There is wide variation in yields during the 1988 harvest and progress has been slow. Yields have been particularly good for spring barley - including malting varieties. Winter wheat is also yielding well but proteins continue to be depressed. Rapeseed yields would seem to be disappointing.

Seeded Acreage:

Thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	49	58	51
Durum	0	0	0
Barley	240	294	287
Corn	0	0	0
Sorghum	0	0	0
Oats	18	19	20
Rye	0	0	0
Soybeans	0	0	0
Rapeseed	7	7	6
Sunflower	0	0	0

2. Foreign Exchange Situation

Adequate foreign exchange available for all import needs.

3. Fertilizer Situation

Fertilizer sales 1987 (est): (000 tonnes)

Nitrogen	(N)	325
Phosphorus	(P)	58
Potassium	(K)	147

Consumption per hectare not available)

4. Import Mechanism

Grain brokers R & H Hall Ltd. negotiate wheat imports through their London subsidiary Alexander & Partners Ltd. Halls, Unigrain and Arkady Feed also act as brokers to feed compounders in securing supplies of grain and other feed components.

5. Grain Industry Infrastructure

Rationalization within the flour milling sector is continuing. Three companies - Bolands, Dock Milling and S & AG Davis are in the process of merging some of their operations. It is hoped that the new concern will be in a stronger position to counter the imports of British flour.

The Fielder-Gillespie owned gluten and starch plant (Wheat Industries Ltd.), has been bought over by Italian interests.

6. Government Policies Affecting Grain and Agriculture

EEC regulations do not permit specific national measures to aid cereal producers' incomes. However, EEC assistance comes in the form of intervention buying, import levies and export refunds and also the co-responsibility levy.

EEC directives and policies relate to most agri-product sectors, but have acted as a deterrent over the years.

7. Market Prospects - Grain and Oilseeds

No specific projections. Irish cereal acreage has generally been on the decline over the past few years. However, Irish farmers have a propensity to switch to alternative products/sectors which offer the best return.

Joint venture projects would be worth looking at. We anticipate that several Irish agri-conglomerates/firms would willingly explore the situation.

Ireland is a small but useful market for canary seed, white pea beans and dried peas.

8. PROCESSING FACILITIES

Year: 1987 (most recent)
 -- thousands of tonnes --

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	3	6	210	185
Compound Feed Mills	32	38	2,005	1,905
Maltsters	5	8	N.A.	N.A.
Brewers*	3	7	5	4.4
Oilseed Crushers	0	0	0	0

* Capacity and outlook in millions of hectolitres

9. Storage and Throughput Capacity

Grain Import Capacity by Port Year: 1985 (most recent)
 -- thousands of tonnes --

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity*</u>
Dublin	60	440
Cork	100	430
Waterford	20	150
Foynes	15	N.A.
Total Capacity	195	1,020

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1988/89 estimate:
 -- thousands of tonnes --

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley	Not broken down				1,500
Suitable for malting	Not broken down				400

2. Statistical Notes: 1988/89 est. thousands of tonnes -
 previous year in brackets:

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	Not Available	6 (7)	60 (38)
Malting barley	400 (295)	5 (4)	150 (97)

Export Destination include: UK, Brazil, Japan, Belgium, Nigeria
 Import Origination include: UK, France, Belgium

Annual per capita beer consumptions: Beer sales have been declining during the 1980's due mostly to the high level of excise duty. There are signs that the decline has been halted in 1988. 1987 beer sales was approximately 4.1 million hectolitres.

III. OILSEEDS

1. Trade Policy

Import tariffs: Common External Tariff and related Common Agricultural Policy levies apply

- (i) Oilseeds:
- (ii) Crude oil:
- (iii) Oilseed meal
- (iv) Refined oil

EEC levies and support mechanisms apply.

Import/export structure: Private firms (and a few co-operatives) are involved. Grain merchants export locally grown rapeseed to crushers in the U.K.

Imports of oil, meal (and other feed components) are handled by brokers.

Additional Factors: EEC market support system applies. However, no crushing undertaken in Ireland.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: - - - 1987- - -

<u>Oilseed</u>	<u>Domestic Production</u>	<u>Imports</u>		<u>Exports</u>	
Rapeseed	12	0		12	
<u>Oil (by type)</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>(Crude)</u>	<u>(Refined)</u>	<u>(Crude)</u>	<u>(Refined)</u>
Soybean	0	0	14	0	NEG
Sunflower	0	0	13	0	NEG
Rape	0	0	11	0	NEG
Other	0	0	15	0	NEG
Total	0	0	53	0	3
<u>Meal (by type)</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
Soya	0	189		4	
Sunflower	0	34		1	
Rapeseed	0	88		1	
Other	0	161		1	
Total	0	472		7	

IV. STATISTICAL NOTES(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat*	302 (286)	49 (55)	243 (303)	594 (644)
Durum wheat	1	(1)	6 (6)	7 (7)
Flour/Semolina	140 (136)	14 (14)	51 (47)	205 (197)
TOTAL	442 (422)	64 (70)	300 (356)	806 (848)

*of which spring wheat 88 (71)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>		<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	186 (201)	204 (276)	10 (8)	13 (11)	137 (99)	44 (49)	594 (644)	
Durum	6 (5)				0 (1)	1 (1)	7 (7)	
Flour Semolina	180 (182)				1 (1)	24 (14)	205 (197)	
TOTAL	372 (388)	204 (276)	10 (8)	13 (11)	138 (101)	69 (64)	806 (848)	

What type of industrial use? Gluten and Starch Export Destination: Northern Ireland, G. Britain, France

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>FEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>			
<u>WHEAT</u> (including durum)							
Cash							
Commercial Credit	14 (34)	2 (3)			233 (272)	249 (309)	
<u>FLOUR</u> (including semolina)							
Cash/comm. credit					51 (47)	51 (47)	
TOTAL	14 (34)	2 (3)			284 (319)	300 (356)	

(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Corn		6 (10)	58 (67)	64 (77)
Barley	1,500 (1,390)	80 (67)	10 (18)	1,590 (1,475)
Sorghum				
Oats	58 (49)	4 (4)	3 (2)	65 (55)
Rye				
TOTAL	1,558 (1,439)	90 (81)	71 (87)	1,719 (1,607)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	Human Consumption			Other (seed, waste)	Exports	Carry-out	Total
	Consumption	Animal Feed	Industrial				
Corn		61 (71)			(1)	3 (6)	64 (78)
Barley	155 (161)	905 (1007)		55 (45)	429 (193)	46 (69)	1,590 (1,475)
Sorghum							
Oats	11 (9)	41 (37)		2 (1)	6 (2)	5 (6)	65 (55)
Rye							
TOTAL	166 (170)	1,007 (1,115)	57 (46)		435 (196)	54 (81)	1,719 (1,608)

Of which poultry - 15% Export destination: Northern Ireland, Belgium, Holland

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	ORIGIN				TOTAL IMPORTS	
	Canada	U.S.A.	Australia	Argentina		EEC
Corn		3 (4)			55 (63)	58 (67)
Barley		2			8 (18)	10 (18)
Sorghum						
Oats		2			1 (2)	3 (2)
Rye						
TOTAL		7 (4)			64 (83)	71 (87)

I T A L Y

Economic classification:	Industrial Market economy	
Oil exporter or importer (net):	Importer	
Annual per capita GNP	US\$6,223	1986
Average annual growth	2.9%	1977-87
Annual inflation rate	14.0%	1977-87
Annual inflation rate	4.5%	1988
Volume of imports	124.7 billion US\$	1987
Of which food	14.1%	1987
Of which fuels	10.6%	1987
Principal foreign exchange earning export:	Machinery, Footwear, Clothing, Tourism	
Population	57.4 million	1986
Annual population growth	.03%	1970-85
Annual Consumption:		
Flour/semolina	8.345 million tonnes or 145 kg/capita	1986
Meat	4.3 million tonnes or 75 kg/capita	1986
Vegetable Oil	1.2 million tonnes or 21 kg/capita	1986

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Recent years have witnessed a surge in oilseeds production, especially for soya and sunflower seed.

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	1,075	1,192	1,271
Durum	1,644	1,741	1,695
Barley	452	445	465
Corn	800	763	849
Sorghum	14	14	13
Oats	180	176	184
Rye	8	8	8
Soybeans	385	481	232
Rapeseed	27	23	23
Sunflower	149	110	104

2. Foreign Exchange Situation

Current tendential inflation rate is 4.5%, which is still slightly higher than the EC average. US dollar currently running around 1,340 Lira, as compared to average of 1,297 in 1987 and 1,492 in 1986. After positive trade balance in 1986, figures for 1987 showed small deficit of 1.2%

3. Fertilizer Situation

Government domestic price controls encourage exports. Phosphate imports are for incorporation in compound products. Main sources of potassium chloride are Israel, East Germany, USSR, Spain. (Canada supplied 15,000 tonnes of potash.)

	1986 in thousands of tonnes		
	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Urea	1,290	265	322
Amm. Nitrate	919	36	195
Amm. Sulphate	1,034	8	512
Phosphates	1,159	178	1
Pot. Chloride	N/A	606	-
Pot. Sulphide	N/A	90	66
Cmpd/Emplx	2,497	812	584

Phosphate imports are for incorporation in compound products. Main sources of potassium chloride are Israel, East Germany, U.S.S.R.

4. Import Mechanism

Private traders, with occasional transfer of intervention stocks from other EC countries to AIMA (Italian Intervention Agency). Latter has occasionally in the past purchased supplies of durum on the world market for subsequent auction to local industry. Italy follows EC regulations regarding levies, restitutions, etc.

5. Grain Industry Infrastructure

Continuing concentration of grain and oilseed imports from third countries in the hands of a few large trading companies with multi-national operations (Italgrani, Continental, Casillograni, Ferruzzi) and owning port silo facilities. No new infrastructure of note. Continuing closure of many smaller mills, pasta plants, and substantial new investment in equipment and plants by remaining industries (high temperature pasta driers). ITALMOPA reports 1,178 milling companies active in 1985, with total milling capacity of 17.4 million tonnes of wheat per year.

6. Government Policies Affecting Grain and Agriculture

High EC price support encourages high grains output, and all of Italy's needs are satisfied by its own farmers or other EC producers, except for high-quality blending wheat requirements, which vary from year to year depending on local crop quality. Bread and pasta consumption in slight decline. Semolina and pasta exports aided by high export restitutions. AIMA currently holding over 2.0m. tonnes, much of which should be auctioned off for export in the current marketing year.

High EC support prices for grains in general have wiped out our historical market here for barley, and currently restricts our wheat sales to minimum blending requirements. In recent years we have sold substantial quantities of No.4 and 5 durum for outward processing of semolina for export to Algeria. This will continue at a slightly reduced level also in 1988/89 marketing year.

7. Market Prospects - Grain and Oilseeds

Future production will depend essentially on EC pricing policy, and will continue to expand unless serious cuts in current support prices are implemented.

Depending on international supply/prices, there are always good possibilities for Canadian special crops. We are already major supplier of lentils and canary seed, however, and our products are well-known to traders.

8. Processing Facilities

	Year: 1985	thousands of tonnes	Actual Output
Flour (and durum) Mills	1,178	17,439	10,878
Compound Feed Mills	7	15,000	7,500
Maltsters	3	-	80
Brewers*		28	10.32
Oilseed Crushers	10	2,300	1,750

I. GENERAL INFORMATION

* Capacity and output in millions of hectolitres.

1. Crop Situation and Outlook

9. Storage and Throughput Capacity

in oilseeds production, especially for soya and sunflower seed.

Grain Import Capacity by Port

Seeded Acreage: thousands of hectares

Name of Port	Commodity	Year: 1985		
		-- thousands of tonnes --		
		1986/87	1987/88	1986/87
	Grain	1,192		Annual
	Storage Capacity	1,741		Throughput Capacity
Ravenna	Barley	507	445	11,382
La Spezia	Corn	30	763	525
Napoli	Sorghum	90	14	720
Venezia	Oats	100	176	2,940
Savona	Rye	50	8	2,100
Genova	Soybeans	105	481	3,570
Ancona	Rapeseed	100	23	3,780
Livorno	Sunflower	137	110	6,762
Civitavecchia		36		924
Catania		55		672
Trieste		35		378
Total Capacity		1,543		33,753

Current central inflation rate is 4.5%, which is still slightly higher than the EC average. US dollar currently running around 1,340 Lira, as compared to average of 1,297 in 1987 and 1,492 in 1986. After positive trade balance in 1986, figures for 1987 showed small deficit of 1.2%

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987/88 estimate:
 - - thousands of tonnes - -

	2-Row		6-Row		Total
	Winter	Spring	Winter	Spring	
All Barley	400	1,300	-	-	1,700
Suitable for malting	50	80	-	-	130

2. Statistical Notes: 1988/89 est.
 thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt		70 (70)	
Malting barley		30 (30)	

Import origination includes: France, Germany

3. Additional Information

Per Capita Beer Consumption: On Increase from 11.5 litres per capita in 1970 to 22.0 litres per capita in 1986.

Beer Production Capacity: Number of firms is on the decline as industry consolidates and old plants shut down. More than half of capacity owned by Dreher and Peroni, and about 40% by only six other firms. Overall capacity is slightly increasing, as expansion of newer plants compensates for closure of old plants.

Domestic malting capacity: Stationary, no change expected due to easy access to French malt.

Market potential for Canadian malt: Nil. Limited requirements available from other EC countries.

III. OILSEEDS

1. Trade Policy

Import tariffs: Oilseeds: Exempt.
 Crude Oil: 5% for industrial oils. 10% food oils.
 Oilseed meal: 7.3% on soya meal, others exempt.
 Refined oil: 8% for industrial oils; 15% for food oils.

Non-tariff import barriers/export assistance measures: None

Import/export structure: Private importers, no government involvement with the exception of olive oil.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oilseed</u>	Domestic Production	Imports	Exports
Olive	2,903		
Soya	1,500	1,043	
Sunflower	415	17	
Corn Germ	29	13	
Rape	55	5	
TOTAL	4,988	1,170	

<u>Oil (by type)</u>	Production	Imports		Exports	
		Crude	Refined	Crude	Refined
Olive	550	290	18	23	69
Soya	308	5	1	38	19
Sunflower	177	13	1	48	27
Corn Germ	20	74	1	-	5
Rape	24	39	16	2	-
TOTAL	1,099	276	69	90	72

<u>Meal (by type)</u>	Production	Imports	Exports
Soya	1,495	1,591	109
Sunflower	242	38	4
Corn Germ	21	105	-
Rape	34	20	2
TOTAL	1,802	1,894	132

IV. STATISTICAL NOTES(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat*	4,150 (5,000)	505 (381)	4,150 (3,650)	8,805 (9,031)
Durum wheat	3,900 (4,200)	2,210 (2,140)	500 (760)	6,610 (7,100)
Flour/Semolina	-	-	-	-
TOTAL	8,050 (9,200)	2,715 (2,521)	4,650 (4,410)	15,415 (16,131)

* of which spring wheat

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	5,745 (5,800)	1,850 (1,900)	50 (50)	300 (270)	480 (506)	380 (505)	8,805 (9,031)
Durum wheat	2,600 (2,600)	30 (-)	- (-)	360 (340)	2,300 (1,950)	1,320 (2210)	6,610 (7,100)
Flour/Semolina	-	-	-	-	-	-	-
TOTAL	8,345 (8,400)	1,880 (1,900)	50 (50)	660 (610)	2,780 (2,456)	1,700 (2715)	15,415 (16,131)

Export Destination: Egypt, Libya (Flour); Algeria (Semolina); EEC & U.S.A. (Pasta)

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

ORIGIN

<u>WHEAT (including durum)</u>	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
Cash	500 (450)	350 (400)	-	-	3,800 (3,560)	-	4,650 (4,410)

Italy

(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	6,000 (5,720)	550 (400)	1,500 (1,600)	7,500 (7,720)
Barley	1,500 (1,710)	-	1,150 (1,100)	2,650 (2,810)
Sorghum	80 (80)	-	1 (1)	81 (81)
Oats	390 (360)	-	40 (50)	430 (410)
Rye	20 (20)	-	-	20 (20)
TOTAL	7,990 (7,890)	550 (400)	2,691 (2,751)	10,681 (11,041)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>		<u>Animal Feed</u>		<u>Industrial</u>		<u>Other (seed, waste)</u>		<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Corn	270 (265)	5,905 (5,990)	400 (400)	245 (225)	300 (390)	7,500 (7,720)					
Barley	10 (10)	2,300 (2,460)	250 (250)	90 (90)	-	2,650 (2,810)					
Sorghum	-	81 (81)	-	-	-	81 (81)					
Oats	-	400 (380)	-	30 (30)	-	430 (410)					
Rye	-	20 (20)	-	-	-	20 (20)					
TOTAL	280 (275)	8,706 (8,931)	650 (650)	365 (365)	300 (390)	10,681 (11,041)					

Of which Poultry: 30%
Industrial Use:

Export Destination: EEC, Libya

NETHERLANDS

BASIC INDICATORS (ECONOMIC/DEMOGRAPHIC/CONSUMPTION)

Economic classification:	Industrial market	economy
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$14,538	1987 (1)
Annual per capita GNP	US\$14,704	1987 (1)
Average annual growth	2%	1977-87
Annual inflation rate	4%	1977-87
Annual inflation rate	0.5%	1988
Volume of imports	90.9 billion US\$	1987
Of which food	13%	1987
Of which fuels	11.2%	1987
Principal foreign exchange earning export:	Machinery, Transport Equipment	
Debt service as % of GNP	3.4%	1987
Debt service as % of exports	7.9%	1987
Population	14.7 million	1988
Annual population growth	0.5-0.6%	1987-1996
Annual Consumption:		
Flour	765,000 tonnes or 52.1 kg/capita	1987 (2)
Meat	1,172,000 tonnes or 80.3 kg/capita	1987 (3)
Vegetable Oil	299,000 tonnes or 12.9 kg/capita	1987 (4)

- (1) Gross at market prices
- (2) Excluding flour for starch
- (3) Including poultry meat
- (4) Including vegetable fats

I. GENERAL INFORMATION

<u>Seeded Acreage:</u>	Thousands of hectares		
<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	110.5	110.8	117.5
Durum			
Barley	61.2	50.3	42
Corn			
Sorghum			
Oats	12.8	9	6.5
Rye	6	4	5
Soybean			
Rapeseed	6.9	9.7	5.8
Sunflower			

2. Foreign Exchange Situation

For an internationally oriented country such as the Netherlands, the imposition of foreign exchange controls would contravene the principle of free trade. The expenditure of foreign currency does not present problems so long as the Dutch balance of payments shows surpluses, as has been the case for a number of consecutive years.

3. Fertilizer Situation

Use of fertilizer expressed in kgs/hectare (averages covering total farm land area):

	<u>1986/87</u>	<u>1985/86</u>	<u>1984/85</u>
Nitrogen	249	248	251
Phosphate	44	40	44
Potash	52	59	62

4. Import Mechanism

There are no limitations on grain imports from non-EC sources but the impact of the variable levy system under the Common Agricultural Policy has been clearly noticeable since its introduction in the early sixties. The government is not involved in any trading except when it concerns grains offered for intervention.

5. Grain Industry Infrastructure

The Netherlands has a highly developed infrastructure for the grains industry relative to shipping, storage and industrial processing. With all the majors present in Rotterdam and with the grain transshipment and storage facilities of the Graan Elevator Maatschappij in the port of Rotterdam, this country is a leading trading centre for grains of all types. No significant changes are anticipated in the short term.

6. Government Policies Affecting Grain and Agriculture

As an EC-member, the Netherlands must adhere to the regulations established under the Common Agricultural Policy. The agricultural policy and other policies pursued by the Dutch government have no direct bearing on any of the elements listed above. However, the changes anticipated in the CAP necessitated by the high cost of financing surpluses of many farm products may have some effects on planting decisions in favour of non-traditional crops.

Changes in the CAP to reduce the production of cereal grains in the EC have resulted in expansion of the area under peas. However, there appear to be limitations to the types of crops grown both on individual farms and in local agriculture in general. Our impression is that the total area under field crops will decline over the longer term.

7. Market Prospects - Grains and Oilseeds

There are anticipated reductions in some livestock herds (dairy cattle: quota system; hogs: manure problem which may slow down import requirements in the next 5 years.

Dry pulses have been imported in fair quantities from Canada in recent years. Canadian mustard seed is a traditional item. There is a potential for small quantities of canary seed, buckwheat and other specialty crops (no triticale). Likewise, some demand may develop for organically grown crops.

Canadian mustard seed is a traditional import commodity. Feed peas have been purchased in fair quantities in recent years. Canary seed is of some interest.

8. Processing Facilities Year: 1987/88 (most recent)
- thousands of tonnes -

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	55	57	1,500	1,359
Compound Feed Mills	325 1)	348	N/A	16,500 2)
Maltsters	5	5	N/A	173
Brewers*	15	21	N/A	17.6
Oilseed Crushers	5	6	N/A	823(oil) 2,686 (cake & meal)

* Capacity and output in millions of hectolitres

1) Estimated

2) Excluding calf starter feeds

9. Storage and Throughput Capacity Year: 1986 (most recent)
- thousands of tonnes -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Rotterdam	500	20,500
Amsterdam	123	6,480
Other	20	500
TOTAL	643	27,480

Note: Some grains and feed materials are brought in via Antwerp.

Malt and Malting Barley

1. Domestic Production of barley by type, 1988/89 est.
 - - thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley	36	275			311
Suitable for malting		137			137

2. Statistical Notes: 1988/89 est thousand of tonnes
 Previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	173 (173)	115 (111)	110 (103)
Malting barley	140 (114)	120 (131)	25 (21)

Export Destination include: EC (50%), Other-Europe (50%)
 Import Origination include: EC (100%)

3. Additional Information

Beer consumption has been fairly stable in the last few years at approximately 85 litres per capita. Any variations usually result from the weather in spring and summer.

1984	83.2 litres
1985	84.4 litres
1986	86.0 litres
1987	84.3 litres

Consumption in 1987 may be down as a result of the cool, wet spring and summer.

Beer production capacity: Although information on the total beer production capacity is not available, beer brewers allegedly are quite flexible in quickly adjusting capacity according to demand.

Domestic malting capacity: Capacity has expanded greatly in the past years.

Market potential: We can see no prospects for the sale of Canadian malt in the Netherlands in the foreseeable future.

III. OILSEEDS

1. Trade Policy

Import Tariffs: Oilseeds - none
 Crude Oil - 10%
 Oilseed meal - none
 Refined oil - 15%

Import/export structure: Private business.

Additional factors: The EC oilseeds policy has led to considerable expansion of the production of soybeans, rapeseed and sunflower seed within the EC. However, Canada continues to ship fair quantities of canola and flaxseed to the Netherlands. Purchasing decisions are based on a range of factors, including various developments within the CAP, subsidization in supplying countries and the value of the US dollar.

2. Supply of oilseeds and products by type, thousands of tonnes

Year: 1987

<u>Oilseed</u>	<u>Domestic Production</u>	<u>Imports</u>	<u>Exports</u>
Rapeseed	20.1	292	14.5
Soybeans		2,815.8	119.4
Sunflower seed		308.2	2.6
Other	-	55	.7
TOTAL	20.1	3,471	137.2

<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		(Crude)	(Refined)	(Crude)	(Refined)
Rapeseed	106.2	82.9		114.3	
Soybean oil	472.2	32		325.9	
Sunflower	158.3	61.6		172.1	
Other	4.5	540.1		232.2	
TOTAL	696.2	716.6		844.5	

<u>Meal</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Rapeseed	189	349	81
Soya	2,275	1,189	1,708
Sunflower	213	384	149
TOTAL	2,677	1,922	1,938

IV. STATISTICAL NOTES
(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat*	816 (769)	158 (284)	2,055 (2,339)	3,029 (3,392)
Durum wheat	1 (1)	5 (3)		5 (4)
Flour/Semolina	(N/A)	105 (222)		105 (222)
TOTAL	816 (769)	159 (285)	2,165 (2,564)	3,139 (3,618)
*of which spring wheat	56 (46)			

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	Human		Industrial	Other (seed, waste)	Exports	Carry-out	Total
	Consumption	Animal					
Wheat	1,100 (1,171)	500 (600)	140 (354)	25 (32)	1,637 (1,430)	128 (158)	3,530 (3,392)
Durum wheat	N/A (N/A)				2	(2)	3 (4)
Flour Semolina	105 (222)					(N/A)	105 (222)
TOTAL	1,205 (1,393)	500 (600)	140 (354)	25 (32)	1,243 (1,432)	128 (160)	3,638 (3,618)

Industrial Use: Starch Export Destination: EC, South Korea

(B) COARSE GRAINS

SUPPLY 1986/87 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Corn	6 (2)	67 (125)	2,235 (1,775)	2,308 (1,902)
Barley	310 (262)	77 (75)	1,081 (1,277)	1,468 (1,614)
Sorghum		13 (9)	125 (99)	138 (108)
Oats	60 (47)	11 (20)	48 (45)	119 (112)
Rye	27 (25)	10 (10)	57 (49)	94 (84)
TOTAL	403 (336)	178 (239)	3,546 (3,245)	4,127 (3,820)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	Human Consumption		Animal Feed	Industrial	Other (seed, waste)	Exports	Carry-out	Total
Corn	6 (2)		800 (769)	830 (944)	22 (19)	550 (101)	100 (67)	2,308 (1,902)
Barley	5 (18)		508 (486)	265 (418)	10 (12)	610 (601)	62 (77)	1,460 (1,614)
Sorghum	2 -		110 (101)		1	15 (2)	10 (5)	138 (108)
Oats	22 (43)		50 (46)		2 (2)	28 (10)	10 (11)	115 (112)
Rye	55 (55)		6 (7)		1 (1)	18 (11)	10 (10)	91 (84)
TOTAL	90 (118)		1,474 (1,409)	1,095 (1,362)	40 (34)	1,221 (725)	192 (170)	4,112 (3,820)

Export Destination: EC Industrial Use? starch (corn); beer (barley)

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	ORIGIN					TOTAL IMPORTS
	Canada	U.S.A.	Australia	Argentina	EEC	
Corn		(58)	(7)		(1,710)	(1,775)
Barley					(1,276)	(1,277)
Sorghum					(73)	(99)
Oats					(43)	(45)
Rye	(3)				(45)	(49)
TOTAL	(3)	(58)	(7)		(3,147)	(3,245)

P O R T U G A L

Economic classification: Middle Income economy			
Oil exporter or importer (net): Importer			
Annual per capita GNP	US\$3,677		1987
Average annual growth	2.9%		1977-87
Annual inflation rate	18.1%		1977-87
Annual inflation rate	9.3%		1988
Volume of imports	12.54 billion US\$		1987
Of which food	13.5%		1987
Of which fuels	8.0%		1987
Principal foreign exchange earning export: Migrant remittances, tourism			
Debt service as % of GDP	7.2%		1987
Debt service as % of exports	30.7%		1987
Population	10.38 million		1987
Annual population growth	0.74%		1981-87
Annual Consumption:			
Flour	970,000 tonnes or 93.4 kg/capita		1987
Meat	659,000 tonnes or 64.0 kg/capita		1987
Vegetable Oil	178,000 tonnes or 17.0 kg/capita		1987

Source: Central Bank of Portugal

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Mid-year persistent rain has seriously damaged the majority of Portuguese crops, including wheat and winter coarse grains. Estimates, as of end of September indicate the following 1988 output with 1987 figures in parenthesis: Wheat 375,000 T (532,400 T); Corn 623,000 T (640,300 T); Barley 48,000 T (79,400 T); Oats 78,000 T (155,200 T); Rye 63,000 T (108,100 T); Rice 137,000 T (144,000 T). Oilseed output remains minute in comparison to total consumption. Production of sunflower, the only in comparison to total consumption. Production of sunflower, the only oilseed item grown commercially in Portugal is estimated at 32,000 T, about 4,000 T more than in 1986.

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	310.0**	294.0*	323.1**
Barley	84.0	81.0	83.7
Corn	242.0	215.0	256.8
Oats	188.0	175.0	196.8
Rye	124.0	120.0	128.4
Sunflower	45.0	40.0	42.0

** includes durum

2. Foreign Exchange Situation

Portugal's chronic trade imbalance worsened in 1987, mainly because Portuguese exports, although dynamic and still growing could not keep up with accelerated imports into the country. The trade deficit was, however, more than offset by record tourism earnings and unilateral transfers which caused Portugal's balance of payments current account to register a surplus of US \$648 million. The first four months of 1988 saw the trade deficit climb by 17% compared with the same period a year earlier, to US \$1.5 billion. But it is officially expected that earnings from tourism and emigrants' remittances will produce a current-account surplus of about US \$500 million in 1988.

Access to necessary foreign exchange is always available for food imports, which represent 60% of country's global agricultural product requirements.

3. Fertilizer Situation

In 1987, fertilizer production increased by over 15% to an estimated 950,000 tonnes. Consumption increased by 13% to 956,000 tonnes. Current annual consumption of nitrogen, phosphate and potash in observed areas is estimated at about 77 kg/hectare, compared to 68 kg/hectare a few years earlier. The wheat crop accounts for 30% of fertilizer use while all other grains account for a further 30%. As farming conditions and practices improve, use of fertilizer will undoubtedly increase.

4. Import Mechanism

All grain imports were to be privatized by the end of 1990, on the basis of 20% yearly increments. The first 20% of the country's grain import requirements was open to private organizations in 1986. The share increased to 40% in 1987 and to 60% in 1988. The Portuguese Government, however, has recently announced its firm intention to liberalize entirely, effective January 1, 1989, all imports of grains (including wheat). Until the end of 1988, the former state import monopoly EPAC will continue to act as the Government's sole importer of the percentage of the grain which has not yet been privatized. That percentage (40%) consists mainly of wheat (the only grain for which EPAC has maintained and will maintain until the end of 1988 import monopoly). It is presently believed that with the complete grain import liberalization EPAC would be restricted to become just one of several grain broker companies. Grain imports have to date continued on the basis of regular tenders (usually for boat load lots) negotiated with registered local representatives of international grain traders.

5. Grain Industry Infrastructure

The bulk of foreign grain purchased by both EPAC (mainly wheat) and the compound feed industry (through local representatives of international grain trading companies) is unloaded and stored in three major terminal facilities owned and operated by the state organization SILOPOR. A relatively small quantity of feed grains is unloaded in a 100,000 tonne port silo owned and operated by a leading oilseeds crusher, TAGOL. The following table gives details of the terminal facilities:

<u>Organization</u>	<u>Terminal Facility</u>	<u>Unloading Tonne/Per Hour</u>	<u>Storage Capacity in Tonnes</u>
SILOPOR	Trafaria (Lisbon)	1,928	200,000
SILOPOR	Beato (Lisbon)	600	120,000
SILOPOR	Leixoes (Porto)	800	100,000
TAGOL	Palenca (Lisbon)	2,000	100,000

At present, some 65% of the country's total imported grain is unloaded in Lisbon terminal facilities and moved by road and rail to some 114 private mills (38 flour and 76 compound mills). The remaining 35% of grain imports arrive at the SILOPOR facilities in the Port of Leixoes from where it is transported to 46 mills in the north of the country (22 flour and 24 compound feed). Efforts continue to be made to market the facilities at Trafaria as a transshipment point to African and mid-East destinations to fully utilize its capacities.

6. Government Policies Affecting Grain and Agriculture

There are several Government/EC policies presently in the process of being implemented, or formulated, but none of them are believed to have a significant bearing on Portugal. The Government continued its policy of subsidizing farm prices of commodities not yet covered by EC financing, notably grains. The feed industry continued to expand the use of manioc and corn gluten feed at the expense of corn which has lost its former position in the market. The Portuguese are also beginning to develop cultivation of pulses for feed.

Canada dropped from first to third largest supplier of wheat to Portugal. The drop was mainly due to price, and allegedly quality competition from Saudi Arabia. (Moisture content appears to be major difficulty facing Canadian wheat. Reportedly Canadian wheat currently offered to Portugal has 13% moisture, while Saudi Arabian wheat has 9%). The unseasonal heavy rain and hail which have destroyed a large part of Portugal's 1988 grain production and plunged farmers into financial crisis, will oblige Portugal to purchase more grain (notably wheat) in the 1988/89 marketing year. This will offer both an opportunity and challenge to Canada to regain its leading supply position in the Portuguese market.

7. Market Prospects - Grains and Oilseeds

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

The Portuguese Government has recently introduced new legislation allowing rapeseed oil extracted from Brassica Napus and Brassica Campestris, to be used as a cooking oil. In light of this development, we believe some appropriate promotion activity may be warranted. Prospects for sales of Canadian canola seed would appear to be conditioned by competition in terms of price from other commodities, notably, soybeans, as well as EC policy decisions.

Canary seed remains the only principal special crop with regular market prospects in Portugal. However, Canada has supplied beans, fababeans, lentils and vegetables to Portugal from time to time. In all cases the key criterion for market success is price.

8. Processing Facilities- Year 1987

thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	77	80	3.1 (a)**	1,200
Compound Feed Mills	88	93	2.5 (a)**	2,600
Maltsters	1	1	50.0	47.0
Brewers*	2	6	4.89	4.89
Oilseed Crushers	41	41	1,600	1,350

* Capacity and output in million hectolitres

** hourly capacity.

9. Storage and Throughput Capacity

Grain Import Capacity by Port - Year 1987 (most recent)

- - thousands of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity (Est.)</u>
Lisbon	520	1,900*
Leixoes	100	900*
Ponta Delgada and Angra do Heroismo	25	80
Funchal	12	50
Total Capacity	657.0	2,930

* includes oilseeds

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1988/89 estimate:

- - thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley	48.0				48.0
Suitable for malting	14.2				14.2

2. Statistical Notes: 1988/89 est.

thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	50.0 (46.6)	15.0 (13.0)	0 (0)
Malting barley	14.2 (25.3)	47.8 (32.5)	0 (0)

Import origination includes: Australia, Sweden, (malting barley),
France (malt)

3. Additional Information

Per capita beer consumption increased by 24.3% from 37.8 litres in 1986 to 47.0 litres in 1987. This sharp rise reflects a generally increasing prosperity of the Portuguese and increasing emphasis on tourism and related amenities.

As an immediate result of the 1987 increase in beer consumption, production capacity is no longer sufficient to meet the domestic market requirements. The two existing breweries, Central de Cervejas and Unicer, are presently planning to increase production capacity. The latter is one of the two first public companies (the other is a leading bank) that have recently been chosen by the Government to be sold off under its privatization program.

Domestic malting capacity remains static with a potential throughput of some 62,000 tonnes of barley to produce 50,000 tonnes of malt. Capacity is now fully utilized. However, as of this writing, no expansion is known to be contemplated.

Portugal's malt import requirements are at present estimated to be in the order of 13,000/15,000 tonnes per annum. However, in light of the competition from EEC countries (notably France) there would appear to be little prospect for penetration of Canadian malt.

III. OILSEEDS

1. Trade Policy

Import Tariffs:

Oilseeds: Duty-free from all origins

Crude oil: Tariff item 15.07 - Soybean oil: 10% from EEC countries
15.09 - Olive oil: Duty-free from all origins
15.12 - Sunflower oil: 35% from Third Countries

Oilseed meal: Tariff item 23.04 - Soybean: Duty-free from EEC Countries
23.06 - Sunflower: 2.8% from Third Countries

Refined oil: Tariff item 15.07 - Soybean oil: 15% from EEC Countries
15.09 - Olive Oil: 40% from Third Countries
15.12 - Olive Oil: Duty-free

Domestic consumption of vegetable oils for food are subject to EC imposed quotas.

Portugal's import/export structure is based on private firms

Additional factors: Through its FEOGA Fund, EC continues to pay out to Portugal many billion escudos. In 1987, payments under the EC program provided the oilseed sector with 15 billion escudos.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oilseed</u>	<u>Domestic Production</u>	<u>Imports</u>	<u>Exports</u>
Sunflower	31.0	201.0	0
Soybean	0	864.0	0
Safflower	0	18.0	0
Others	0	79.0	0
TOTAL	31.0	1,162.1	0

<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>Crude</u>	<u>Refined</u>	<u>Crude</u>	<u>Refined</u>
Soybean	38.8	0	0	37.1	1.7
Sunflower	57.0	0	0	8.5	0.6
Peanut	0.5	0	0	1.9	0
Olive oil	51.0	0	0	0	7.5
TOTAL	147.3	0	0	47.5	9.8

<u>Meal</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Soybean	720.0	95.5	102.1
Sunflower	88.0	36.7	0
Peanut	0.7	21.2	0
TOTAL	808.7	153.4	102.1

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	350.0 (500.0)	143.3 (155.9)	590.0 (415.5)	1,083.3 (1,071.4)
Durum wheat	25.0 (36.0)	10.0 (10.0)	30.0 (25.0)	65.0 (71.9)
Flour/Semolina				
TOTAL	375.0 (536.0)	153.3 (165.9)	620.0 (441.4)	1,148.3 (1,143.3)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Consumption</u>		<u>Other</u> (seed, waste)	<u>Exports</u>	<u>Carry-out*</u>	<u>Total</u>
	<u>Human</u>	<u>Animal</u>				
Wheat	919.0 (910.2)	0.5 (0.5)	19.0 (17.4)	144.8 (143.3)	1,083.3 (1,071.4)	
Durum wheat	51.0 (59.6)		2.0 (2.3)	12.0 (10.0)	65.0 (71.9)	
Flour Semolina						
TOTAL	970.0 (969.8)	0.5 (0.5)	21.0 (19.7)	156.8 (153.3)	1,148.3 (1,143.3)	

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>TOTAL IMPORTS</u>	
	<u>Canada</u>	<u>U.S.A.**</u>	<u>Australia</u>	<u>Argentina</u>		<u>EEC</u>
<u>WHEAT</u> (including durum)						
Cash						
Aid, concessional credit, etc.	200.0 (90.3)	120.0 (111.1)				300.0 (240.0)
TOTAL	200.0 (90.3)	120.0 (111.1)				300.0 (240.0)

Principal "Others": 1987/88 - Saudi Arabia (229,090 T hard wheat); Mexico (10,900 T durum wheat)
1988/89 - Saudi Arabia (300,000 T)

Note: Import trade and disposition figures for 1988/89 are estimates made by us. Origin import sources given for the same period are merely assumptions.

(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Corn	623.0 (640.3)	198.6 (200.0)	650.0 (1,506.3)	1,471.6 (1,506.3)
Barley	48.0 (79.4)	34.8 (65.0)	130.0 (219.6)	212.8 (219.6)
Sorghum	0 (0)	3.6 (1.8)	40.0 (20.6)	43.6 (20.6)
Oats	78.0 (155.2)	9.2 (7.0)	0 (0)	87.2 (162.2)
Rye	63.0 (108.1)	14.1 (10.0)	20.0 (0)	97.1 (118.1)
TOTAL	812.0 (983.0)	260.3 (283.8)	840.0 (760.0)	1,912.3 (2,026.8)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	Consumption		Industrial	Other (seed, waste)	Exports	Carry-out	Total
	Human	Animal					
Corn	250.0 (250.0)	850.0 (881.0) a*	127.0 (126.7)	(50.0)		194.6 (198.6)	1,471.6 (1,506.3)
Barley	2.0 (3.0)	113.0 (120.0) b**	62.0 (57.8)	(4.0)		31.8 (34.8)	212.8 (219.6)
Sorghum		40.0 (17.0)				3.6 (3.6)	43.6 (20.6)
Oats		82.0 (150.0)		(5.7)		2.2 (9.2)	87.2 (162.2)
Rye	90.0 (100.0)	1.0 (2.0)		(2.0)		4.1 (14.1)	97.1 (118.1)
TOTAL	342.0 (353.0)	1,086.0 (1,170.0)	189.0 (184.5)	(61.8)		236.3 (260.3)	1,912.3 (2,026.8)

Industrial Use: a* - starch, gluten, grist, oil; b** - malt.

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	ORIGIN					TOTAL IMPORTS
	Canada	U.S.A.	Australia	Argentina	EEC	
Corn						650.0 (666.00)
Barley	80.0 (31.8)	600.0 (664.5)	35.0 (32.5)	50.0	15.0	130.0 (75.2)
Sorghum		40.0 (18.5)			(0.3)	40.0 (18.8)
Oats						20.0 (0)
Rye	20.0					20.0 (0)
TOTAL	100.0 (31.8)	640.0 (683.0)	35.0 (32.5)	50.0	15.0	840.0 (760.0)

Principal Others: Sweden

SPAIN

Economic classification:	Industrial Market economy	
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$6,502	1987
Annual per capita GNP	US\$8,578	1987
Average annual growth	1.84%	1987-87
Annual inflation rate	10%	1977-87
Annual inflation rate	4.5%	1988
Volume of imports	49 billion US\$	1987
Of which food	11.3%	1987
Of which fuels	16.4%	1987
Principal foreign exchange earning export:	Tourism, machinery, agriculture	
Population	39 million	1988
Annual population growth	0.7%	1980-2000
Annual Consumption:		
Flour	2,706,000 tonnes or 70 kg/capita	1987
Meat	2,653,060 tonnes or 69 kg/capita	1987
Vegetable Oil	1,064,136 tonnes or 27 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Latest 1988 crop estimates (1987 production in brackets): thousands of tonnes

Wheat	6,300*	(5,768)	
Barley	10,800	(9,602)	
Oats	559	(503)	
Rye	372	(320)	
Corn	3,607	(3,555)	* Trade estimates.
Sorghum	96	(71)	
Rice	492	(496)	

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1988</u>	<u>1987</u>
Wheat	2,222	2,116
Durum	110	107
Barley	4,175	4,352
Corn	535	545
Sorghum	17	14
Oats	335	349
Rye	222	227
Soybeans	0	0
Rapeseed	8	7
Sunflower	1,148	978

In Spanish statistics "seeded area 1988" refers to the area planted to produce the 1988 harvest, although much of this will in fact have been planted in 1987 (fall-winter crops). Winter 88/89 sowings are not yet confirmed but will eventually be shown as "1989 seeded area"

2. Foreign Exchange Situation

Sufficient foreign exchange is available for all types of goods, no priorities are necessary for agricultural products.

3. Fertilizer Situation

Latest estimates for fertilizer consumption are for 1987 which showed a fall in the use of both Nitrogen and Phosphates (1986 consumption in brackets):

Nitrogen (N)	900,654	(970,000)	MT
Phosphate (P ₂ O ₅)	411,640	(480,000)	MT
Potash (K ₂ O)	315,636	(310,000)	MT

4. Import Mechanism

All the major international grain trading companies are represented in Spain. Imports of cereals from outside the EEC are discouraged by high import levies which are frequently adjusted. The importation of soybeans is free but after crushing, the oil must be re-exported. The government announces quotas each year on the amount of soya oil allowed to remain in Spain. The soybean market will be freed in 1992.

5. Grain Industry Infrastructure

There have been no significant changes in handling, storage or processing facilities in Spain during the last year.

6. Government Policies Affecting Grain and Agriculture

As a member of the EEC, wheat and grain prices will eventually increase. With production quotas being set by Brussels an increase in the co-responsibility levy can be expected.

EEC interests in the grain sector will be given priority and under these circumstances only soybeans represent a good marketing potential for Canada.

No barter trade policy exists in Spain.

7. Market Prospects - Grains and Oilseeds

Growing conditions in Spain vary greatly from one year to another, so no projections can be made regarding import requirements.

Spain is a good market for mustard, field peas, lentils, beans, canary seed and distillers grain (pelletized).

8. Processing Facilities

Year: 1987

-- thousands of tonnes --

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	475	486	8,000	3,700
Compound Feed Mills (approx)	n/a	600	8,000	12,000
Maltsters	17	17 (I)	n/a	350
Brewers*	22	34	n/a	25.841
Oilseed Crushers				1,695

* capacity and output in millions of hectolitres
(I) 16 belong to the Brewers, 1 independent.

9. Storage and Throughput Capacity

Grain Import Capacity by Port

Year: 1988

-- thousands of tonnes --

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
La Coruna	113	
Vigo	40	
Gijon	16	
Santander	65	
Bilbao (incl. Ria, Santurce)	130	
Barcelona	170	
Tarragona	235	
Valencia	100	
Cartagena	20	
Malaga	20	
Sevilla	46	
Total Capacity	955	

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1988/89 estimate:

-- thousands of tonnes --

	<u>2-Row</u>		<u>6-Row</u>		<u>1987 harvest Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley					10,800*
Suitable for malting					5,500*

* Trade estimates

2. Statistical Notes: 1988/89 est. (previous year in brackets)

	Production		Imports		Exports	
Malt	350	(350)	N/A	(38)	nil	nil
Malting barley	5,500	(5,353)	N/A			

Import origination includes: France, F.R. Germany, Czechoslovakia

3. Additional Information

Annual per capita beer consumption: Beer consumption in Spain increased in 1988 to 25.841 million hectolitres.

Beer production capacity: Although production capacity is not published, actual production increased by 1.8 million hectolitres in 1988.

Domestic malting capacity: Malting capacity has not altered significantly in the last two years.

Market potential for Canadian malt: There is a good marketing potential for malt in Spain provided that Canadian prices are competitive with existing suppliers.

III. OILSEEDS

1. Trade Policy

Import tariffs: Tariff Heading

Oilseeds: 12.01. BIII Soybeans, free from all sources + 6% VAT
12.01. BVIII Sunflower, 2.6% all sources, + 6% VAT

Crude oil: Crude oils are not imported into Spain. Some oil from imported soybeans can remain in Spain.

Oilseed meal: 12.02.A Soyabean meal from Third Countries. 1% + 6% VAT *

Refined oil: Refined oils are not imported into Spain.

Non tariff * Flaxseed 0.4% from EEC, 1.1% from Third Countries, 6% VAT.

import barriers: Cotton meal 2.3% from EEC, 3.1% from Third Countries, 6% VAT.

Import/export structure: Trading is carried out by private companies.

2. Additional Factors

Spanish crushing plants are allowed to import unlimited quantities of soybeans for the extraction of protein meal for animal feed. However, the amount of oil from imported beans which can remain in the country is set annually by quota. In 1988, the quota was approx 100,000 tonnes. This restriction is scheduled to disappear at the end of 1991.

3. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1988 production (1987 in brackets)

<u>Oilseed</u>	Domestic Production	Imports	Exports
Sunflower	1,123.0 (995.0)		
Safflower	12.7 (10.2)		
Soybean	13.0 (4.5)	1,988.5 (495.9)	
Rapeseed	12.0 (10.0)		
TOTAL	1,160.7 (1019.7)	1,988.5 (495.9)	NIL

<u>Oil</u>	Production	Imports		Exports	
		<u>(Crude)</u>	<u>(Refined)</u>	<u>(Crude)</u> Jan-Oct	<u>(Refined)</u> 1988 (1987)
Sunflower	430 (400.0)				93.8 (50.6)
Safflower	4.8 (3.8)				
Soybean	2.3 (0.8)				203.2 (306.0)
Rapeseed	4.7 (3.9)				
Olive					196.0 (166.3)
Others					5.0 (6.3)
TOTAL	441.8 (408.5)				498.0 (529.2)

<u>Meal</u>	Production*	Imports	Exports
Sunflower	471.0 (418.0)		
Safflower	7.4 (6.0)		
Soybean*	10.4 (3.6)	1,229.3 (829.4)	
Rapeseed	8.8 (7.4)		
TOTAL	497.6 (435.0)	1,229.3 (829.4)	NIL

* Meal/Cake

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	Production 1988	1987	Carry-in, July 1	Imports Jan-Oct 1988	1987	Total Supply		
Wheat	5,960	(5,467)	100	(100)	623	(564)	6,683	(6,131)
Durum wheat	340	(300)	48	(39)	441	(729)	829	(1,068)
Flour/Semolina								
TOTAL	6,300	(5,767)	148	(139)	1,064	(1,293)	7,512	(7,199)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	Consumption		Animal	Industrial	Other (seed, waste)	Exports		Carry-out	Total					
	Human	Other				Jan-Oct 1988	1987							
Wheat	3,753	(4,100)	2,302	(1,507)	20	(20)	350	(350)	158*	(54)**	100	(100)	6,683	(6,131)
Durum wheat	725	(714)	50	(306)							54	(48)	829	(1,068)
Flour Semolina														
TOTAL	4,478	(4,814)	2,352	(1,813)	20	(20)	350	(350)	158	(54)	154	(148)	7,512	(7,199)

Export Destination: wheat: EEC/N. Africa/Middle East

* Includes 37 tonnes wheat of flour to N. Africa/Chile

** Wheat equivalent of flour to N. Africa

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	ORIGIN			EEC	All Others	TOTAL IMPORTS	
	Canada	U.S.A.	Australia				Argentina
Wheat (including durum)				1,064	(1,293)	1,064	(1,293)
Cash							
Flour (including semolina)							
cash/com. credit							
TOTAL				1,064	(1,293)	1,064	(1,293)

(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>		<u>Carry-in, July</u>		<u>Imports</u>		<u>Total Supply</u>	
	1988	1987			Jan-Oct/88	1987		
Corn	3,607	(3,555)	364	(0)	1,902	(942)	5,873	(4,497)
Barley	10,800	(9,602)	537	(750)	139	(97)	1,146	(10,449)
Sorghum	96	(71)	0	(0)	190	(67)	286	(138)
Oats	559	(503)	0	(0)	2	(3)	561	(506)
Rye	3,721	(302)	8	(8)			380	(328)
TOTAL	15,434	(14,051)	909	(758)	2,233	(1,109)	18,576	(15,918)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Consumption</u>		<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>		<u>Carry-out</u>	<u>Total</u>			
	Human	Animal			Jan-Oct/88	1987					
Corn	15	(15)		15	(40)	632	(458)	(364)	5,873	(4,497)	
Barley				550	(500)	1,144	(287)	8	(537)	11,476	(10,449)
Sorghum				1	(1)					286	(138)
Oats				45	(45)	39	()		(0)	561	(506)
Rye				35	(30)	27	(55)	8	(8)	380	(328)
TOTAL	15	(15)		646	(616)	1,842	(800)	16	(909)	18,576	(15,918)

Export Destination: Rye-EEC, Barley-EEC/Cyprus/Saudi Arabia/Libya Corn - EEC Oats - EEC

IMPORT TRADE 1988/89 thousands of tonnes - previous year in brackets (1985)

	<u>ORIGIN</u>				<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>		
	Canada	U.S.A.	Australia	Argentina			Jan-Oct/88	1987	
Corn		1,757	(562)	88	(23)	57	(357)	1,902	(942)
Barley						139	(97)	139	(97)
Sorghum		79				111	(45)	(22)	(67)
Oats						2	(3)	2	(3)
Rye						309	(502)	(22)	(1,109)
TOTAL		1,836	(562)	88	(23)	309	(502)	2,233	(1,109)

Principal others: Sudan

UNITED KINGDOM

Economic classification:	Developed	
Oil exporter or importer (net):	\$4.89 bn (USA)	
Annual per capita income	US\$11,351	1987
Annual per capita GDP	US\$12,062	1987
Average annual growth GDP	2.0%	1977-87
Annual inflation rate	8.3%	1977-87
Annual inflation rate	6.4%	1988
Volume of imports	146 billion US\$	1987
Of which food	10.4%	1987
Of which fuels	9.3%	1987
Debt service as % of GDP	3.4%	1987
Debt service as % of exports	1.3%	1987
Population	56 million	1987
Annual population growth	nil	1987
Annual Consumption:		
Flour	3,589,600 tonnes or 64.1 kg/capita	1986
Meat	3,886,400 tonnes or 69.4 kg/capita	1986
Vegetable Oil	1,159,200 tonnes or 13.3 kg/capita	1986
Margarine	7.4 kg/capita	1986

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Planting and growing conditions into the autumn and early winter have been extremely favourable and autumn sown crops are doing well. There have been some reports of a 10 percent decline in oilseed rape plantings but at this stage no reliable estimates are available for area sown to the various crops. Some one percent of arable land is being taken out for set-aside.

Seeded Acreage: (thousands of hectares)

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat (incl durum)		1,891	1,994
Durum			
Barley		1,895	1,830
Corn			
Sorghum			
Oats		121	99
Rye			
Soyeans			
Rapeseed		348	388
Sunflower			

2. Foreign Exchange Situation

This is not a factor in this market.

3. Fertilizer Situation

Fertilizer availability is not a limiting factor to UK crop production at present although there is increasing environmental concern about levels in water supplies of nitrate and nitrite.

Estimates for 1986/87 fertilizer consumption on an actual nutrient basis are: (in million tonnes) Nitrogen 1.67 (+6.5%) on 1985/85, Phosphate 0.432 (-0.5%)
Potash 0.528 (+3.5%)

4. Import Mechanism

Private importers purchase grain from the international trade under CAP regulations.

5. Grain Industry Infrastructure

Three major milling organizations and two major grain trade firms purchase non-EEC wheat directly for virtually all UK and most of Ireland. The three milling Groups, Mardorf Peach/Associated British Foods, Rank Hovis McDougall, and Spillers Milling account for about 75 percent of non EEC origin imported wheat which corresponds roughly with their collective share of the UK flour market. The balance of the flour market is supplied by smaller independent mills who purchase non EEC wheat from two major trade houses namely Usbornes in the South East of England and Milford Grain in the North West. Alexanders a small trading firm associated with Halls of Ireland, also purchase third country wheat. RHM were subject to a takeover bid by Goodman Fielder Wattie of Australia this year, which subsequently was withdrawn on its referral to the Monopolies & Merger Commission

6. Government Policies Affecting Grain and Agriculture

The EEC has set a guaranteed price ceiling on production at a total grain crop of 160 million tonnes for the marketing years 1988/89 to 1991/92. If the maximum guaranteed quantity is exceeded in a given year, intervention prices in the following year will be reduced by 3 percent. There has also been a stabiliser of 4.5 million tonnes put on the oilseeds sector as well as big price cuts introduced a year ago.

The UK has also published its set-aside scheme effective for the 1988/89 crop year. This offers farmers a maximum of £200/ha/ann for taking at least 20% of their arable land out of crop production for a maximum of five years.

This year it looks as though total EEC cereal production will in fact be around the 160 million tonne level, but much planting must have taken place before stabilisers were fixed. The maximum guaranteed quantity for oilseeds was set at 4.5 million tonnes for the EEC and production is now estimated at 5.3 million tonnes. The substantial price reductions in oilseeds last year took place once this crop was already in the ground. This might indicate that EEC surpluses are beginning to come under some control. Unfortunately high world grain and oilseed prices as a result of the North American drought will reduce further pressures for CAP reform.

7. Market Prospects - Grains and Oilseeds

Consider some encouragement to smaller quality millers who need a higher percentage of Canadian wheat.

8. Processing Facilities

Year 1987 (most recent)

thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	48	91	3,900	3,825
Compound Feed Mills	300 (1)	450 (1)	N/A	N/A
Maltsters	29	50	N/A	1,379
Brewers *	66	277 (2)	N/A	59,897
Oilseed Crushers	7	8	2,050	1,526 (3)

* Capacity and output in millions of hectolitres

- (1) 1984 - figures no longer currently available
- (2) including 75 microbreweries & 90 pub-breweries
- (3) supplies crushed

9. Storage and Throughput Capacity

Grain Import Capacity by Port

- - thousands of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>	
Tilbury	100 (1)	2,200 (2)	(1) 1986
Seaforth	133 (1)	1,500 (3)	(2) 1983
Bristol	129 (1)	202 (2)	(3) 1985
Forth	53 (3)	250 (2)	
Clyde	150 (1)	800 (2)	
Belfast	96 (3)	1,000 (2)	
Lowestoft	13 (1)	300 (2)	
TOTAL CAPACITY	674	6,252	

Note: Ipswich and Southampton ports are used exclusively for export.

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1988/89 estimate:

- - thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley	8,800	-	-	-	8,800
Suitable for malting	2,197	-	-	-	2,197

2. Statistical Notes: 1987/88 est.

thousands of tonnes (previous year in brackets)

	<u>Production</u> (1)	<u>Imports</u> (1)	<u>Exports</u>
Malt	(1,379)	(54)	(334)
Malting barley	3,519 (3,791)	(82)	(146)

Export destination includes: Malting Barley-Belg, W. Germany, France, Malt Japan, S. Africa, Venezuela

(1) Calendar 1987 few estimates available for 1988/89 yet

3. Additional Information

Has started to increase over past two years after long and steady decline. Growth is in imported type lager, and low alcohol beers especially.

Beer production capacity: Static.

Domestic malting capacity: Malting capacity appears to be stable. Malt production in 1987 was 7% up on that of 1986 and useage was up 6% for the comparable period.

Market potential: None, as all malt imports are from within the EEC.

III. OILSEEDS

1. Trade Policy

Import Tariffs: Oilseeds: Free*
 Crude Oil: See Appendix 1
 Oilseed Meal: Soya - non-defatted 7%*
 Others - Free*
 Refined Oil: See Appendix 1

2. Additional factors

Crushing aid is payable for oilseed rape, but price support has fallen substantially in the past season. In addition, stabilisers with maximum guaranteed quantities have been introduced. Rapeseed production in the UK is certainly down in 1988 but this is probably as much due to difficult autumn conditions at drilling time in 1987.

3. Supply of Oilseeds and Products by type, thousands of tonnes: Year: 1987

<u>Oilseed</u>	<u>Domestic</u>		
	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Rapeseed & Canola	1,300	191	295
Soybeans	-	861	1
Linseed	13	33	-
Sunflower	-	111	-
Other	6	182	4
TOTAL	1,319	1,378	300

<u>Oil</u>	Production	Imports		Exports	
		Crude	Refined	Crude	Refined
Rape/Canola	387	102	35	12	4
Soya	57	160	30	4	4
Linseed	14	9	52	2	7
Sunflower	46	30	39	1	1
Other	56	369	38	10	9
TOTAL	560	670	194	29	25

<u>Meal</u>	Production	Imports	Exports
Rape/Canola	533	71	48
Soya	245	1,285	11
Linseed	27	19	-
Sunflower	54	228	2
Other	64	543	22
TOTAL	923	2,146	83

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Wheat	11,581 (11,916)	2,960 (3,330)	1,181 (2,129)	15,722 (17,380)
Durum wheat	24 (24)		36 (31)	58 (55)
Flour/Semolina	N/A (5,087)	[1] [1]	N/A (12)	N/A (5,099)(2)
TOTAL				

[1] NB No projections available yet for flour for 1988/89

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	Consumption		Animal	Industrial[H](seed, waste)	Other	(3)Exports	Carry-out[D]	Total
	Human	Other						
Wheat	5,538 (5,415)	5,815 (5,860)	130 (130)	535 (545)	1,780 (3,365)	1,940 (2,125)	15,738 (17,440)	
Durum wheat	58 (59)	N/A (-)	N/A (-)	N/A (-)	N/A (-)	[1] (-)	58 (59)	
Flour Semolina	N/A (4,872)	N/A (5,860)	N/A (132)	N/A (-)	N/A (94)	[1] [1]	(5,090)(2)	
TOTAL	5,596 (1,0346)		(232)	(545)	(3,459)	(212)	(22,598)[G]	

Industrial use: starch & gluten Export Destination: Italy, S. Korea, W. Germany (87/88)

(1) Wheat stocks include flour as wheat equivalent (4) includes 840,000t intervention

(3) Includes intervention stocks. (2) excluding stocks

(B) IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

ORIGIN	U.S.A.	Australia	Argentina	EEC	All Others	TOTAL IMPORTS
Canada						

WHEAT (including durum)

Cash	(421)	(12)	(-)	-()	(1,713)	(45)	1,215 (2,146)
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FLOUR (including semolina)

Cash/comm. credit
TOTAL

PART II
WESTERN EUROPE (NON-EC)



A U S T R I A

Economic classification: Industrial Market economy		
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$17,500	1987
Annual per capita GDP	US\$15,530	1987
Average annual growth	1.8%	1977-87
Annual inflation rate	4.1%	1977-87
Annual inflation rate	1.4%	1988
Volume of imports	31.7 billion US\$	1987
Of which food	5.4%	1987
Of which fuels	7.2%	1987
Principal foreign exchange earning export:		
machinery/transport/semi-finished products/tourism		
Debt service as % of GNP	4.7%	1987
Debt service as % of exports	14.0%	
Population	7.5 million	1987
Annual population growth	0.2%	
Annual Consumption:		
Flour (wheat/rye)	480,000 tonnes or 64.0 kg/capita	1987
Meat (incl poultry)	670,000 tonnes or 89.0 kg/capita	1987
Vegetable Oil	117,000 tonnes or 16.0 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

1988 grain harvest is expected to be lower than 1987 crop, however, it will be an excellent quality. Precipitation was below long-term averages. Main grain harvest was carried out during a dry July. Rape harvest (end of July) will be just below 1987 with yields differing between 600 and 3,000 kilos per hectare. Growth of sunflower and soya was satisfactory in June but cultures showed, due to dry summer weather, some damages in July. No rice production.

Seeded Acreage: (Thousands of hectares)

<u>Commodity</u>	<u>Estimate</u> <u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat (Summer/winter)	290.0	320.3	324.0
Durum	12.0	12.0	N.A
Barley (summer/winter)	280.0	291.5	332.6
Corn	200.0	207.2	316.6
Sorghum	- - - - -Not available - - - - -		
Oats	70.0	69.3	73.3
Rye	80.0	85.4	83.4
Soybeans	15.0	10.0	N.A
Rapeseed	32.0	22.7	9.8
Sunflower	21.0	11.4	0.6

2. Foreign Exchange Situation

The Austrian Schilling is stable and one of the hardest West-European currencies pegged to the European Monetary System (EMS) and in particular to the West-German D-Mark (main trading partner). The country is generally self-sufficient in agricultural products and over past years has been a net exporter of grains to East Europe.

3. Fertilizer Situation

Fertilizer use in 1987, (1985/86 in brackets) thousands of tonnes:

nitrogen	318	(321/378)
phosphate	67	(73/98)
potash	37	(42/ 49)
compound (NPK)	437	(486/575)

4. Import Mechanism

Import: Ministry of Agriculture issues public tenders.

Export: Through bilateral agreements without tenders or private organizations.

No changes for several years.

5. Grain Industry Infrastructure

No changes

6. Government Policies Affecting Grain And Agriculture

The Government is trying to reduce grain acreages by about 100,000 hectares, diverting farmers to alternative crops such as rape, sunflower, feed peas and horse beans in the hope to reduce grain production. To-date it became apparent that farmers accepted this concept and the switch was mainly from wheat, barley and corn to rapeseed and sunflower.

7. Market Prospects - Grain And Oilseeds

Private trade imported from Canada in 1987 (1986) in metric tons:

Soybeans	69.7	(63.5)
Mustard	131.7	(167.3)
Beans	260.4	(259.4)
Lentils	400.5	(451.2)

8. Processing Facilities

	Year <u>1987</u> (most recent) thousands of tonnes			
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	410	- - - - -	600	- - - - -
Compound Feed Mills	250	- - - - -	- - - - -	- - - - -
Maltsters	3	3	55	8.6
Brewers*	48	54	120	
Oilseed Crushers (1 Opening in 1988)				

* Capacity and output in millions of hectolitres.

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987/88 estimate.
- - thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley			349.5	828.1	1,178.6
Suitable for malting	- - - - -	- - - - -	- - - - -	- - - - -	N.A.

2. Statistical Notes: 1987/88 est. thousands of tonnes -
Previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Roasted and non-roasted malt	N.A. (- - -)	8.0 (8.3)	6.8 (11.0)
Malting barley	N.A. (- - -)	N.A.(- - -)	N.A.(- - -)

Export Destination include: Nigeria/Thailand/Switzerland
Import Origination include: Czechoslovakia/West Germany/Hungary
Demand of malting barley about 170,000 metric tons.

3. Additional Information

Annual per capita beer consumption: Average consumption/head/litres/year: 114.1 (1986/87). Slight decrease vis-à-vis 1986 due to a short/cool summer in 1987.

Beer production capacity:

1985 - 8.8 million hectolitres. Sales: 8.4 million hectolitres
1986 - 9.0 million hectolitres. Sales: 8.7 million hectolitres
1987 - 8.6 million hectolitres. Sales: 8.9 million hectolitres

Market potential for Canadian malt: Limited, due to old established trading pattern with neighbouring countries.

III. OILSEEDS

1. Trade Policy

- Import Tariffs: (i) Oilseeds: Poppy as 65.00 (H.S. 12.0791)
 Other (mustard, soya, rape, sunflower, etc.)
 Free (H.S. 12.01/12.05/12.06/12.07)
- (ii) Crude oil:
- (iii) Oilseed Meal: Free (H.S. 23.04/23.05/23.06)
 Oilseed Flour: As 250.00 (H.S. 12.08)
- (iv) Refined Oil:

Non-tariff import barriers/export assistance measures: None
 Import/export structure: Private companies.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987 (1986)

<u>Oilseed</u>	<u>Domestic Production</u>	<u>Imports</u>		<u>Exports</u>
Rape	65.7 (26.8)	(0.27)	(0.36)	52.1 (25.6)
Sunflower	35.3 (1.4)	10.5	(8.6)	4.3 (1.1)
Pumpkin	267.9 (275.1)	-		-
Soybeans		3.6	(2.0)	-
Other		5.0	(4.2)	(0.4) (2.3)
TOTAL	368.9 (303.3)	19.37	(15.16)	56.8 (29.0)

<u>Oil</u>	<u>Production</u>	<u>Imports of Oils</u>		<u>Exports of Oils</u>
Total	N.A.			

<u>Meal</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>
Soybeans		473	(47.4)	
Linseed		11.2	(11.4)	
Sunflower		2.5	(3.4)	
Rapeseed		13.4	(2.8)	
Other		3.3	(3.0)	
TOTAL		503.4	(494.6)	0.25 (0.3)

IV. STATISTICAL NOTES(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat*	1,400 (1,415)	310 (250)		1,710 (1,665)
Durum wheat	50 (59)	22 (20)		72 (79)
Flour/Semolina				
TOTAL	1,450 (1,474)	332 (270)		1,782 (1,744)

* includes all wheat

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	400 (415)	476 (433)	2 (2)	60 (50)	512 (430)	260 (310)	1,710 (1,665)
Durum wheat	36 (36)		2 (-)	2	20 (32)	12 (22)	72 (79)
Flour Semolina							
TOTAL	436 (451)	476 (433)	4 (2)	62 (50)	532 (452)	273 (332)	1,782 (1,744)

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Corn	1,685 (1,744)	100 (80)	12 (19)	1,797 (1,843)
Barley	1,180 (1,293)	52 (52)	4 (3)	1,236 (1,348)
Sorghum				
Oats	245 (270)	4 (4)	9 (5)	258 (279)
Rye	300 (284)	82 (82)	-	382 (366)
TOTAL	3,410 (3,591)	238 (218)	25 (27)	3,673 (3,836)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	Human		Industrial	Other (seed, waste)	Exports	Carry-out	Total
	Consumption	Animal Feed					
Corn	17 (17)	1,334 (1,345)	50 (50)	67 (62)	203 (289)	126 (80)	1,797 (1,843)
Barley	1	928 (853)	160 (160)	90 (90)	34 (192)	23 (52)	1,236 (1,348)
Sorghum							
Oats	6 (6)	224 (243)	- (-)	19 (17)	4 (9)	5 (4)	258 (279)
Rye	160 (154)	78 (39)	2 (2)	35 (27)	21 (62)	86 (82)	382 (366)
TOTAL	184 (178)	2,564 (2,480)	212 (212)	211 (196)	262 (552)	240 (218)	3,673 (3,836)

* Of which poultry _____% Export Destination?

Industrial Use: malt coffee, glue extenders, beer, food industry

FINLAND

Economic classification: Industrial Market economy		
Oil exporter or importer (net): Importer		
Annual per capita income:	US\$16,000	1987
Annual per capita GNP	US\$16,500	1987
Average annual growth	3.0%	1977-87
Annual inflation rate	8.1%	1977-87
Annual inflation rate	6.0%	1987
Volume of imports	19.7 billion US\$	1987
Of which food	5.1%	1987
Of which fuels	13.5%	1987
Principal foreign exchange earning export: Metal Industry		
Debt service as % of GNP	3.7%	1987
Debt service as % of exports	16.6%	1987
Population	4.9 million	1987
Annual population growth	0.4%	1987
Annual Consumption:		
Flour	357,700 tonnes or 73 kg/capita	1987
Meat	304,000 tonnes or 62 kg/capita	1987
Vegetable Oil	65,000 tonnes or 13 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

A sunny and warm early summer lead to expectations of a good crop but three months of dry conditions have reduced hopes to just a normal crop. Rains in August delayed harvesting and soaked grains. The yield remained normal or slightly less. Wet fields will hinder sowing of winter wheat and rye for 1988-89 season.

Seeded Acreage: Thousands of hectares

<u>Commodity</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	109	147
Durum		
Barley	683	660
Corn		
Sorghum		
Oats	389	404
Rye	26	38
Soybeans		
Rapeseed	86	83
Sunflower		

2. Foreign Exchange Situation

The foreign exchange situation remains satisfactory. There will be no priorities for food import, rather the opposite. Finland will not likely become an international aid recipient.

3. Fertilizer Situation

Finland is self-sufficient in the production of fertilizers and in raw materials except potash which is imported from USSR, DDR and GBR. Nutrients and fertilizers applied, kg/ha:

	<u>N</u>	<u>P₂O₅</u>	<u>K₂O</u>
1982-83	91.4	29.9	53.8
1983-84	91.0	31.0	56.0
1984-85	88.9	30.8	56.5
1985-86	92.6	30.7	55.4
1986-87	94.4	31.0	56.5

4. Import Mechanism

The Finnish State Granary is the sole importer. Bids are invited from local agents of international grain trading houses. The State Granary has also contacted the Canadian Wheat Board directly. Decisions for grain purchases are made by a special committee consisting of representatives of the government, agricultural producers and consumers. There are no import duties for wheat or feed grains.

5. Grain Industry Infrastructure

Total storage capacity of the Finnish State Granary is at present 1.35 million tons, which exceeds the target set for the year 1987. The purpose of the increased storage capacity is to build up reserves of domestic grain in favourable years for less favourable ones. This will decrease the need to import grain in the long run.

6. Government Policies Affecting Grain and Agriculture

To avoid imports or exports of grain in the future, the Agricultural Policy Work Group set up by the Ministry of Agriculture recommended in 1983 the following acreages to be sown by the end of this decade: wheat 220,000 hectares, rye 60,000 hectares, barley 600,000 hectares, oats 450,000 hectares and oilseed 100,000 hectares. The aim was to fill reserves with eventual domestic overproduction. The crops have been better than normal since 1983 and the reserves were filled by 1986 when a surplus of 650,000 tons of grain had to be exported. There are no changes expected in the grain consumption habits.

Canada remains a potential supplier of grain if and when self-sufficiency is unbalanced by adverse weather conditions.

7. Market Prospects - Grains and Oilseeds

Long-term grain import projections are not available.

At present, Canada is the main supplier of mustard seed to Finland. In 1983, 555 tons out of a total of 661 tons: in 1984, 519 tons out of 752 tons: in 1985 695 tons out of 790 tons and in 1986 745 tons out of 840 tons. Occasional sale of whole dried green peas have occurred. Demand for other "special crops" is minimal.

8. Processing Facilities

Year: 1987 (most recent)
thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	6	11	600	400
Compound Feed Mills	5	13	-	1,500
Maltsters	2	2	100	100
Brewers*	4	11	3.0	3.0
Oilseed Crushers	2	2	230	270

* Capacity and output in millions of hectolitres

9. Storage and Throughput Capacity

Grain Import Capacity by Port Year: 1987 (most recent)
- - thousands of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Naantali	230	1,250
Rauma	125	650
Loviisa	60	650
Total Capacity	415	2,550

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987/88 estimate:

-- thousands of tonnes --

	2-Row		6-Row		Total
	Winter	Spring	Winter	Spring	
All Barley		1,750			1,750
Suitable for malting		120			120

2. Statistical Notes: 1987/88 est. thousands of tonnes -
Previous year in brackets

	Production		Imports		Exports	
Malt	97	(100)	0	(0)	32	(40)
Malting barley	120	(120)	0	(0)	0	(40)

Export Destination include: Venezuela, Great Britain, Brazil, Norway

Import Origination include: - - - - -

3. Additional Information

Annual per capita beer consumption: Beer consumption in 1987 was 66 litres per person. There has been an annual increase of 5% per per in the past few years.

Beer production capacity: No changes expected in beer production capacity as domestic consumption stable. Finnish beer exports are minimal.

Domestic malting capacity: Unchanged.

Market potential for Canadian malt: There is no need to import malt to Finland. Domestic supply is adequate and quality is good. Malting houses secure their supply of malting barley by contracts with local farmers. Amounts contracted far exceed the amounts actually required for malting as a precaution against crop failure. Import of barley takes place only after severe crop failures; Sweden is preferred source since their varieties cultivated are mostly the same as in Finland.

III. OILSEEDS

1. Trade Policy

Import Tariffs: Oilseeds - 19%, groundnuts 10%, mustard seed - free
 Crude Oil - 10%
 Oilseed Meal - 20%
 Refined Oil - 16%

Non-tariff barriers/export assistance measures: Imported oilseeds and vegetable oils are subject to inspection for contaminants by the Customs Laboratory. Rejections are not uncommon.

Import/export structure: There are two privately owned crushing companies which process both domestic and imported oilseeds. In practice, import permits are issued only for soya and sunflower seeds for crushing.

Additional factors: Oilseed meal for animal feed is the more important product in the crushing process. Oil was used for the production of margarine. The use of oil for cooking in Finland is negligible.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oilseed</u>	<u>Domestic Production</u>	<u>Imports</u>	<u>Exports</u>
Turnip rape	90	0	0
Soya	0	151	0
Sunflower	0	5	0
TOTAL	90	156	0

<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>(Crude)</u>	<u>Refined</u>	<u>Crude</u>	<u>Refined</u>
Turnip rape	30	0	0	15	4
Soya	50	0	0	7	0
Sunflower	1	3	0	0	0
Palm & cocos	0	7	0	0	0
TOTAL	81	10	0	22	4

<u>Meal</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Turnip rape	58	0	0
Soya	97	0	0
Sunflower	2	0	0
TOTAL	157	0	0

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Wheat *	281 (529)	603 (561)	127 (27)	1,011 (1,117)
Durum wheat				
Flour/Semolina				
TOTAL	281 (529)	603 (561)	127 (27)	1,011 (1,117)

*of which spring wheat 252 (474)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	Human Consumption		Animal Feed	Industrial	Other (seed, waste)	Exports	Carry-out	Total
Wheat	295 (295)	117 (59)	70 (65)	50 (54)	3 (42)	476 (603)	1,011 (1,117)	
Durum wheat	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	
Flour Semolina	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	
TOTAL	295 (295)	117 (59)	70 (65)	50 (54)	3 (42)	476 (603)	1,011 (1,117)	

What type of industrial use? Starch, alcohol Export Destination? Morocco

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

WHEAT (including durum)	ORIGIN				TOTAL IMPORTS		
	Canada	U.S.A.	Australia	Argentina		EEC	All Others*
Cash	15 (0)	102 (20)			4 (0)	7 (7)	128 (27)
Commercial Credit	(0)						
Aid, concessional credit, etc.							
Total	15 (0)	102 (20)			4 (0)	7 (7)	128 (27)

(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	0 (0)	0 (0)	0 (0)	0 (0)
Barley	1,089 (1,714)	546 (380)	0 (0)	1,635 (2,094)
Sorghum	0 (0)	0 (0)	0 (0)	0 (0)
Oats	723 (1,175)	91 (22)	0 (0)	814 (1,197)
Rye	74 (71)	74 (34)	46 (28)	194 (133)
TOTAL	1,886 (2,960)	711 (436)	46 (28)	2,643 (3,424)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>		<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Corn	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Barley	19 (18)	1,145 (1,150)	115 (130)	100 (136)	0 (119)	320 (546)	1,635 (2,094)	1,635 (2,094)
Sorghum	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Oats	24 (28)	576 (890)	0 (0)	55 (96)	0 (0)	159 (51)	814 (1,197)	814 (1,197)
Rye	93 (93)	2 (0)	5 (8)	8 (4)	0 (0)	86 (28)	194 (133)	194 (133)
TOTAL	136 (139)	1,659 (2,035)	120 (138)	163 (236)	0 (119)	565 (625)	2,643 (3,424)	2,643 (3,424)

Of which poultry: 5%

Export Destination:

Industrial use: Malting, alcohol

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>TOTAL IMPORTS</u>		
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>		<u>EEC</u>	<u>All Others</u>
Rye		3 (4)			26 (0)	17 (23)	46 (27)
TOTAL		3 (4)			26 (0)	17 (23)	46 (27)

Principal "Others": USSR

M A L T A

Economic classification: Middle Income economy			
Oil exporter or importer (net): Importer			
Annual per capita GNP	US\$655		1985
Average annual growth	3.0%		1977-87
Annual inflation rate	3.0%		1977-87
Annual inflation rate	2.0%		1988
Volume of imports	0.496 billion US\$		1986
Of which food	11%		1986
Of which fuels	11%		1986
Principal foreign exchange earning export: Tourism, Clothing, Ship Repair			
Population	0.34 million		1986
Annual population growth:	0.9%		1980-83
Annual Consumption:			
Flour	33,000 tonnes or 99 kg/capita		1984
Meat	9,500 tonnes or 29 kg/capita		1984
Vegetable Oil	4,000 tonnes or 13 kg/capita		1984

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Local production is minimal. Production amounts to around 7,000 tonnes of wheat and 4,000 tonnes of barley annually.

2. Foreign Exchange Situation

After hard times in the early 1980's, the Maltese economy is doing better, tourism earnings are growing. Country remains net importer and government insists on trade reciprocity with its trading partners. Food imports are given high priority.

3. Fertilizer Situation

There is no local production and imports run to around 3,000 tonnes annually.

4. Import Mechanism

In recent years, all grain imports have been governed by the Maltese government Bulk Buying Policy, and the only import agency is MEDIGRAIN LTD., Mill Street, MARSA. Telex 340 MEDGRN MW. Policy changes are rumoured, and some of MEDIGRAINS business, may in future, be given to private enterprise (this is in line with new Government stated policy to phase out bulk buying wherever practicable).

5. Grain Industry Infrastructure

Kordis grain handling facility provides good trans-shipment possibilities.

6. Government Policies Affecting Grain and Agriculture

No significant changes can be expected in domestic grain production/utilization pattern, nor in quantities of imports nationalized. Kordin elevator provides good transshipment possibilities, especially for North American grain destined for export in small volumes to North African ports or, as is currently the case, destined for outward processing.

7. Market Prospects - Grains and Oilseeds

Canada exports small amounts of canary seed, pulses, etc. to Malta.

8. Processing Facilities

Year: 1986

- - thousands of tonnes - -

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	7	7	80	45
Compound Feed Mills	15	15	100	70
Maltsters	-	-	-	-
Brewers	-	-	-	-
Oilseed Crushers	1	1	-	-

9. Storage and Throughput Capacity

Grain Import Capacity by Port

Year: 1987

- - thousands of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
KORDIN elevator	100	N/A

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987/88 estimate:

	--thousands of tonnes--				<u>Total</u>
	<u>2-Row</u>		<u>6-Row</u>		
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley	4				4

2. Statistical Notes: 1986/87 est.
thousands of tonnes (previous year in brackets)

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt		1.6 (1.4)	
Malting barley			

Import origination includes: U.K. Czechoslovakia

III OILSEEDS

1. Trade Policy

Import tariffs: None

Non-tariff import barriers/export assistance measures: None

Import/export Structure: Oilseeds (mainly peanuts for roasting) and meals are handled by private importers. Soybean oil is imported under government bulk buying policy.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1985

<u>Oil</u>	Production	Imports		Exports	
		Crude	Refined	Crude	Refined
Soya		4.6	0.2		
Sunflower			0.5		
Other			0.5		
TOTAL		4.6	1.2		

<u>Meal</u>	Production	Imports	Exports
Cottonseed cake		4.8	
Other oilseed meal		0.1	
TOTAL		4.9	

IV. STATISTICAL NOTES(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	10 (10)			
Durum wheat		40 (40)		50 (50)
Flour/Semolina				
TOTAL	10 (10)	40 (40)		50 (50)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Consumption</u>	<u>Animal</u>	<u>Industrial</u>	<u>Other</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
	<u>Human</u>			<u>(seed, waste)</u>			
Wheat	50 (50)						50 (50)
Durum wheat							
Flour/Semolina							
TOTAL	50 (50)						50 (50)

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>			
Wheat (including durum)							
Cash		20 (20)			20 (20)		40 (40)
Commercial Credit							
Aid, concessional							
credit, etc.							
Cash/Comm. Credit		20 (20)			20 (20)		40 (40)
Aid, Concessional							

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July.1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn			60 (60)	60 (60)
Barley			30 (30)	30 (30)
Sorghum				
Oats				
Rye				
TOTAL		90 (90)		90 (90)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Consumption</u>		<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
	<u>Human</u>	<u>Animal</u>					
Corn		60 (60)					60 (62)
Barley		30 (30)					29 (27)
Sorghum							
Oats							
Rye							
TOTAL		90 (90)					89 (89)

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>					<u>TOTAL IMPORTS</u>
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	
Corn		20 (20)			20 (20)	60 (60)
Barley					25 (25)	25 (25)
Sorghum						
Oats						
Rye						
TOTAL		20 (20)			45 (45)	85 (85)

NORWAY

Economic classification:	High income economy	
Oil exporter or importer (net):	Exporter	
Annual per capita income:	US\$7,993	1985
Annual per capita GNP	US\$18,942	1987
Average annual growth	4.2%	1977-87
Annual inflation rate	8.5%	1977-87
Annual inflation rate	8.7%	1987
Volume of imports	21.72 billion US\$	1987
Of which food	5.1%	1986
Of which fuels	5.9%	1986
Principal foreign exchange earning export:	crude petroleum	
Debt service as % of GNP	38.0%	1986
Debt service as % of exports	100.0%	1986
Population	4.2 million	1987
Annual population growth	0.55%	1987
Annual Consumption:		
Flour	312,000 tonnes or 74.0 kg/capita	1987
Meat	204,000 tonnes or 48.6 kg/capita	1985
Vegetable Oil	11,400 tonnes or 2.8 kg/capita	1984

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Total grain crop for 1988 is estimated to be 1,570,000 tonnes, which is 16% more than in 1987.

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	50	41	40
Durum			
Barley	170	176	174
Corn			
Sorghum			
Oats	125	126	127
Rye	1	1	1
Soybeans			
Rapeseed	7	7	7
Sunflower			

2. Foreign Exchange Situation

No problems are foreseen in the foreign exchange position.

3. Fertilizer Situation

Fertilizer supplies are adequate. In 1986/87, nitrogen was applied at the rate of 112 kg per hectare, phosphate at 24 kg per hectare and potash at 67 kg per hectare.

4. Import Mechanism

Importation of grains is carried out by government agency (Statens Kornforretning).

5. Grain Industry Infrastructure

No change.

6. Government Policies Affecting Grain and Agriculture

No current changes are reported in government policies. Production plans show no changes.

7. Market Prospects - Grains and Oilseeds

Considering Canada's substantial market share and that there is an import monopoly, we cannot see any marketing initiatives that might increase Canadian sales.

8. Processing Facilities

Year 1987 (most recent)

thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) mills	3	10		285
Compound Feed Mills*	19	26		1,400
Maltsters	0	0		0
Brewers**	10	15		2.1
Oilseed Crushers	1	1		250

* Capacity and output in millions of hectolitres.

9. Storage and Throughput Capacity

Grain Import Capacity by Port - Year 1987

-- thousands of tonnes --

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Oslo	105.3	305.6
Moss	129.6	217.2
Larvik	93.15	138.2
Skien	30.4	38.0
Kristiansand	18.7	42.8
Stavanger	341.55	759.1
Bergen	38.2	105.2
Floro/Vaksdal/Vestnes	110.6	208.0
Trondheim	127.7	260.2
Steinkjer	31.5	70.3
Balsfjord	30.0	60.3
Total Capacity	1,056.7	2,204.6

II. MALT AND MALTING BARLEY

1. Domestic Production of Barley by type, 1987/88 estimate:

	-- thousands of tonnes --				<u>Total</u>
	<u>2-Row</u>		<u>6-Row</u>		
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley	-----	-----	-----	-----	560
Suitable for malting	-----	-----	-----	-----	0

2. Statistical Notes: 1987/88 est. thousands of tonnes -
previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	0 ()	40 ()	0 ()
Malting Barley	0 ()	0 ()	0 ()

Import Origination includes: EEC, Sweden, Finland

3. Additional information

Annual per capita beer consumption: The annual per capita beer consumption increased from 50.9 litres in 1986 to 51.0 litres in 1987.

Beer production capacity: Stable

Domestic malting capacity: Nil. Norway does not import barley for malting anymore. Malt is cheaper for the time being.

Market potential for Canadian malt: It depends upon quality and prices.

III. OILSEEDS

1. Trade Policy

Import Tariffs: Oilseeds: (1)
Crude Oil: NOK 0.16/kg except olive oil which is
NOK 0.01/kg and palm oil which is free
Oilseed Meal: (1)
Refined Oil: 17% of the value

(1) Norwegian Grain Corporation is sole importer of oilseed and oilseed meal for feeding purposes.

2. Supply of oilseeds and products by type, thousands of tonnes

Year: 1987

<u>Oilseed</u>	Production	Imports	Exports
Rapeseed	10	6.3	0
TOTAL	10	6.3	0

<u>Meal</u>	Production	Imports	Exports
Rapeseed	0	90	0
Guarmeal	0	34	0
TOTAL	0	124	0

IV. STATISTICAL NOTES(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	190 (271)	270 (345)	250 (201)	710 (817)
Durum wheat				
Flour/Semolina				
TOTAL	190 (271)	270 (345)	250 (201)	710 (817)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	310 (310)	270 (286)		30 (30)		100 (270)	710 (817)
Durum wheat							
Flour Semolina							
TOTAL	310 (310)	270 (286)		30 (30)		100 (270)	710 (817)

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
<u>WHEAT</u> (including durum)							
Cash	60 (130)	40			50 (10)	100 (61)	250 (201)

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Corn	0 (0)	3 (0)	49 (46)	52 (46)
Barley	560 (545)	262 (193)	209 (246)	1,031 (984)
Sorghum	450 (400)	93 (133)	0 (0)	543 (533)
Oats	3 (3)	49 (35)	35 (35)	87 (73)
Rye				
TOTAL	1,013 (948)	407 (326)	293 (327)	1,713 (1,636)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	Human Consumption	Other			Exports	Carry-out	Total
		Animal Feed	Industrial	(seed, waste)			
Corn	3 (3)	49 (43)			3 (3)	52 (46)	
Barley		871 (660)		10 (59)	147 (262)	1,031 (984)	
Sorghum	10 (10)	410 (395)	40 (35)		83 (93)	543 (533)	
Oats	35 (21)	3 (1)	2 (2)		47 (49)	87 (73)	
Rye							
TOTAL	48 (34)	1,333 (1,059)	102 (96)		280 (407)	1,713 (1,636)	

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	ORIGIN					TOTAL IMPORTS
	Canada	U.S.A.	Australia	Argentina	EEC	
Corn		7 (6)			42 (40)	49 (46)
Barley					163 (73)	209 (246)
Sorghum						
Oats	10 (17)					10 (17)
Rye						
TOTAL	10 (17)	7 (6)			205 (113)	168 (309)

Principal "Others" (Specify Countries): Finland, Sweden

S W E D E N

Economic classification:	Industrial market economy	
Oil exporter or importer (net):	Importer	
Annual per capita income	US\$ 8,420	1985
Annual per capita GNP	US\$12,006	1985
Average annual growth	2.0%	1977-87
Annual inflation rate	7.9%	1977-87
Annual inflation rate	6.0%	1988
Volume of imports	43 billion US\$	1987
Of which food	6.4%	1987
Of which fuels	9.0%	1987
Principal foreign exchange earning export:	Engineering Products	
Population	8.4 million	1987
Annual population growth	0.1%	1986-87
Annual Consumption:		
Flour	560,000 tonnes or 66.7 kg/capita	1987
Meat	483,300 tonnes or 57.5 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Still only estimates available on 1988 crop. They are (with 1987 definite figures in brackets) in thousands of tons.

Wheat	1,3577	(1,558)
Rye	1,430	(1,370)
Barley	1,942	(1,907)
Oats	1,402	
Rapeseed	214	(206)
Turnip rape seed	91	(78)

(a) Seeded Acreage: (Thousands of hectares)

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	250	328	321
Durum	-	-	-
Barley	537	549	681
Corn	-	-	-
Sorghum	-	-	-
Oats	434	405	487
Rye	36	39	40
Soybeans	-	-	-
Rapeseed	95	109	105
Sunflower	-	-	-

3. Import Mechanism

During the operative year 1986/87 the consumption of commercial fertilizers was 1,380 mill. kg which was 2% less than the year before. The costs for agriculture for commercial fertilizers during 1986/87 has been estimated to SEK 2,251 mill. which is a reduction of close to 10% relative to the previous operative year (excluding forestry and horticulture).

4. Government Policies Affecting Grain and Agriculture

All imports are handled by private importers. There are no quantitative restrictions against grain imports. Import levies are used to level out world market price against domestic price. There are no changes in the import mechanism during the past year.

6. Government Policies Affecting Grain and Agriculture

1988/89: The Swedish government and the Federation of Swedish farmers have agreed on a prolongation of the program for reduction of grain production.

The economic compensation has increased by SEK 200 to levels between SEK 700-2900 per hectare.

The 1988/89 grain production is estimated to be reduced by around twelve per cent compared to the five last years.

The above measures are taken in an effort to combat Sweden's surplus grain production. They are however, not likely to change Sweden's import requirements for Canadian grains and oil seeds.

There is no policy on countertrade/barter relating to imports of grains and oilseeds. Whether through countertrade/barter or not these products are imported by private companies without any quantitative restrictions.

7. Market Prospects - Grains and Oilseeds

The bulk of the marginal Swedish imports of overseas grains is made through dealers in Rotterdam and/or Hamburg, where ordinary market factors govern the choice of foreign origin.

Local market very ad hoc for field peas and beans (light red kidney) depending on outcome of local crop. Some fairly constant volumes of peas bought though yearly through traders in Rotterdam origin said to be US only but Post aware of Canadian peas also entering this market through Rotterdam via US traders. Flax market fairly constant - Canada being only foreign supplier. Market for canary seeds and buckwheat very small with Canada as major foreign supplier. Small volumes of sunflower seeds to Sweden, by far major foreign competitors are Hungary and to some extent USA.

8. Processing Facilities

Year: 1987/88 (most recent)
thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	12	20	750	710
Compound Feed Mills	39	79		1,670
Maltsters	2	2	90	70
Brewers*	7	16		
Oilseed Crushers	1	1	250	224

* Capacity and output in million of hectolitres

9. Storage and Throughput Capacity

Grain Import Capacity by Port

Year: 1987/88 (most recent)
- - thousands of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Helsingborg	250	
Norrköping	154	
Djurön	140	
Köping	110	
Vasteras	95	
Ahus	85	
Uddevalla	90	
Lidköping	65	
Ystad	65	
Kalmar	55	
Total Capacity	1,835	

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1988/89 estimate:

- - thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley		83%	8%	9%	1,700
Suitable for malting		15-20%	-	15-20%	

2. Statistical Notes: 1987/88 est.
thousands of tonnes (previous year in brackets)

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	47 (45)	8 (14)	16 (16)
Malting barley			

Export Destinations includes: West Germany, U.K., Norway
Import Originations includes: DDR, Denmark and Czechoslovakia

3. Additional Information

Annual per capita beer consumption:

Consumption of light as well as strong beer has grown moderately during past year. 1987 per capita beer consumption 47 liters. However, during first six months of 1988 sales of strong beer in particular grew by 20%. Should this boom continue the 1988 per capita consumption might be increased to some 55-56 liters.

Beer production capacity: Total number of breweries has decreased during the past year. However, existing breweries have expanded and renationalized production facilities leading to increased total production. Imports of strong beer is also growing.

Domestic malting capacity: Not change in capacity.

III. OILSEEDS

1. Trade Policy:

Import Tariffs

- (i) Oilseeds: None
- (ii) Crude oil: None
- (iii) Oilseed meal: None
- (iv) Refined oil: 1) refined oil solely for technical use 8%
2) refined oil other than above 15%

There is a complex system of Agricultural Import Levies that are flexible and which are applied on many agricultural products. They are currently:

- (i) Oilseeds: In general SEK 70.00/100kg. Rapeseed SEK 664.00/100 kg. No levy on feed rapeseed and if for extraction or human consumption levy lifted on all seeds.
- (ii&iv) Crude and vegetable refined oil: In general SEK 110.00/100kg. No levy on castor oil.
- (iii) Oilseed meal: Levy of SEK 85.00/100kg on meal based on soya, peanut, cotton, flax, sunflower, rape, turnip, rapeseed, coconut, copra, palm nuts/kernels. Other free.

Import/export structure: Imports are handled by private importers. All exports of oilseeds are administered directly by SOI a semi-governmental body, the main purpose of which is to "protect" the domestic price of oilseeds.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987/88

<u>Oilseed</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>
Winter rape	106	0		
Summer rape	120	0		
Winter turnip rape	2	0		
Spring turnip rape	109	0		
TOTAL	337	0		5

<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>(Crude)</u>	<u>(Refined)</u>	<u>(Crude)</u>	<u>(Refined)</u>
	x				
Rape, turnip rape	39	-----	-----	55	-----
Soya, sunflower	-----	-----		-----	-----
Other			118		
TOTAL	39	-----	118	55	-----

<u>Meal</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>
Rape, turnip rape	131			4
Other	31	197		
TOTAL	162	197		4

x "home deliveries"

IV. STATISTICAL NOTES

Sweden

(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	1,301 (1,558)	325 (317)	5 (50)	1,631 (1,925)
Durum wheat			30 (30)	30 (30)
Flour/Semolina				
TOTAL	1,301 (1,558)	325 (317)	35 (80)	1,661 (1,955)

*of which spring wheat 334 (434)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	Human Consumption			Industrial	Other (seed, waste)	Exports	Carry-out	Total
	Consumption	Animal Feed	Human					
Wheat	495 (491)	410 (400)	35 (35)	75 (85)	235 (589)	381 (325)	1,631 (1,925) ⁴	
Durum wheat	30 (30)						30 (30)	
Flour Semolina								
TOTAL	525 (521)	410 (400)	35 (35)	75 (85)	235 (589)	381 (325)	1,661 (1,955)	

Industrial Use: starch production. Export Destination: USSR, Poland, Norway

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	ORIGIN					TOTAL IMPORTS
	Canada	U.S.A.	Australia	Argentina	EEC	
WHEAT (including durum)						
Cash		30 (30)			5 (50)	35 (80)
FLOUR (including semolina)						
TOTAL		30 (30)			5 (50)	35 (80)

Principal "Others" (specify countries)

(B) COARSE GRAINS

Sweden

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	1,848 (1,907)	120 (198)	50 (100)	2,018 (2,205)
Barley	1,377 (1,440)	140 (130)	0	1,517 (1,570)
Sorghum	101 (125)	105 (119)	40 (50)	246 (294)
Oats				
Rye				
TOTAL	3,326 (3,472)	365 (447)	90 (150)	3,781 (4,069)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	Human		Other (seed, waste)	Exports	Carry-out	Total
	Consumption	Animal Feed*				
Corn	84 (87)	1,690 (1,969)	90 (86)	4 (93)	150 (170)	2,018 (2,205)
Barley	28 (37)	1,113 (1,105)	80 (76)	168 (218)	128 (140)	1,517 (1,570)
Sorghum	101 (95)	50 (70)	10 (9)	15 (16)	70 (105)	246 (294)
Oats						
Rye						
TOTAL	213 (219)	2,853 (2,944)	180 (171)	187 (327)	348 (415)	3,781 (4,069)

* of which poultry 20%

Export Destination: USA, DDR, Poland

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	ORIGIN				TOTAL IMPORTS	
	Canada	U.S.A.	Australia	Argentina		EEC
Corn						
Barley					50 (100)	50 (100)
Oats						
Rye						
TOTAL					40 (50)	40 (50)

Principal "Others" (specify countries):

S W I T Z E R L A N D

Economic classification:	Industrial economy	
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$21,900	1986
Annual per capita GNP	US\$25,800	1986
Average annual growth	1.7%	1981-86
Annual inflation rate	3.3%	1977-87
Annual inflation rate	0.9%	1988
Volume of imports	49.0 billion US\$	1986
Of which food	5.3%	1986
Of which fuels	5.7%	1986
Principal foreign exchange earning export:	capital goods	
Debt service as % of GNP	1.39%	1987
Debt service as % of exports	4.11%	1987
Population	6.6 million	1987
Annual population growth	0.4%	1987
Annual Consumption:		
Flour	407,000 tonnes or 62.0 kg/capita	1987
Meat	617,700 tonnes or 92.3 kg/capita	1987
Vegetable Oils	81,980 tonnes or 12.2 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Favourable climatic conditions from seeding to harvesting positively influenced the crop result. Yields per hectare compared to last year were considerably higher; despite a slight reduction in the area, domestic production was the second highest ever.

For quality reasons, domestic grain is still blended with some 15 percent of high quality wheat of overseas origin.

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1988-89</u>	<u>1987-88</u>	<u>1986-87</u>
Wheat	97	98	98
Durum			
Barley	49	50	55
Corn	22	22	22
Sorghum			
Oats	10	10	11
Triticale	13	10	7
Rye			
Soybeans			
Rapeseed			
Sunflower			

2. Foreign Exchange Situation

Switzerland's foreign exchange situation and outlook allows the country to meet with the needed imports of food and agricultural inputs.

3. Fertilizer Situation

Fertilizer supplies and utilization are adequate and do not require any special comments. Trends are, however, aiming at production methods which would be "closer to nature". This means that inputs of chemicals and pesticides should be adjusted to levels which are taking into account ecological aspects such as air and water pollution.

4. Import Mechanism

Grain imports are handled by private importers (grain dealers and commercial millers) as well as occasionally by the government (Swiss Federal Cereals Administration). No changes are being considered, as the existing system has worked well.

5. Grain Industry Infrastructure

Switzerland's needs are met by regular imports of foreign bread wheat and durum wheat. Durum wheat for climatic reasons, is not produced in Switzerland and, therefore, has to be totally imported. In normal times of regular market conditions, imports can easily be handled through Rotterdam/Antwerp - Basel or occasionally through Marseilles-Geneva. Private and government owned storage facilities are exceeding average needs.

A storage policy and practice was established long ago and has proved to be adequate. Therefore, no changes will occur in the near future.

6. Government Policies Affecting Grain and Agriculture

The last three crops well exceeded the annual domestic consumption of bread grain. By means of producer price reductions on bread grain and incentives for the cultivation of coarse grain, Switzerland is now promoting the production of coarse grain rather than bread grain. In the coarse grain sector the country is self-sufficient only up to a level of 50%.

Currently, 15% of the bread wheat consumed is imported, mainly because of quality reasons. Durum wheat is not produced in Switzerland and therefore the entire consumption of some 100,000 tonnes per year has to be imported. In the context of the current imbalance between supply and demand and the declining imports of overseas grain to Europe, concerns about the possibility of shipping smaller quantities are sometimes expressed. This could become a particular problem in situations where imports do not make up full cargoes.

Imports are handled on a commercial basis only. No countertrade/barter transactions.

7. Market Prospects - Grains and Oilseeds

The country's import needs of bread grain depend on the outturn of the domestic production and will range between 200,000 tonnes to 250,000 tonnes (including durum wheat) of bread grain and 540,000 tonnes of coarse grain per year.

Longstanding business relations and the excellent reputation of Canadian grain do not require special marketing initiatives.

The consumption of special crops is limited to very small quantities, which means that marketing possibilities are very restricted.

8. Processing Facilities - Year 1987

	thousands of tonnes			
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills		146	1,100	540
Compound Feed Mills				
Maltsters				
Brewers*				
Oilseed Crushers				

* Capacity and output in hectolitres

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987/88 estimate:

	- - thousands of tonnes - -				<u>Total</u>
	<u>2-Row</u>		<u>6-Row</u>		
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley Suitable for malting		46	194		240

2. Statistical Notes: 1987/88 est.

	thousands of tonnes - previous year in brackets		
	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt		79 (71)	
Malting barley			

Import origination includes: France, Germany, Italy, Netherlands, Belgium

3. Additional Information

Annual per capita beer consumption: 1985-86 - 70.7 litres
1984-85 - 70.3 litres

Beer production capacity: 1983-84 - 4.07 million hectolitres
1984-85 - 4.11 million hectolitres
1985-86 - 4.12 million hectolitres

III. OILSEEDS

1. Trade Policy

Import Tariffs:	Oilseeds	-	.10 Swiss Francs per 100 kilos gross weight
	Crude Oil	-	.10 Swiss Francs per 100 kilos gross weight
	Oilseed Meal	-	In containers of less than 5 kg SFR 4.50 per 100 kg gross weight
		-	In containers of more than 5 kg SFR 20.00 per 100 kg gross weight
	Refined Oil		SFR 30 (coco, palm)
			SFR 12 (others) per 100 kg gross weight

Non-tariff import barriers: In addition to import duties "price supplements" (non-tariff barriers) are applied on oilseeds for animal feeds, such imports are also subject to quota restrictions. Oilseeds to produce edible oil are only subject to import duties.

Import/export structure: All oilseeds must be imported by companies which are members of the GCF (Genossenschaft für Getreide und Futtermittel - Société Coopérative Suisse des Céréales et Matières Fourragères).

Additional factors: The most important oilseed produced in Switzerland is rapeseed, and "supplements" (subsidies) are paid to farmers and oil processors. In 1987 the total value of these "supplements" was SFR 40.0 million. Guaranteed acreage under rapeseed production in 1987 and 1988 is 17,000 hectares. Soya growing has been introduced in 1988 with a guaranteed acreage of 2000 hectares.

2. Supply of oilseeds and products by type, thousands of tonnes: - 1987

<u>Oilseed</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
Peanuts (ungrilled)			28.79		
Rapeseed, flax, sesame	49.1*		10.28		negligible
Mustard seed			1.4		0.125
Others incl. soya, sunflower, polly			99.46		0.296
*rapeseed only					
TOTAL	49.1		139.93		0.421

<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>Crude</u>	<u>Refined</u>	<u>Crude</u>	<u>Refined</u>
Coco, palm, babassu			4.87		negligible
Olive			2.58		negligible
Edible oils, refined and unrefined	19.9*		47.94		13.64
Lin, soya, palm			3.91		negligible
*rapeseed					
TOTAL	19.9		59.30**		13.64**

*separate reports concerning oil and meal produced from domestic and imported oilseeds are not available.

**above totals do not represent total imports/exports of oilseeds, oils or meals.

***rapeseed meal

<u>Meal</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
All types incl. flour (excl. mustard)	23.4***	1.43	negligible
Mustard flour		0.038	negligible
others incl. oilcakes	88.0	35.57	0.7
TOTAL	112.2	38.84	0.4

*separate reports concerning oil and meal produced from domestic and imported oilseeds are not available.

**above totals do not represent total imports/exports of oilseeds, oils or meals.

***rapeseed meal

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	500 (440)	421 (569)	160 (125)	1,081 (1,134)
Durum wheat		75 (75)	117 (110)	192 (185)
Flour/Semolina				
TOTAL	500 (440)	496 (644)	277 (235)	1,273 (1,319)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	446 (405)	167 (260)	8 (15)	18 (18)	16 (10)	426 (426)	1,081 (1,134)
Durum wheat	110 (115)					82 (70)	192 (185)
Flour Semolina							
TOTAL	556 (520)	167 (260)	8 (15)	18 (18)	16 (10)	508 (496)	1,273 (1,319)

Industrial use: Technical use; Production of glue Export destination: Wheat flour for Food Aid to developing Countries countries.

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>TOTAL IMPORTS</u>		
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>		<u>EEC</u>	<u>All Others</u>
<u>WHEAT</u> (including durum)							
Cash	112 (62)	62 (98)		(7)	65 (65)	38 (10)	277 (242)

Principal "Others": Austria, Saudi Arabia

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	Production		Carry-in, July 1		Imports		Total Supply	
Corn	144	(170)	78	(78)	217	(174)	439	(422)
Barley	241	(280)	226	(244)	211	(217)	678	(741)
Sorghum/other cereals	4	(8)			22	(32)	26	(40)
Oats	38	(55)	125	(133)	114	(103)	277	(291)
Rye	18	(25)	32	(43)	21	(14)	71	(82)
TOTAL	445	(538)	461	(498)	585	(540)	1,491	(1,576)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	Human				Other (seed, waste)	Exports	Carry-out	Total
	Consumption	Animal Feed	Industrial					
Corn	21	(17)	356	(405)	6		56	(422)
Barley	18	(17)	463	(520)	17	(10)	180	(741)
Sorghum/other cereals			4	(4)			20	(34)
Oats	13	(14)	133	(158)	5	(4)	126	(115)
Rye	17	(18)	20	(56)	2	(1)	32	(7)
TOTAL	69	(66)	976	(1,143)	32	(17)	414	(350)

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	ORIGIN						TOTAL IMPORTS		
	Canada	U.S.A.	Australia	Argentina	EEC	All Others			
Corn		23	(1)	13	(7)	151	(102)	217	(174)
Barley		1				207	(215)	211	(217)
Sorghum/other cereals			(26)		(3)			22	(32)
Oats	35	(1)	1	40	(8)	8	(1)	21	(59)
Rye		(1)	1			4	(2)	15	(12)
TOTAL	35	(2)	26	40	(8)	370	(320)	91	(140)

Principal "Others": Austria, Hungary, Norway

PART III
EASTERN EUROPE



B U L G A R I A

	Economic classification:	Non-market Industrial Economy	
	Oil exporter or importer (net):	Importer	
	Annual per capita income:	US\$,2697	1986
(*National Material			
Product)	Annual per capita NMP*	US\$3,144	1987
	Average Annual growth	4.08%	1977-87
	Annual inflation rate	2.5%	1977-87
	Annual inflation rate (current)	3.0%	1988
	Volume of imports	15.2 billion US\$	1986
	* Of which food	n 4.5%	1986
	* Of which fuels	40%	1986
	Principal foreign exchange earning export:	Foodstuffs	
	(processed and unprocessed).		
	Population	8.97 million	1986
	Annual population growth (-)	0.2%	1986-86
	Annual Consumption:		
	Meat	637,422 tonnes or 71.3 kg/capita	1985
	Vegetable Oil	206,514 tonnes or 23.1 kg/capita	1985

I. GENERAL INFORMATION

1. Crop Situation and Outlook

The winter grains crop (wheat/barley) was about average, however, the crop is somewhat better than last year. The spring crops have suffered rather severely from drought and heat. Wheat and barley crops are almost adequate to Bulgaria's needs, while the corn crop is especially bad, even in irrigated areas (cause unknown). Rice fields have serious weed problems.

Seeded Acreage:

	Thousands of hectares		
<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	1,100	1,050	1,000
Barley	300	300	300
Corn	525	500	550
Oats	25	28	25

2. Foreign Exchange Situation

Bulgaria has continued to borrow abroad to finance purchases of Western goods and services; at the same time, export earnings in hard currency have decreased. Foreign currency debt has, therefore, increased but so far foreign exchange is fairly readily accessible. Imports of food are on an emergency basis only (i.e. CWB grain sales in 1987, 1988) and are paid in hard currency. Bulgaria is not likely to be an international aid recipient.

3. Fertilizer Situation

Quality fertilizer is well utilized in Bulgaria, and excess quantities are exported (to China, India etc.). The most recent figures of fertilizer utilization available are from 1985:

Kg./hectare	-	total:	18.582
		Nitrogen:	10.191
		Phosphate:	6.168
		Potash:	2.222

4. Import Mechanism

Only one institution, HRANEXPORT, may handle the importation of grains into Bulgaria.

One significant personnel change there this year was the retirement of Mr. Ivan Golomeev (ex-Director General), who is a real Canada booster, having been the first Bulgarian Trade Commissioner in Canada. Mr. Golomeev, however, is still acting as adviser to HRANEXPORT. The new Director General of the company is Mr. Peter Tzolov; coincidentally, he attended CIGI's Feed and Oilseeds course in Winnipeg in May 1987.

5. Grain Industry Infrastructure

The industry is state-controlled. Acreages to be devoted to individual crops are decided in the 5-year plans. Bulgaria's intention is to be self-sufficient in grains, so imports are effected only to cover temporary shortfalls.

6. Government Policies Affecting Grain and Agriculture

Grains and oilseeds imported from LDC's or other Socialist countries are generally paid with barter (i.e. soya from Brazil, Argentina). We do not know of any situations in which Western industrialized countries have been asked or required to accept barter as payment for imported grains.

7. Market Prospect - Grains and Oilseeds

Bulgarian projections (both official and private) tend toward claims of self-sufficiency, which in years of conducive climate, is basically true.

Malt and Malting Barley

1. Domestic Production of Barley by type, 1988/89 estimate

- - thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley					1,200
Suitable for malting					

2. Additional Information

Annual consumption is steady at approximately 0.62 hectolitres per capita. The brewing industry has expansion plans to 1992, but these appear only marginally connected to an actual increase in per capita beer consumption.

Annual beer production is 5.5 million hectolitres. Contracts for brewery equipment have been signed totalling approximately \$3 million to 1990. In 1991, a new brewery of 500,000 hectolitres annual production will begin construction.

A contract for a large malting plant was won by a German company in early 1988. (No additional details known).

What is the oilseeds import/export structure? HRANEXPORT is the sole agency responsible for oilseed purchases.

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat*				
Durum wheat				
Flour/Semolina				
TOTAL	4,500 (4,127)	400 (500)	100 (400)	5,000 (5,027)

*of which spring wheat

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat							
Durum wheat							
Flour Semolina							
TOTAL	2,700 (2,627)	1,500 (1,700)			300 (300)	500 (400)	5,000 (5,027)

IV. STATISTICAL NOTES
(B) COARSE GRAINS

Bulgaria

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	2,300 (1,968)	400 (496)	600 (850)	3,300 (3,314)
Barley	1,200 (1,096)		100 (300)	1,300 (1,396)
Sorghum				
Oats	35 (30)			35 (30)
Rye	50 (45)			50 (45)
TOTAL	3,585 (3,139)	400 (496)	700 (1,150)	4,685 (4,785)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Corn		2,750 (2,700)				400 (400)	3,300 (3,134)
Barley		1,100 (1,200)					1,300 (1,396)
Sorghum							
Oats	10 (10)	25 (20)					35 (30)
Rye	50 (45)						50 (45)
TOTAL	60 (55)	3,875 (3,920)				400 (400)	4,685 (4,785)

C Z E C H O S L O V A K I A

Economic classification: Non-Market Industrial economy		
Oil exporter or importer (net): Importer		
Annual per capita income	US\$5,510	1986
Volume of imports	18.8 billion US\$	1986
Of which food	3.6%	1986
Of which fuels	30.0%	1986
Principal foreign exchange		
earning export: Machinery and transport equipment		
Population	15.6 million	1988
Annual population growth	0.1%	1987-88
Annual Consumption:		
Flour	1,275,000 tonnes or 82.1 kg/capita	1986
Meat	1,361,800 tonnes or 87.3 kg/capita	1986
Vegetable Oil	175,300 tonnes or 11.2 kg/capita	1986

I. GENERAL INFORMATION

1. Crop Situation and Outlook

The 1988 winter wheat crop again proved to be Czechoslovakia's most reliable supply of grain. Per hectare yield of winter wheat was 8-12% higher than in 1987 (in spite of a 10 to 14 day shorter growing season). On the other hand, the yield of spring barley declined by 20-30% compared to 1987. Output of oilseeds (namely rapeseed) is approximately 10% below the plan.

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1986/87</u>	<u>1985/86</u>
Wheat	1,212	1,205
Durum		
Barley	834	821
Corn	206	210
Sorghum		
Oats	108	115
Rye	142	155
Soybeans		
Rapeseed	128	121
Sunflower	27	25

2. Foreign Exchange Situation

Czechoslovakia has a low debt load by East European standards but has been affected by the liquidity crisis in east-west trade. Purchasers have been increasingly instructed to request supplier credit in agricultural purchases from western countries on terms of at least 180 days.

3. Fertilizer Situation

Total deliveries of commercial fertilizers to farms, converted to pure nutrient equivalents, decreased by 133,000 tons (7.9%) in 1987 compared with 1986. The

total fertilizer input in 1987 was 1,556,000 tons, incl. 37.8% of nitrogenous fertilizers, 29.1% of phosphate fertilizers and 33.1% of potassium fertilizers. In relation to the area of agricultural land, this represented an application of 230 kgs of pure nutrients per hectre which is 12.5% less than in 1986.

1987 Imports:

Phosphates: 255,000 tons of which 147,000 from USSR, 44,000 from Morocco, 30,000 from Jordan and 17,000 from Tunisia.

Potash: 551,000 tons of which 380,000 from East Germany and 156,000 from USSR.

Nitrogen: 126,000 tons of which 105,000 from USSR.

A further decline of the use of chemical fertilizers is considered risky as it would effect soil fertility. Because of the shortage of ammonium (saltpetre) a new line for its production will be imported and paid for by the export over three years, of 140,000 tons of this fertilizer. The line will be put into operation during the current five-year plan (1986-1990) and its capacity will be 300,000 tons/year. Also during this five-year plan, one billion Czech crowns will be spent for reconstruction and modernization in this sector. (During next five-year plan this figure will be increased to 1.5 billion Czech crowns).

These funds will cover: reconstruction and new construction of a plant for the production of NPK fertilizers (phosphate, potash nitrogen) at the East Bohemian Works in Pardubice; production of DAM liquid fertilizer, ammonia and slowly acting chemical fertilizers at the Moravian Chemical Works, Ostravia; and the introduction of production of granulated superphosphate at the Prerov Chemical Works.

4. Import Mechanism

There is no change. The sole grain importer is KOOSPOL, Foreign Trade Company Limited, Leninova 178, 160 67 Prague 6, Telex: 121 121, Phone: 33 38 90. Responsible officer: Mr. M. Saroch, Commercial Director.

5. Grain Industry Infrastructure

The gap between increased grain output and existing grain storage capacity continues. The current deficit in storage capacity is more than 1.5 million tons. During the current five-year plan construction of new storage capacity for 847,000 tons of grain is expected to be completed.

6. Government Policies Affecting Grain and Agriculture

New legislation and regulation in connection with economic reconstruction in Czechoslovakia affecting the agri-food complex has been or will be introduced (new law on agricultural cooperativism July 88, new law on agricultural taxes Jan. 89, new wholesale prices Jan. 1/89). These may influence the proportion of individual grains being produced in CSSR as agricultural cooperatives will have greater independence in choosing their production program. In the future, the central government will influence such decision made only through system of bonuses. There is currently some official publicity in CSSR to support new consumption partners (i.e. rye rather than wheat bread, promotion of higher consumption of chicken and fish in order to replace beef, but it is not expected that significant changes will take place in the near future.

No specific countertrade/barter arrangements are required by KOOSPOL, but a general government policy favouring balanced bilateral trade relations is taken into account when purchasing.

7. Market Prospects - Grains and Oilseeds

Local grain production has been given top priority. During the 1986-90 period, 57-58 million tonnes of grain (an annual average of 11.4 to 11.6 million tonnes are to be produced according to the Plan directives. If fulfilled, self-sufficiency would be guaranteed and no imports required (with the exception of durum wheat - 5,000 tonnes per year). There is an intention to export good quality surplus wheat or barter it for feed corn.

Lentils, beans and canaryseed are occasionally imported.

8. Processing Facilities

	Year 1987 (1986)		thousands of tonnes	
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills				1,384 (1,335)
Compound Feed Mills				
Maltsters				
Brewers*				22,228 (22,789)
Oilseed Crushers				178 (172)

* Capacity and output in thousands of hectolitres

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987 estimate:

- - thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley	800	2,751			3,551
Suitable for malting (est)		800			800

2. Statistical Notes, 1987 est:

	thousands of tonnes		
	Production	Imports	Exports
Malt			235
Malting barley			

Export Destination includes: Cuba, Japan, West Germany, Switzerland

3. Additional Information

Annual per capita beer consumption is decreasing slightly:
1987 - 130 litres; 1986 - 135.2; 1985 - 141.6; 1984 - 142.2.

Beer production capacity: declined by 561 hectoliters in 1987. However the longer beer production is increasing slightly and increases in brewing capacity through modernisation should continue this trend, but no major changes in capacity are expected.

Domestic malting capacity: Stable.

Market potential for Canadian malt: Since Czechoslovakia is a traditional exporter, there are no opportunities for Canadian malt in this market.

III OILSEEDS

1. Trade Policy

Import tariff on oilseeds and products: None

Import/export structure: The sole importer is KOOSPOL, Foreign Trade Co. Ltd. (a government monopoly), Leninova 178, 160 67 Praha 6, Telex: 121 121, Telephone: 336 2538, Responsible Officer: Ing. J. Prochazka, Chief of Import Division 163.

Additional factors: Supplier's credit (180-270 days) is the basic condition.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987 & 1988

<u>Oilseeds</u>	<u>Domestic Production 1988</u>		<u>Imports</u>		<u>Exports</u>	
Rapeseed	337	379				
Sunflower	62	28				
TOTAL	415	419				
<u>Oil</u>	<u>Production</u>		<u>Imports</u>		<u>Exports</u>	
			<u>Crude</u>	<u>Refined</u>	<u>Crude</u>	<u>Refined</u>
Food plant oil			35			
TOTAL	178		35			
<u>Meal</u>	<u>Production*</u>		<u>Imports</u>		<u>Exports</u>	
TOTAL			585			

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat			(64)	(64)
Durum wheat			(5)	(5)
Flour/Semolina				
TOTAL	6,553 (6,154)	1,000 (1,100)	(69)	7,553 (7,323)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat							-
Durum wheat							113
Flour Semolina							-
TOTAL	1,900 (1,800)	4,000 (4,000)		600 (500)		1,000 (1,000)	7,500 (7,300)

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
<u>Wheat (including durum)</u>	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>			
						(64)	(69)
Cash							

Czechoslovakia

(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	(1,099)			(1,262)
Barley	3,408	(3,551)	(163)	3,408 (3,591)
Sorghum				
Oats	(406)			(406)
Rye	534	(496)		534 (496)
TOTAL	11,822	(1,168)		11,822 (1,1861)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Consumption</u>	<u>Animal</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Corn	Human						
Barley							
Sorghum (dura)*							
Oats							
Rye							
TOTAL							114

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

<u>ORIGIN</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
Canada						

Corn
Barley
Sorghum
Oats
Rye
TOTAL

GERMAN DEMOCRATIC REPUBLIC

Economic classification: Centrally Planned economy			
Oil exporter or importer (net):	Importer		
Annual per capita GNP	US\$3,900		1987
Average annual growth	4.3%		1977-87
Annual inflation rate	0.5%		1977-87
Annual inflation rate	1.2%		1987
Volume of imports	8.9 billion US\$		1987
Of which food	4.5%		1987
Of which fuels, minerals, metals	39.8%		1987
Principal foreign exchange earning export:	machinery		
	& transport equipment	46.7%	
Debt service as % of GNP	9.86%		1987
Debt service as % of exports	6.5%		1987
Population	16.6 million		1987
Annual population growth	0.1%		1987
Annual Consumption:			
Flour	1,383,400 tonnes or	83.3 kg/capita	1987
Meat	1,763,000 tonnes or	106.2 kg/capita	1987
Vegetable Oil	240,000 tonnes or	14.5 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

East German press published approximate crop results for 1988 which are 10 million tons, (12.2%) below previous year level (11.2 mln t).

Floods during the late March planting season necessitated later planting and some reseeded. The two month drought in May and June hindered grain development and late rains in July encouraged uneven ripening of grains.

2. Foreign Exchange Situation

One of the GDR's current key problems is that of exports. In 1986 the trade figures were conditioned by the fall in the dollar and in oil prices; quantities of goods remained much the same. In 1987 fewer goods were being exported. GDR's figures report a 4.2% decline in foreign trade turnover although that statistic includes all trade with the socialist, developing and western countries. FRG sources estimate that GDR debt to West Germany had reached about 3 billion US\$. GDR exports of petroleum products, chemicals, iron and steel have declined. Soviet crude oil accounted for one third of the GDR's sales to the West in the past. As these products are priced in dollars the lower prices and weak dollar have created trade problems.

3. Fertilizer Situation

Consumption levels for phosphate and potash are stable (56.8 kg/ha of phosphate; 93.4 kg/ha of potash) while the level of nitrogen continues to increase (114.3 kg/ha).

4. Import Mechanism

Grain imports are handled by state owned foreign trade organizations: Nahrung and International Trading Company Zentral-Commerz.

5. Government Policies Affecting Grain and Agriculture

New producer prices that came into force on January 1, 1988 are designed to improve quality of produce. Consumer prices have not been increased. These price increases will make it economical for farmers to produce better varieties of vegetables and fruit and in the livestock sector the increases double the price gap between the top and bottom categories of pig meat from 6% to 12%.

The market for Canadian grain will remain more less stable in the near future.

Barter and countertrade are not used in grain imports.

6. Market Prospects - Grains and Oilseeds

In spite of efforts to achieve self-sufficiency as for example increased grazing of cows on pasture the GDR will continue to need to import a couple of million tonnes of grain annually as well as vegetable proteins such as soybean meal.

The GDR would be interested in implementing large scale technology of biogas energy plants which could offer an alternative to coal and nuclear power. Currently only pilot plants have carried out testing and this does not allow an objective decision to be made regarding the profitability of large units.

7. Storage and Throughput Capacity

Grain Import Capacity by Port - Year 1986

- thousands of tonnes -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Rostock	N/A	19,674
Wismar	1,022	4,496
Stralsund	N/A	953
Total Capacity	1,022	25,123

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987 estimate: 1986 in brackets

- - thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley Suitable for malting					4,198 (4,293)

2. Additional Information:

Annual per capita beer consumption: (litres)

1984 - 142.2 litres
 1985 - 141.6 litres
 1986 - 142.1 litres

Beer production capacity increasing/decreasing?

It is difficult to say if the increasing export of GDR beer technology and brewery construction in developing countries (Zimbabwe) means increasing malt and beer production capacities or only restricted import policy.

III. OILSEEDS

1. Trade Policy:

Import tariffs: None

Import/export structure: All grains and oilseeds contracts are handled by the state owned Foreign Trade Organization, NAHRUNG, and some small quantities by International Trading Agency Zentrall-Kommerz.

Additional factors: Rapeseed production has expanded significantly in recent years. This is due to some extent to larger planting but mainly to higher per hectare yields. Rapeseed exports increased in 1987. Existing crushing capacities are not sufficient if harvest is more than 350 thousand tonnes.

2. Supply of oilseeds and products by type, thousands of tonnes: Year: 1987

<u>Oilseed</u>	<u>Domestic</u>	<u>Imports</u>		<u>Exports</u>	
	<u>Production</u>	<u>Crude</u>	<u>Refined</u>	<u>Crude</u>	<u>Refined</u>
Rapeseed	366		79		
<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>Crude</u>	<u>Refined</u>	<u>Crude</u>	<u>Refined</u>
Vegetable oils	240.9		95		

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat*	4,040 (4,195)		550 (1,200)	4,590 (5,395)
Durum wheat Flour/Semolina				
TOTAL	4,040 (4,195)		550 (1,200)	4,590 (5,395)

* of which spring wheat

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	0.5 (1.7)		600 (610)	600.5 (611.7)
Barley	4,198 (4,293)		450 (1,230)	4,648 (5,523)
Sorghum				
Oats	637 (666)			637 (637)
Rye	2,283 (2,406)			2,283 (2,406)
TOTAL	7,123 (7,705)		1,050 (1,840)	8,168.5 (9,206.7)

HUNGARY

Economic classification: Non-Market Middle-Income economy		
Oil exporter or importer (net): Importer		
Annual per capita income	US\$1,840	1987
Annual per capita GNP	US\$3,000-3,500	1987
Average annual growth	4.1%	1977-87
Annual inflation rate	9.0%	1977-87
Annual inflation rate	13.0%	1988
Volume of imports	10.0 billion US\$	1987
Of which food	7.3%	1987
Of which fuels	16.4%	1987
Principal foreign exchange earning export: finished, semi-finished products, transportation equipment		
Debt service as % of GDP	90 %	1987
Debt service as of % hard currency exports	80 %	1987
Population	10.622 million	1987
Annual population growth	0.0 %	1987
Annual Consumption:		
Flour	1,150,000 tonnes or 108 kg/capita	1987
Meat	820,000 tonnes or 77 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

- Following the past several years' declining harvest of cereals, this year produced an above average crop which was due to a long lasting warm fall in 1987 followed by a very mild winter with adequate precipitation both in the spring and the first half of summer. The three-week drought (end of July, early August) did not influence grain production which resulted in a total of 8,500,000 tons i.e. 677,000 tons or 8.6 % above the targeted 7,823,000 tons for 1988. This result was 1,750,000 tons or 26 % higher than last year's harvest of 6,750,000 tons.
- Wheat was sown on 1,280,000 ha and excellent yields were achieved; (5440 kg/ha). Total quantity of wheat was 6,963,200 tonnes. Winter barley sown on 152,000 ha averaged (4600-4620 kg/ha) surpassing the yields obtained in 1984 (4560 kg/ha). Total quantity now is 700,000 tons. Spring barley on 112,000 ha produced a total of 466,000 tons with average yields of 4.15-4.18 t/ha due to the favourable spring when the distribution of precipitation left no dry periods from March to May. Rye sown on 97,000 ha accounted for 243,000 tons (average yield: 2500-2530 kg/ha). Oats is the cereal produced on the smallest area; 42,000 ha was sown with average yields of (3200 kg/ha) or 134,000 tons.
- Corn, which is the second most important crop, was planted on 1,150,000 ha. Instead of the targeted 6.5 tonnes/ha, only 5.7 tonnes/ha is expected this year.

Seeded Acreage: thousands of hectares:

<u>Commodity</u>	<u>1988/89</u> **	<u>1987/88</u>	<u>1986/87</u>
Wheat	1250	1280	1230
Durum	0	0	0
Barley	250 ***	264 *	180
Corn	1128	1100	1200
Sorghum	0	0	0
Oats	40	42	40
Rye	90	97	90
Soybeans	65	36	35
Rapeseed	40	39	70
Sunflower	370	363	368

* = of which spring barley

112

** = estimated figures

*** = of which spring barley .. 90%

2. Foreign Exchange Situation

Hungary is self-sufficient in all agricultural products and foods. Moreover, it is a net exporter of these commodities with destinations in neighbouring countries of Europe (Soviet Union, Czechoslovakia, East-Germany, Austria, Yugoslavia, etc.). In the period 1981-85 agricultural/food exports accounted for 22% of Hungary's total exports. In 1987 trade balance of agrarian products showed a net surplus of US \$ 670 million. Hungary does not request international aids. Agricultural imports are restricted to only luxury items (coffee, tropical fruits, etc.).

3. Fertilizer Situation

In the early 1980's the decreasing use of fertilizer had unfavourable effects on crop production. Fertilizer usage reached its low in 1985 but has since increased. However, since August 1986 prices have increased by 33% while wheat prices have only increased by 8-10%.

	<u>1980/81</u>	<u>1984/85</u>	<u>1985/86</u>	<u>1987</u>
N-Nitrogen, kg/ha	162	149	150	112
P-Phosphate kg/ha	102	95	88	67
K-Potash kg/ha	110	105	99	82
N, P, K. kg/ha	374	349	337	261

These figures are country averages, the utilization however by the 19 counties of Hungary varies considerably. In the case of nitrogen, + 30% to - 18%, phosphate + 28% to - 21% and potash + 33% to - 37%.

Local fertilizer industry is running at far less than full capacity. Fertilizer plants are now changing their production structure by replacing inorganic products (super-phosphate, etc.) with organic ones (inter-mediars, different plant protection agents, etc.) should the supply-demand situation prevail next year.

6. Government Policies Affecting Grain and Agriculture

The Seventh Five Year Plan (1986-90) calls for the following:

- a) increasing agricultural output 7-10% during the plan period, compared with the previous five years;
- b) promoting greater exports of produce and food-stuffs;
- c) increasing annual grain production to 175-180 million tonnes by 1990;
- d) curbing the decline in cultivated area that has occurred in recent years; and
- e) providing preferential investment credits for major agricultural mechanization.

The Five Year Plan makes it clear that all improvements in Hungarian agricultural performance will be the result of policies designed to intensify rather than extend, production.

Ministry of Trade denies official existence of countertrade/barter in general whereas Foreign Trade companies exercise them on an ever growing basis. Grain and oilseeds in commercial quantities are not imported but exported.

7. Market Prospects - Grains and Oilseeds

i) Feed grains may be imported if export price of wheat for human consumption increases.

ii) Spot business opportunities are limited by scarce allocation of hard currency for agricultural imports. In the period 1981-85 agriculture/food import accounted for 6% of Hungary's total import. Joint Ventures as an approach expresses the foreign partner's interest in long term associations with Hungarians. As of January 1, 1988 130 JV's have been registered.

8. Processing Facilities

Year: 1987

thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	22	110	1,225	1,200 (98%)
Compound Feed Mills		100	3,000	3,000 (100%)
Malsters	0	2	63	63
Brewers*	6	6	8.74	8.74
Oilseed Crushers	1	9	244	244

* Capacity and output in millions of hectolitres

9. Storage and Throughput Capacity - Hungary is a land-locked country.

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1988/89 estimate:

- - thousands of tonnes - -

	2-Row		6-Row		Total
	Winter	Spring	Winter	Spring	
All Barley	0	168*	700	298	1166
Suitable for malting	N/A	168	N/A	N/A	168

N.B.: * only 2-row spring barley is suitable for malting in Hungary.

Malt	0 (0)	0.68	0.71	0 (0)
Malting barley	168 (145)	0	(0)	0 (0)

Import origination includes: Czechoslovakia

Beer consumption has been on stable increase for the past ten years when relatively low figures of 35 litre/capita went up to approximately 100 litre/capita by 1987. To meet this demand, beer has been imported from Austria, Czechoslovakia, France, The Netherlands, Poland, Yugoslavia, Great Britain, East Germany and West Germany.

Joint Venture Company "HBH" has been established with German (Bavarian) "Kaltenberg" company to open up mini-breweries in both Budapest and local towns.

Statistical figures per year are as follows: (000's of litres)

1983 - 783	1986 - 950
1984 - 796	1987 - 960
1985 - 870	(1988 est. 980)

Malt, and on sporadic basis malting barley, is imported from East-European countries for non-convertible currency (transferable roubles).

III. OILSEEDS

1. Trade Policy

Import tariffs:	oilseeds:	0-3%
	crude oil:	8%
	oilseed meal:	10%
	refined oil:	35%

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oilseed (by type)</u>	<u>Domestic Production</u>	<u>Imports</u>	<u>Exports</u>
Sunflower	786	0	141
Rapeseed	105	0	76
Soybean	67	0	0
Flax (oil)	14	0	0
TOTAL	972	0	217

<u>Oil (by type)</u>	<u>Production</u>	<u>Imports of Oils</u>		<u>Exports of Oils</u>	
		<u>(Crude)</u>	<u>(Refined)</u>	<u>(Crude)</u>	<u>(Refined)</u>
Sunflower	187	0	0	0	187
Rapeseed	40	0	0	0	24
Soybean	15	0	0	0	0
Vegetable oil	4	0	4.7	0	0
TOTAL	246	0	4.7	0	211

<u>Meal (by type)</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Sunflower	Not available	0	104
Rapeseed	Not available	0	0
Soybean	Not available	630	0
TOTAL	Not available	630	104

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY - January 1 to December 31, 1987 - thousands of tonnes - previous year in brackets

	<u>Production (C)</u>	<u>Carry-in, Jan. 1/87</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat *	5,748 (5,793)	2,738 (3,006)	52 (0)	8,538 (8,799)
Durum wheat				
Flour/Semolina (E)	5,748 (5,793)	2,738 (3,006)	52 (0) (F)	8,538 (8,799)
TOTAL				
* of which spring wheat				

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial(H)</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-Out (D) Dec. 31/8</u>	<u>Total Disposition</u>
Wheat	()	2,484 (1,861)	41 (262)	442 (483)	1,281 (1,669)	2,451 (2,738)	6,699 (7,012)
Durum Wheat	()	()	()	()	()	()	()
Flour Semolina(E)	1,839 (1,787)						1,839 (1,787)
TOTAL	1,839 (1,787)	2,484 (1,861)	41 (262)	442 (483)	1,281 (1,669)	2,451 (2,738)	8,538 (8,799)(G)

Soviet Union, East-Germany, Czechoslovakia, Yugoslavia

IMPORT TRADE January 1 to December 31, 1987 est. - thousands of tonnes - previous year in brackets

<u>Wheat</u> (including durum)	<u>ORIGIN</u>					<u>All Others*</u>	<u>EEC</u>	<u>Total Imports</u>
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>			
Cash	0 ()	0 ()	0 ()	0 ()	0 ()	52 (0)	0 ()	52 ()
Commercial Credit	()	()	()	()	()	()	()	()
Aid, concessional credit, etc.	()	()	()	()	()	()	()	()
<u>Flour (including semolina) (E)</u>								
Cash/comm. credit	()	()	()	()	()	()	()	()
Aid, concessional	()	()	()	()	()	()	()	()
TOTAL	()	()	()	()	()	()	()	()

Principal "Others" (specify countries): * Austria, Czechoslovakia, Yugoslavia

(B) COARSE GRAINS

SUPPLY January 1 to December 31, 1987 -- thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, Jan. 1/87</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	7,234 (7,261)	4,660 (4,917)	102 (23)	1,201 (12,226)
Barley	794 (857)	324 (488)	373 (111)	1,491 (1,456)
Sorghum	0 (0)	0 (0)	0 (0)	0 (0)
Oats	99 (126)	87 (95)	7 (0)	195 (224)
Rye	186 (172)	110 (92)	107 (0)	403 (306)
TOTAL	8,313 (8,416)	5,181 (5,592)	589 (134)	14,103 (14,212)

DISPOSITION January 1 to Dec. 31, 1987 -- thousands of tonnes - previous year in brackets

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other</u>		<u>December 31/87</u>	
				<u>(seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Corn	0 (0)	6,187 (6,321)	605 (518)	92 (250)	188 (478)	(1) 4942 (4659)	12014 (12226)
Barley	733 (853)	198 (211)	198 (211)	111 (66)	1 (2)	(2) 448 (324)	1491 (1456)
Sorghum	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Oats	112 (112)	6 (6)	6 (6)	10 (9)	2 (10)	(3) 65 (87)	195 (224)
Rye	166 (126)	54 (45)	54 (45)	66 (24)	1 (1)	116 (110)	403 (306)
TOTAL	7,198 (7,412)	863 (789)	863 (789)	279 (349)	192 (491)	5571 (5180)	14103 (14212)

Export Destination: (1) Czechoslovakia, Soviet Union, East-Germany; (2) Soviet Union, Romania;
(3) Austria, East-Germany, Soviet Union

P O L A N D

Economic classification: Centrally Planned economy			
Oil exporter or importer (net):	Importer		
Annual per capita income:	US\$1,512		1987
Annual per capita GNP	US\$5,965		1987
Average annual growth 1977-87	1.0%		
Annual inflation rate 1977-87	14.0%		
Annual inflation rate (current)	42.0%		
Volume of imports	5.8 billion US\$		1987
Of which food	12.6%		1987
Of which fuels	17.2%		1987
Principal foreign exchange earning			
export: electro machinery industry products (39.7%)			
Debt service as % of GNP	5.0%		1987
Debt service as % of exports	25.3%		1987
Population	37.8 million		1987
Annual population growth	0.6%		1987
Annual Consumption:			
Flour**	13.32 kg/capita		1986
Meat	56.28 kg/capita		1986
Vegetable Oil	5.16 kg/capita		1986

I. GENERAL INFORMATION

1. Crop Situation and Outlook

The grain harvested this year is of outstanding quality with high gluten but low water content, which largely offsets the generally slightly smaller crop yield this year. The crop pattern has also changed with wheat accounting for 2% more cropland than last year; rye by 12%.

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	2,174	2,132	2,025
Durum	300	198	70
Barley	N/A	1,286	1,335
Corn	N/A	N/A	340
Sorghum	N/A	N/A	22
Oats	N/A	856	924
Rye	2,964	2,647	2,760
Soybeans	-	-	-
Rapeseed	530	506	515
Sunflower			7

2. Foreign Exchange Situation

The trade surplus with western countries was 1.3 bln US\$ in 1987 which was the planned level. Imports were 4.5% higher than in the previous year and exports 4.8% higher. Imports of agricultural products were higher by 33.6% than in 1986 due to poor harvest quality. Exports of agricultural products rose by 14.3% as compared with 1987.

3. Fertilizer Situation

The production of fertilizers is still not sufficient, but some increase has been noticed: (000 tonnes).

	<u>1985</u>	<u>1986</u>	<u>1987</u>
Nitrogen fertilizers	1,254	1,445	1,543
Phosphates + potassium fertilizer	889	948	943
Lime fertilizers	2,610	2,801	3,018

It is planned that 1988 supplies of lime fertilizers should increase to 3.3 mln tonnes and artificial fertilizers are to be applied to arable land at a rate of 194 kg/ha. The applied rate in 1986 was 175 kg/ha.

4. Import Mechanism

All grain imports are handled by the state-owned Foreign Trade Organization, Rolimpex which is a monopolist in the market. There are no tariffs, levies nor quota restrictions for wheat and feed grains in Poland.

5. Grain Industry Infrastructure

There is still a lack of processing capacity in the existing infrastructure. During the last two years, 1986-1987, only 30.1% of investment planned for, was implemented which compares poorly even with the rest of the economy which completed 38.9% of planned investment. There has been limited expansion of processing capacity in mills and storage facilities but progress did not keep pace with the demand.

6. Government Policies Affecting Grain and Agriculture

Considerable losses in agricultural production (-3%) have made Poland determined to put agriculture back on the road to growth. All measures are to be directed towards increasing this year's output by between 2.2 - 2.9%. Better wheat and barley harvests are seen as especially important. The supply of high-energy feed stuffs and protein concentrates to agriculture are to be increased by 4.1% and 6.7% respectively. Machinery supplies are also due to be improved greatly. In total the range of machinery is to be expanded to include 37 new products. Small tractors which are especially popular with private farmers are to be imported from Yugoslavia.

Government Policies Affecting Grain and Agriculture (cont'd)

Intensive techniques will be applied to 1.5 mln ha sown with grains and oilseeds. The area sown with wheat, barley and triticale will increase by 270,000 ha and 190,000 ha respectively. A special foreign currency fund has been set up to be used for imports of inputs required by agriculture. It will be financed by the income from export surpluses. If grain imports are less than planned the Ministry of Agriculture has been authorized to use the surplus fund to purchase pesticides. The pressure to limit grain imports is expected to be essential.

Countertrade/barter transactions are limited to commodities which have no chance of being sold on a cash basis.

7. Market Prospects - Grains and Oilseeds

In 1987 the imports of grain, oilcakes and other feeding stuffs reached 3.7 mln tonnes and similar purchases will be necessary this year. Although self-sufficiency still remains the main target, purchases of grain and protein components will be continued.

The most required investment is in the industries producing fertilizers, agricultural machinery, pesticides, dairy, oilcrushing and meat industry. There is also a grain elevator being constructed on the Baltic Sea (Gdynia-Gdansk area).

Poland is an exporter of "special crops" and presents no possibilities for Canadian suppliers.

8. Processing Facilities

Year: 1987

thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills		330		6,161
Compound Feed Mills		61		7,850
Maltsters				
Brewers*		98		11.3
Oilseed Crushers		15		91.8

* Capacity and output in millions of hectolitres

9. Storage and Throughput Capacity

Grain Import Capacity by Port, 1987

Name of Ports: Gdansk-Gdynia, Szczecin-Swinoujscie, Kolobrzeg-Darlowo
Total annual throughput capacity: 2,913 thousand tonnes.

II. MALT AND MALTING BARLEY

1. Domestic production of barley by type, 1987/88 estimate:

-- thousand of tonnes --

	2-Row		6-Row		Total
	Winter	Spring	Winter	Spring	
All Barley	--	--	--	--	4,500 (4,300)
Suitable for malting	--	--	--	--	

2. Statistical Notes: 1987/88 est. thousand of tonnes - previous year in brackets

	Production		Imports		Exports	
Malt	----	----	----	----	5	(5)
Barley	4455	(4300)	329.8	(191.2)	---	---

3. Additional Information

Annual per capita beer consumption is increasing:

1985	-	29.5 litres
1986	-	29.7 litres
1987	-	30.4 litres

Polish beer is exported to the USSR, Bulgaria, Hungary, U.S.A. and the U.K.

The beer production capacity is more or less stable. West German brewery, Kulmbach signed a contract with Zywiec brewery for bottling Kulmbach beer in Poland. Kulmbach will supply 25,000 hectolitres of beer to Poland. This is the first stage of closer co-operation with possible modernization of Zywiec brewery.

Domestic malting capacity remains stable.

Market potential for Canadian malt: None

III. OILSEEDS

1. Trade Policy

Import Tariffs:

- (i) Oilseeds: Soya - No duty; Rapeseed - 20%; Mustard seed - 3%;
Poppy seed - 15%
- (ii) Crude Oil: No duty
- (iii) Refined Oil: Rapeseed oil - 20% soya oil - 5% Mustard - 20%
Peanut oil in bulk - No duty, other oils - 5%

Non-tariff import barriers/export assistance measures: Polish oil refining industry is based mainly on rapeseed.

Import/export structure: All contracts are handled by state-owned FTO Rolimpex.

2. Additional factors:

Insufficient processing capacity presents a major problem. Only 2/3 of Polish yearly crop can be processed with the balance exported. Poland exports mainly low erucic varieties. Three rapeseed processing plants are planned, but probably the only project which will start in 1988 is the refinery project in Szamotuly (Poznan voivodship) which has a capacity of 150,000 tonnes. The project includes the construction of (3) 50,000 tonne silos, an oil bottling plant and a margarine processing section (25,000 tonnes per year).

3. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oilseed</u>	Domestic Production	Imports	Exports
Rapeseed	1,200		267.4

<u>Oil</u> (by type)	Production	Imports		Exports	
		Crude	Refined	Crude	Refined
Rapeseed					49.2
Sunflower	309		135.1		
TOTAL	309		135.1		49.2

<u>Meal</u> (by type)	Production	Imports	Exports
Rapeseed mash			24.9
Soyabean mash		923.9	
Peanut mash		330.2	
Cotton, sesame, linen mash		26.4	
TOTAL		1,280.5	24.9

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat*	7,900 (7,500)		2,023 (1,662)	9,923 (9,162)
Durum wheat Flour/Semolina			162.7	
Total * including spring wheat	7,900 (7,500)		2,185.7 (1,662)	10,085.7 (9,162)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	3,000 (2,882)	5,700 (5,500)	150 (140)	470 (450)	140 (190)	463 (N/A)	9,923 (9,162)
Flour Semolina	162.7						162.7
TOTAL	3,000 (2,882) 3,162.7	5,700 (5,500)	150 (140)	470 (450)	140 (190)	463 (N/A)	10,085.7 (9,162)

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	(140)		229.2 (138)	(279)
Barley	4,300 (4,400)		329.8 (191)	(4,727)
Sorghum			97.1	
Oats	2,500 (2,500)			(2,588)
Rye	6,800 (7,100)		29.4	(7,100)
TOTAL	13,600 (14,140)		685.5 (330)	(14,694)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed incl. poultry</u>	<u>Industrial (seed, waste)</u>	<u>Other</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat + 4 grains	24.8%	61.6%	1.5%	11.6%	0.3%		132

Export Destination: U.S.S.R.

What type of industrial use? Alcohol production

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>TOTAL IMPORTS</u>		
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>		<u>EEC</u>	<u>All Others</u>
Corn		3.3			15.6	210.3	229.2
Barley		71.4			258.4		329.8
Sorghum		97.1					97.1
Oats					29.4		29.4
Rye					303.4	210.3	685.6
TOTAL		171.8					

Principal "Others": China (103.2); Romania (98.7); Yugoslavia (6.8)

ROMANIA

Economic classification: Middle Income, non-market economy
 Oil exporter or importer (net): Importer of crude
 (Exporter of refined)

Annual per capita income:	US\$2,335	1987
Annual per capita GNP	US\$3,650	1987
Average annual growth	6.3%	1977-87
Annual inflation rate	5.9%	1977-87
Annual inflation rate	0.5%	1988
Volume of imports	4.2 billion US\$	1987
Of which food	6.5%	1987
Of which fuels	27%	1987
Principal foreign exchange earning export:	Refined oil products	
Debt service as % of GNP	2.4%	1987
Debt service as % of exports	19.5%	1987
Population	23.0 million	1987
Annual population growth	0.54%	1987
Annual Consumption:		
Flour	1,300,000 tonnes or 56 kg/capita	1987
Meat	874,000 tonnes or 38 kg/capita	1987
Vegetable Oil	231,000 tonnes or 10 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

The cereal harvest for 1987 was given in the Communique on plan fulfillment as a record level of 31.7 million tonnes, although the basis by which the figure was calculated is unknown. Total cereal output in 1985 was given as 23 million tonnes, of which corn comprised 15.2 million tonnes. Total cereal output in 1986 was given as 30.3 million tonnes, but no product breakdown was provided. It is therefore very difficult to see how this record cereal harvest was obtained in 1987 if corn production was unsatisfactory. The true figure is probably closer to 25.0 million tonnes. Any production improvement in 1988 will likely be due to the mild winter 1987/88, falling in the range of 25-26 million tonnes. Plan figures for 1988 seem to be over-optimistic (33 million tonnes).

Seeded Acreage:

Commodity	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat*	2,350	2,300	2,350
Durum**			
Barley	650	600	650
Corn	3,700	3,600	3,300
Sorghum		8.5	9
Oats	80	70	70
Rye**			
Soybeans	450	420	370
Rapeseed	80	70	64
Sunflower	560	550	500

*These are only estimates.

**Wheat, durum, rye triticale are not separated in official Romanian statistics.

2. Foreign Exchange Situation

Calculations based on OECD data and partners trade figures indicate that Romania achieved a record surplus of \$2.4 billion. We estimate that Romania incurred a deficit of \$100-200 million in its convertible currency trade with developing countries in 1987. As a result, the total trade surplus in convertible currency was of the order of \$2.2-2.4 billion. The net deficit on invisibles is estimated at \$300 million resulting in a balance of payments surplus of \$1.9-2.0 billion. Trade surplus enabled Romania to make debt repayments of \$1.6 billion during 1987.

Agricultural exports for convertible currency has increased by 40% in 1987, but no absolute figures were provided.

4. Import Mechanism

The import mechanism is similar in principle to that found in other CMEA countries, with a state-run foreign trade organization (FTO) serving as the export/import body. In Romania the relevant FTO is AGROEXPORT-FRUCTEXPORT (mailing address: 43 Brezoianu Street, Bucharest, Romania). Mr. Cornaciu is the Deputy Manager responsible for cereal grains and oilseeds. FTO AGROEXPORT-FRUCTEXPORT reports to the Ministry for Contracting and Acquisition of Agricultural Products.

4. Grain Industry Infrastructure

For the time being, the agricultural sector is coordinated by three Ministries: a) the Minister of Agriculture; b) the Ministry for Contracting and Acquisition of Agricultural Products and; c) the Ministry for Food Industry. According to government planners, the three Ministries' structure will enable better coordination of the agricultural sector. Furthermore, agricultural units will adapt more quickly to changing domestic and foreign operating conditions. The three-Ministries-structure tends to act merely as an extra layer of bureaucracy, an apparent hindrance rather than a help.

5. Government Policies Affecting Grain and Agriculture

With the objective of increasing the Romanian standard of living, animal husbandry is being further developed. To meet this objective, concurrent priority has increased cereals production. Cereals will occupy almost 2/3 of the country's cultivated area and account for most of the agricultural production. The area cultivated with wheat, rye and barley will be slightly reduced. At the same time the area cultivated with corn will be increased in order to replace some imported fodder concentrates and to increase the local supply of animal fodder.

Romania tends to play the spread between corn and barley in deciding which to grow and which to import. The reduction of the area cultivated with barley does not necessarily mean increased imports to supplement local needs. However Canadian barley exporters might take the opportunity to communicate directly with FTO AGROEXPORT-FRUCTEXPORT so that if the market were to open they could be in a position to be considered. Pricing will be the major factor if FTO AGROEXPORT-FRUCTEXPORT is forced to import supplementary quantities of cereal grains.

The cereal grain sector is the only one exempted from the country's current policy on countertrade. Potential imports will be paid for in cash on a letter of credit basis.

6. Market Prospects - Grain and Oilseeds

According to the current Five Year Plan (1986-1990) Romania hopes to be self-sufficient in grains and oilseeds by the end of 1990. Thus, no official projections are made regarding imports. At the moment Romanian grain imports depend directly on the shortfall resulting from the annual harvest. 1988 was an extremely good year for barley thus no import request will be made.

While many sales to Romania are made on a spot basis with price the key factor, President Ceausescu is encouraging longer-term agreements. Although such agreements do not guarantee sales annually, (prices, terms, etc are reviewed each year), they do provide some continuity of communication, mutual confidence, etc.

Canadian "Special crops" will not likely find an export market in Romania. However, we would be pleased to deliver to local officials any relevant information you might wish to provide on any of these "special crops" and hold follow-up discussion with them.

7. Processing Facilities

Year: 1987 (most recent)
thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Annual Output</u>
Flour (and durum) Mills**	N/A	N/A	N/A	N/A
Compound Feed Mills	N/A	N/A	est 5,500	est 4,800
Maltsters	N/A	N/A	N/A	N/A
Brewers*	N/A	N/A	11.0	9.5
Oilseed Crushers	N/A	N/A	440	360

* Capacity and output in millions of hectolitres.

**Only statistics available are for bread: 2,800 capacity and 2,200 output.

9. Storage and Throughput Capacity

Grain Import Capacity by Port - Year 1987

- - thousands of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Constanta (grain terminal)	170	3,800
Total capacity	170	3,800

II. MALT AND MALTING BARLEY

1. Domestic Production of barley, (1987/88) estimate:

3.5 million tonnes

2. Additional Information

Annual per capita beer consumption appears to have stabilized at 44.0 litres.

Beer production capacity was increased slightly in 1987 through modernizing some brewers.

Over the past two years the imported malt quantities have decreased having negative consequences upon the quality of locally produced beer. The domestic malting capacity has slightly increased.

Indications are that this trend may continue.

Market potential: Malt is brought into Romania from the CMEA countries especially GDR and Czechoslovakia under their concluded clearing barter arrangement.

III. OILSEEDS

1. Trade Policy

Import tariffs: Oilseeds: exempt
Crude Oil: 10% ad valorem
Oilseed Meal: 10% ad valorem
Refined Oil: 25% ad valorem

Import/export structure: Overall power in foreign trade administration is retained within the government bureaucracy resting principally with the Foreign Trade Ministry and the Ministry of Contracting and Acquisition of Agricultural Products for the import/export of oilseeds. Each foreign trade organization (FTO) is directly involved in the import/export of oilseeds, FTO AGROEXPORT-FRUCTEXPORT is the Ministry's trading arm.

2. Supply of oilseeds and products by type, thousands of tonnes: - Year 1987

<u>Oilseed</u>	<u>Domestic Production</u>	<u>Imports</u>	<u>Exports</u>
Sunflower	950		50
Soybean	300	100	
Rapeseed	35		
Linseed	40		
Other	15		
TOTAL	1,340	100	50

<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>Crude</u>	<u>Refined</u>	<u>Crude</u>	<u>Refined</u>
Sunflower	240				60
Soybean	100				
Corn	40				
Other	20	5			
TOTAL	400	5			60

<u>Meal</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Soybean	N/A	N/A	N/A
Sunflower	N/A	N/A	N/A

IV. STATISTICAL NOTES(A) WHEAT AND DURUMSUPPLY - thousands of tonnes - previous year in brackets

	<u>Production</u> 1987	<u>Carry-in, July 1*</u> 1987	<u>Imports*</u> 1987	<u>Total Supply</u> 1987	<u>Imports*</u> 1986	<u>Total Supply</u> 1986
Wheat	est. 7,100	N/A	Nil	7,120	Nil	(6,625)
Durum wheat Flour/Semolina	(6,625)	N/A	Nil			
TOTAL	7,100	N/A	Nil	7,120	Nil	(6,625)

* Of which spring wheat

** Included in this figure are Durum Wheat and Rye - no breakdown is available.

(B) COARSE GRAINSSUPPLY - est. - thousands of tonnes - previous year in brackets

	<u>Production</u> 1987	<u>Carry-in, July 1*</u> 1987	<u>Imports*</u> 1987	<u>Total Supply</u> 1987	<u>Imports*</u> 1986	<u>Total Supply</u> 1986
Corn	est. 10,000	N/A		19,000	est. 21,300	(21,300)
Barley	2,000	N/A	102	2,102	est. (285)	(2,135)
Sorghum	10	N/A		10	est. 10	(9)
TOTAL	22,110	N/A	102	21,212	(285)	(23,552)

** Note: All barley imports from Canada.

UNION OF SOVIET SOCIALIST REPUBLIC

Economic classification: non-market industrial economy		
Oil exporter or importer (net): Exporter		
Annual per capita income:	200 R/month	1987
Annual per capita GNP	US\$3,922	1985
Average annual growth	3.0%	1976-86
Annual inflation rate	2.0%	1986
Volume of imports	97.0 billion US\$	1987
Of which food	16.1%	1987
Principal foreign exchange earning export: Petroleum products		
Debt service as % of GNP	N/A**%	
Debt service as % of exports	5.0**%	1986
Population	285 million	1988
Annual population growth	0.92%	1976-86
Annual Consumption:		
Flour	36,960,000 tonnes or 132.0 kg/capita	1986
Meat	17,475,000 tonnes or 62.4 kg/capita	1986
Vegetable Oil	2,744,980 tonnes or 9.8 kg/capita	1986

* Net liabilities \$24.5 billion (end 1987)

** Net interest payments.

I. GENERAL INFORMATION

1. Crop Situation and Outlook

In January 1989, Soviet officials announced that the USSR's 1988 grain crop was estimated to reach 195 million metric tonnes (MMT), lower than many Western estimates. This disappointing figure represents a 8% decrease over 1987 production (211.3 MMT), and falls significantly short of the elusive target of 235 MMT for grain and pulses, set by the Soviet Government. The 1988 winter grain crop had generally excellent soil moisture at seeding time due to the autumn rains but subsequently received below-normal levels of snow cover. Although winterkill was considered average (13%-15%), the high hopes of spring and early summer for a bumper Soviet grain harvest withered with the scorching temperatures of July and August, which brought drought to grain growing areas in Siberia, Kazakhstan, and along the Volga river basin. Final harvest efforts in eastern spring grain areas were moderately delayed by wet autumn weather, while Kazakhstan and West Siberia benefitted from unseasonably warm, dry conditions. In the European USSR, corn was being harvested in September while winter grain planting advanced southward. Winter grain emergence and early growth was favoured by ample moisture in Byelorussia, the western portion of the Central Region, the southern part of the Black Soils Region, the Upper Volga, as well as in the eastern half of the Ukraine and the western North Caucasus.

As of October 3, 1988, grains and pulses had been cut on 103.1 million hectares (MHA) and threshed on 102.5 MHA, compared with an estimated 101.6 MHA cut and 98.7 MHA threshed on this date in 1987. Seeding progress of winter crops is well ahead of last year, with 36.1 MHA sown as of October 3. Total Soviet grain imports for 1988/89 are estimated at 29 MMT. USSR wheat imports are expected to

total around 14 MMT, as a larger and higher quality 1988 wheat crop and smaller supplies of quality wheat worldwide combine to limit imports. In addition, reduced supplies of feed quality wheat on the market, and higher feed wheat prices relative to corn, are expected to reduce USSR feed wheat imports. Coarse grain imports for their part are expected to increase to 14 MMT, the largest since 1984/85, and will equal or exceed wheat imports for the first time since 1981/82.

Total Grain Production (millions of tonnes):

<u>1988</u>	<u>1987</u>	<u>1986</u>	<u>1985</u>	<u>1984</u>	<u>1983</u>	<u>1982</u>	<u>1981</u>
195.0	211.30	210.10	191.67	172.63	192.22	186.77	158.22

Average Yields (tonnes per hectare):

	<u>1987</u>	<u>1986</u>	<u>1985</u>	<u>1981-85(av)</u>
Winter Wheat	3.02	2.80	2.16	2.28
Spring Wheat	1.18	1.43	1.21	1.01
Winter Rye	1.86	1.76	1.66	1.52
Winter Barley	2.66	2.95	2.13	2.28
Spring Barley	1.87	1.74	1.58	1.38
Grain Corn	3.23	2.95	3.21	3.25
Oats	1.57	1.66	1.63	1.42
Buckwheat	0.79	0.63	0.69	0.57
Millet	1.42	0.95	1.02	0.83
Rice	4.08	4.24	3.83	3.90
Sunflower	1.46	1.37	1.29	1.19

Average Area (millions of hectares)

	<u>1987</u>	<u>1986</u>	<u>1985</u>	<u>1984</u>
Winter Wheat	15.3	16.6	18.0	18.0
Spring Wheat	31.4	32.1	32.3	33.1
Winter Rye	9.7	8.7	9.4	9.3
Winter Barley	1.3	1.4	1.2	1.6
Spring Barley	29.3	28.6	27.8	28.8
Grain Corn	4.6	4.2	4.5	3.9
Oats	11.8	13.2	12.6	12.8
Buckwheat	1.6	1.6	1.7	N/A
Millet	2.8	2.5	2.8	N/A
Rice	0.7	0.6	0.7	N/A
Sunflower	4.2	3.9	4.1	N/A

2. Foreign Exchange Situation

The deficit in trade with the West is reported at over 1.8 billion roubles for the first half of 1988, which represents over US\$ 3 billion at the official exchange rate. Western experts estimate that the USSR will likely finish the year with a substantial deficit in hard currency trade of at least US\$ 1.5 billion, even if gold exports are maintained at the US\$ 3 billion level reported for 1987. The worsening trading position can essentially be explained in terms of three factors: slow growth in energy exports to the West, coupled with

continued relatively high levels of grain imports, and a new boom in machinery imports. To compensate for low crude oil prices on world markets and the collapse of the US dollar, the USSR has in past years sharply increased deliveries of oil and natural gas to Western countries, but these are now reaching a plateau. Furthermore, since 1981 petroleum prices have fallen more rapidly than the cost of the corn/wheat basket, especially in the current context of tighter worldwide supplies of grain. The USSR will thus continue to have considerable difficulty sustaining imports from hard currency countries. Net hard currency debt to the West increased by an estimated US\$ 10.6 billion between end-1985 and end-1987. Soviet borrowing on international markets is likely however to continue in 1988/89.

3. Fertilizer Situation

The USSR continued in its effort to expand the production, quality and use of inputs, in line with the stated aim to apply intensive cultivation techniques to crop production. This policy caused a significant shift in fertilizer supplies on to intensive grain fields between 1985 and 1987. Production of mineral fertilizers in 1987 equalled 36.3 MMT (100% nutrient basis), a figure representing overfulfillment of the Plan and a 5 percent growth over the 1986 level (34.7 MMT). This achievement was accompanied, however, by continued complaints about poor quality and uneven and untimely deliveries. In an attempt to improve the situation, the wholesale price structure for fertilizers was to be overhauled in 1987 and 1988, with subsidies on them removed and price incentives for quality production instituted as a stimulus to manufacturing enterprises. Deliveries to agriculture amounted to 27.4 MMT in 1987, while the Plan called for 27.2 MMT in 1988, and an increase to 30-32 MMT by 1990. Chemical plant protectant production continues to fall in the USSR; increased reliance on imported chemical agents was in part due to the continued inadequate selection of agrochemicals offered by the Soviet chemical industry. Farms in the Soviet Union have less than 10% of the necessary supply of machines for applying fertilizers at the root ("prikornevoy" method) and suffer other critical machinery shortages.

Use of Mineral Fertilizers by type (millions of tonnes, 100% nutrient basis)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
TOTAL	19.2	20.1	23.0	23.1	25.3	26.5	27.4
Nitrogen	8.4	9.0	10.3	10.3	11.1	11.5	11.8
Phosphate	5.1	5.3	5.7	5.8	6.5	7.5	7.8
Phosphorite	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Potassium	4.9	5.0	6.2	6.2	6.9	6.7	7.0

Use of Mineral Fertilizers by type (kilograms per hectare, 100% nutrient basis)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
TOTAL	85.6	90.0	102.5	102.9	113.4	118.1	122.1
Nitrogen	37.4	40.3	45.9	45.9	49.0	51.1	52.5
Phosphate	22.8	24.0	25.4	26.1	30.5	33.7	34.7
Phosphorite	3.5	3.4	3.5	3.4	3.5	3.5	3.5
Potassium	21.9	22.3	27.7	27.5	30.4	29.8	31.4

4. Import Mechanism

The ongoing decentralization of Soviet foreign trade continued in 1988 with the creation in January of a new Ministry of Foreign Economic Relations (MVES). It is the result of a merger between the former Ministry of Foreign Trade and the State Committee for External Relations. The new Ministry's involvement in foreign trade is reduced, and some of the foreign trade organizations formerly reporting to it have been given independence or have been attached to other ministries. The MVES retains responsibility for natural resources of strategic significance.

Exportkhleb

Indeed, because of the importance of the USSR as a major grain buyer, and the large amounts of foreign currency reserved for these purchases abroad, all grain trade has remained under the supervision of the MVES, through its foreign trade organization Exportkhleb. Exportkhleb receives its buying authority directly from the Soviet Council of Ministers, which must approve import requirements prepared by the USSR Ministry of Grain Products. In July 1986, Exportkhleb announced a new export quality-oriented policy. New standards were imposed, calling for on-site inspection of grain vessel loadings, right of shipment refusal at port of discharge, payment of only 95% of invoice value pending discount short weights, dockage and fumigation costs, and strict enforcements of zero tolerance of live insects. Canada for its part successfully negotiated and signed in April 1988 an agreement with the USSR regarding phytosanitary certification requirements for Canadian grain exports. The agreement served to assure Soviet authorities of the effectiveness of the Canadian inspection procedure and control measures for insects, diseases and seeds.

5. Grain Industry Infrastructure

The strong criticism levelled at the Minister of Grain Products and his subsequent replacement in April 1987 served to underline the persistent shortcomings faced by the USSR's grain handling, storage and processing facilities. Since the vertically-integrated Ministry of Grain Products now has sole responsibility for all grains, oilseeds, seed corn and rice, from procurement through storage and on to processing (flour, bread, pasta, complete feed and additives), it has become one of the main points of focus on the nation's drive to improve agro-industrial output. Grain spoilage associated with inadequate storage remains a major problem, particularly in times of large harvests; since only a small percentage of harvested grain can be stored at the farm, shipments of grain to the state elevator by way of deficient means of transportation also increase losses. Total grain losses are currently estimated by Soviet officials at 20-25% of the harvest, although the institution of financial rewards, for combine operators and truck drivers who deliver grain from the field to the elevator without significant spillage, has been an important factor in addressing the problem.

Capital investment in the agro-industrial sector reached 64 billion rubles in 1988, or 32% of total investment for the economy as a whole. Investment in agricultural product processing, storage and transportation facilities was planned to grow by 20% over the 1987 level. Over the last two years, however, the Plan for increasing capacities through reequipping of grain handling and

processing enterprises was fulfilled by a mere 5%. In the first six months of 1988, less than 20% of new elevator capacities, and only 5 out of the 22 flour and combined feed mills planned for this year, were put into operation. Seed grading/cleaning plants continue to function with obsolete equipment and process technology, failing to ensure throughput of quality material. Significant improvements in the infrastructure of the grain industry is seen as the key to reducing the USSR's dependence on imported grain.

6. Government Policies Affecting Grain and Agriculture

Anticipated Government Policies

The ongoing restructuring policy of "perestroika" proved to be the impetus for continued major changes in the face of Soviet agricultural policy. At least in theory, new measures seek to increase the independence of state and collective farms, and allow more interest and responsibility for the final results of their work. A distinct trend is the movement away from strictly extensive quantity-driven production toward more intensive output based on better yields of higher-quality grains. In order to stimulate the growth of procurements of these higher-quality grains into state reserves, an important new incentive program was introduced in June 1988. The following bonuses will now be added to grain purchase prices (given the Soviet nomenclature):

Durum Wheat: Grade 1 - 150%, Grade 2 - 100%, Grade 3 - 50%;
Soft Wheat: Grade 1 (strong variety, with not less than 40% gluten) - 100%,
Grade 1 (strong variety) - 75%, Grade 2 (strong variety) - 50%,
Grade 3 (valuable) - 30%;
Buckwheat: More valuable varieties - 25%, varieties used to produce baby
food - 50%;
Rice: More valuable varieties - 20%, long-kernal varieties - 100%;
Oats: More valuable varieties - 100%, with weight of not less than
520 g per litre - 150%, to produce baby food - 200%;
Millet: More valuable varieties - 50%;
Barley: More valuable varieties - 20%.

In addition, starting with the 1988 harvest, the state is to pay bonus payments of 150% for grain sold over and above the average annual level of production during the 1981-85 period, once contractual obligations for sales to the state are fulfilled. Similar reform of procurement prices affected oilseed production in 1987. Not only were these raised, but farms were paid a bonus of 100% of the purchase price, for surpassing their 1981-85 average annual level of deliveries to the state, while fulfilling the current year's plan. The notion of renting land to contract brigades or family units for periods of up to 50 years was alluded to by President Gorbachev, in an effort to bring agricultural labourers back in contact with the fruit of their work. Legislation to that effect is expected in 1989. While grain production will likely continue to be accomplished on a large scale by collective/state farms, contract brigades may eventually make more efficient use of feed grain inputs for livestock, and thus maintain or even reduce Soviet requirements. Government pronouncements concerning a comprehensive overhaul of the Soviet pricing system, set to begin in 1990, have been more subdued since last year, in the face of the complexity of the task and amid public fears of decreases in the standard of living. By January 1, 1991 new agricultural product procurement prices should however go into effect; this solution was in part evoked by the growth in subsidies to cover the massive differences between procurement prices (prices paid to farms)

6. Government Policies Affecting Grain and Agriculture (continue)

and state wholesale prices to the end users. Total food price subsidies in 1988 were budgeted at 73.4 billion rubles.

Policy Implications:

Western observers predict higher Soviet yields for wheat and coarse grains in the USSR as a consequence of expansion of the area under intensive technologies (more fallow land, increased fertilizer and chemical use, improved machinery, greater seeding accuracy and timely harvesting) to 38.7 million hectares of grain crop in 1988 (of which 17.2 MHA correspond to winter grains), a 10% increase over the previous year's figure were about 24 MMT in 1987. By 1990, the grain area under intensive programs is to reach 50.4 MHA, of which winter grains will make up 20.6 MHA, spring wheat 17.1 MHA and grain corn 4.5 MHA (up from 13.0 MHA, 12.2 MHA and 4.0 MHA in 1987, respectively). In the spirit of the decentralization of agricultural decision-making, application of intensive technology is ordered under strict terms of differentiation based on local conditions, down to the level of individual fields. The area sown to grain and pulses decreased once again in 1987, down to 115.2 MHA from 116. MHA in 1986. The Soviets continue to make efforts in expanding the corn area by moving seed corn hybrids further north.

In the longer term, plans call for production of 20-22 MMT of corn for grain annually (from the current level of 14.8 MMT in 1987) to provide a better base for livestock feeding. This will also require expansion of irrigated lands and will cause stiff competition for already limited water resources in arid and semi-arid zones. Greater emphasis has been placed in boosting production of oilseeds, particularly since the recognition of the value of oilmeal as a protein-rich feedstuff for livestock. The Soviet Government has also urged greater production of oilseeds in order to supplant demand for animal fats and oils with larger quantities of vegetable oils. Procurement bonuses are likely one reason production of sunflower seed jumped to 6.1 MMT in 1987, up from 5.3 MMT the year before. Priority continues to be placed on rapeseed production, with a long term goal of 1.0 MMT annual production of winter rape. Currently only a small quantity of Soviet rape production is of the "double-zero" variety.

Current Policy on Counter Trade/Barter as it relates to grain & oilseed imports

The USSR is not satisfied with large trade deficits with Western grain suppliers. While the USSR settles the majority of its grain purchases on a cash basis, the Soviets continue to apply pressure on exporting countries so as to augment their purchases of Soviet goods, especially in the context of the declining availability of foreign currency. Under the terms of the 1985 Argentine trade agreement, the Argentines are required to buy \$500 million of Soviet goods over the following five years in exchange for annual sales of 4 million tonnes of coarse grains from January 1986 to December 1990. Similarly, Brazil's annual \$20 million coffee contract with the USSR for the first time in 1987 included a compensation commitment to buy \$1 million of machinery from the Soviet Union. In the context of the current Long Term Agreement between Canada and the USSR, Canada has undertaken to assist Soviet exports. Western companies are also invited to submit proposals for joint production/cooperation with Soviet enterprises, under the recently-enacted USSR joint venture law.

7. Market Prospects - Grains and Oilseeds

Projections to 1992 of national grain import needs

The USSR's stated goal is to produce 250 million tonnes of grain by 1990 and thus become self-sufficient. However, Western analysts see little chance of these figures being reached in the given time span. As 1988 harvest figures demonstrated, Soviet agriculture remains very much at the mercy of weather conditions throughout the growing season but especially at harvest time as regards quality of the grain. In addition, post-harvest losses continue to roughly equal the amount of imported grain. While there are no locally obtainable projections to 1992 of national grain import needs, the USDA estimated in November 1988 that total grain import for 1988/89 would reach 29 million tonnes. This figure includes 13 MMT of wheat/wheat flour, 16 MMT coarse grains, with the balance rice, pulses and miscellaneous grains.

The Soviets have reduced their import pace for wheat in 1988/89 as a result of higher world wheat prices, tighter world supplies of quality wheat, and larger and higher quality wheat, and larger and higher quality 1988 USSR wheat crop. On the other hand, Eastern Europe, with a projected record wheat crop, is likely to account for an important share of the USSR wheat market for the 1988/89 period. Reflecting strong growth in the USSR livestock sector and the corresponding heavier feed requirements, the coarse grain import estimate is a significant departure from the 1987/88 level of 10.8 MMT, and is the largest since 1984/85. The strong Soviet demand is also linked to higher world wheat prices and reduced domestic and overseas supplies of feed quality wheat. In particular, U.S. corn sales have been brisk; in October 1988, sales made up to that date exceeded the total corn shipments in July-June 1986/87 and 1987/88. In 1986, oilseed imports of mainly soybeans (2.4 million tonnes) approximately tripled the 1985 level. Imports are continuing at this level, with the U.S. enjoying record soybean exports to the USSR: as of mid-January 1989, the Soviets had ordered 450,000 MT of soybeans and 1,132,500 MT of soybean meal for 1988/89 delivery. Current plans also reveal a determined push towards the cultivation of rapeseed in order to boost protein in feed rations and augment vegetable oil supply.

New USSR joint venture legislation has cleared the way for direct cooperation/production arrangements with Soviet firms. Soviet collective farms and agro-industrial enterprises have entered into such agreements with a number of Western partners from the United States and Western Europe, in fields such as hybrid corn production, farm/crop management and grain processing. In light of extensive Soviet requirements in the food processing sector, joint ventures in combined fooder production, grain handling and storage equipment manufacturing and oilseed crushing equipment production may be envisaged. Judging from the large Soviet requirements for U.S. soybean meal at the present time, the Canadian canola meal industry may wish to consider proposing a seminar and/or feeding trials for canola meal in the USSR, in order to spell out its particular advantages to Soviet specialists, with a goal to tap into this very important market.

7. Market Prospects - Grains and Oilseeds (continue)

Canadian Marketing Possibilities

Due to the tight foreign currency situation, and in light of current Soviet production of most of these crops, the USSR market for Canadian "special crops" is very limited. Agro-industrial enterprises in a number of Soviet Republics are in fact presently attempting to sell small quantities of mustard and canaryseed to foreign buyers. Soviets have purchased peas on world markets over other crops because of price considerations.

8. Processing Facilities

Data not available.

9. Storage and Throughput Capacity

Grain import Capacity by Port: figures not available for 1988.

Name of Ports: Odessa, Leningrad, Tallinn (expanded in 1986), Riga, Nahodka, Vladivostock, Murmansk.

Ports used in other countries: Hamburg, FRG, Rotterdam, Netherlands.

II. MALT AND MALTING BARLEY

While no accurate information on production, consumption and trade is available, the national campaign against alcoholism launched by the Gorbachev team has had noticeable results on the USSR alcohol production structure. As a result of this policy, about half of the Soviet Union's state distilleries have closed and legal vodka production has been reduced by roughly one half since 1984. Although this so-called "dry law" has been relaxed somewhat since the beginning of 1988, the USSR State Agro-Industrial Committee calculates that only 700 alcohol-producing enterprises will be required in the future. Plants will either be closed or converted to other production (i.e. soft drinks). Requirements for imported malt are unclear since government policy does not presently foresee a switch to beer but rather to soft drinks, fruit juices and mineral water.

III. OILSEEDS

1. Trade Policy

Import tariffs: None

Non-tariff import barriers/export assistance measures:

Long-term agreements for soybeans with PRC, Argentina, U.S.A. (which was renegotiated in 1988) and Brazil. Since the USSR prefers to deal in soft currencies, the PRC is likely to become a major competitor to the USA and other Western suppliers. Chinese soy exports to the USSR increased by nearly 80% from 1986 to 1987 (from 446,000 MT to 795,500 MT). In the context of a general improvement in relations between USA and the Soviet Union, however, the USSR has purchased from American sources large amounts of product from the soy complex, for delivery in 1988/89. Limited crushing capacity of 12 million tonnes annually will maintain large Soviet vegetable oil imports in 1988/89 (total imports in 1987 amounted to 824,570 MT). Vegetable oil exports (primarily sunflower) to Cuba remain constant at 70,000 MT, as the USSR seeks to expand domestic availabilities.

Import/export structure:

Oilseeds are imported by the monopoly buyer Foreign Trade Organization V/O Exportkhleb. In particular the member firm Prodsyrio deals through the established international trade primarily through London and Switzerland. Vegetable oil imports are handled by V/O Prodintorg, specifically by the member Firm Maslo.

Additional factors:

Soviet government decree of March 1986 adds priority to oilseeds sector by providing livestock farms with 40 kg of meal and 20 kg of mixed feed for each quintal of sunflower delivered to the state, in addition to 30 kg meal and 50 kg mixed feed for each quintal of soybeans procured. Thirty kg meal and 20 kg feed will also be paid for each quintal of sunflower seed delivered over average 1981-1985 level. Latter incentive represents part of payment under 50% price bonus program for all oilseeds delivered above the past five-year plan average. In 1987, only oilseeds had their procurement prices increased, in the context of the stated aim to raise production by seven-fold as compared to 1986. Although state plans called for the doubling of rapeseed production from 1986 to 1990, progress has been slow and this target will not be met. About 200,000 hectares of winter rapeseed were sown in 1987, aiming for an eventual 500,000 hectares. The U.S. Government is supporting a market development project organized by the American Soybean Association (ASA). The ASA representatives signed an agreement to provide scientific/technical support to improve livestock feed. Under a pilot swine feeding project in the Ukraine, locally grown high moisture corn is combined with imported 44% protein soymeal. Oilseeds imports are expected to continue increasing since new directives call for revised feed expenditure norms aimed at reducing grain expenditure per unit of livestock. In 1988/89, meal production and consumption are expected to rise in response to to another good sunflower crop and increases in soy complex imports.

3. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987/88 (October-September)

<u>Oilseed</u>	<u>Production</u>		<u>Imports</u>		<u>Exports</u>	
Soybean		712		1,420		
Sunflower seed		6,075		3		
Rapeseed		296		75		
Flaxseed		228				
Cottonseed		4,485		2		
TOTAL		11,796		1,500		

<u>Oil</u>	<u>Production</u>		<u>Imports</u>		<u>Exports</u>	
	<u>Domestic</u>	<u>Imports</u>	<u>(Crude)</u>	<u>(Refined)</u>	<u>(Crude)</u>	<u>(Refined)</u>
Soybean	324	115				
Rapeseed	136	48				
Sunflower seed	2,012	227				
Cottonseed	601					
TOTAL	3,073	390				

<u>Meal</u>	<u>Production</u>		<u>Imports</u>	<u>Exports</u>
	<u>Domestic</u>	<u>Imports</u>		
Rapeseed	200	40		
Soybean	1,560	3,000		
Cotton seed	1,747			
Sunflower seed	2,067	17		
TOTAL	5,574	3,057		

IV. STATISTICAL NOTES
(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	83,300 (92,300)		21,500 (16,000)	104,000 (108,000)
Durum wheat Flour/Semolina				
TOTAL	83,300 (92,300)		21,500 (16,000)	104,000 (108,000)

DISPOSITION - 1987/88 est. thousands of tonnes - previous year in brackets

	<u>Human Consumption</u>	<u>Animal</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	36,000 (36,000)	40,000 (44,000)	1,000 (1,000)	24,000 (21,000)	500 (500)	2,500 (5,500)	104,000 (108,000)
Durum wheat Flour/Semolina							
TOTAL	36,000 (36,000)	40,000 (44,000)	1,000 (1,000)	24,000 (21,000)	500 (500)	2,500 (5,500)	104,000 (108,000)

What type of industrial use? Export Destination? Cuba Afghanistan Mongolia

IMPORT TRADE 1987 - thousands of tonnes - previous year in brackets (official Soviet statistics)

	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC (France)</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
Wheat (including durum)							
Cash	5,174 (5,358)	4,158 (-)	781 (3,348)	539 (40)	3,194 (3,454)	4,251 (3,545)	18,097 (15,745)

IV. STATISTICAL NOTES

(B) SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets (October to September)SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	16,500 (14,800)		12,600 (8,400)	29,100 (23,200)
Barley	45,500 (58,400)		3,000 (2,300)	48,500 (60,700)
Sorghum			200	200
Oats				
Rye				
TOTAL	98,000 (113,700)		16,000 (10,800)	114,000 (124,500)

DISPOSITION - 1988/89 est. thousands of tonnes - previous year in brackets

	<u>Human Consumption</u>	<u>Animal</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Corn							150
Barley							1
Sorghum							1
Oats							
Rye							
TOTAL	7,000 (7,000)	79,000 (84,000)	4,000 (4,000)	25,000 (28,000)			115,000 (123,000)

IMPORT TRADE 1987

- thousands of tonnes - previous year in brackets (official Soviet statistics)

	<u>ORIGIN</u>					<u>TOTAL IMPORTS</u>
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC (France)</u>	<u>All Others</u>
Corn	-					9,238 (7,236)
Barley	(93)	4,892 (3,968)		1,454 (562)	1,761 (1,463)	3,020 (3,613)
Sorghum	952 (1,862)					
Oats						
Rye						
TOTAL						

YUGOSLAVIA

Economic classification: Middle Income economy		
Oil exporter or importer (net): Importer		
Annual per capita GNP	US\$3,280	1987
Average annual growth	5.0%	1987
Annual inflation rate	44.0%	1977-87
Annual inflation rate	250 %	1988
Volume of imports	12.6 billion US\$	1987
Of which food	6. %	1987
Of which fuels	11.1%	1987
Principal foreign exchange earning export: Electrical machinery and equipment		
Debt service as % of GNP	11.0%	1987
Debt service as % of exports	44.0%	1987
Population	23.271 million	1986
Annual population growth	0.7%	
Annual Consumption:		
Flour	3.3 Million tonnes or 141.0 kg/capita	1987
Meat	1.168 Million tonnes or 49.9 kg/capita	1987
Vegetable Oil	310,000 tonnes or 13.3 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Wheat production in 1988 amounted to 6,3 million tonnes which represents an increase of 21% over last year, and an absolute record yield of that cultivar. Barley production of 600,000 tonnes and oats of 250,000 tonnes represent slight decreases (Of 8% and 9% respectively), whereas rye marked an increase of 4% over last year, amounting to 77,000 tonnes. Corn and oilseeds marked a significant drop this year, resulting from a catastrophic drought this summer.

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	1,505	1,446	1,346
Durum	0.6	0.6	-
Barley	216	105	300
Corn	2,299	2,214	2,370
Sorghum	-	-	-
Oats	135	155	151
Rye	40	32	50
Soybeans	102	104	90
Rapeseed	31	50	55
Sunflower	203	247	189

2. Foreign Exchange Situation

Foreign exchange situation in 1988 has improved compared to the year before. Export performance considerably improved, and Yugoslav Government succeeded to reschedule the interest and principal due to foreign banks, entered into standby arrangement until June 30, 1989 with the IMF, and attracted substantial amount of "fresh money" to help its balance of payments. It also allocated US\$400,000 for intervention imports, which could be used for agricultural commodities as well. Yugoslavia is not likely to be an international aid recipient.

3. Fertilizer Situation

Yugoslavia produced 56,000 tonnes of nitrogen fertilizers in 1987 and 330,000 tonnes of phosphate. Potash is not produced in Yugoslavia. Overall utilization of chemical fertilizers in 1987 was 1.070 million tonnes compared to 1.043 million tonnes in 1986. The ratio was 1:0.54:0.52 (N:P2O5:K2O). The 30% subsidy for fertilizer prices along with significant increases in protective prices for major crops resulted in an increase in consumption in the past two years. We expect that this trend will continue in 1988 as well as into 1989.

4. Import Mechanism

Imports of grain are effected through the Federal Directorate for Commodity Reserves, or through its counterparts in the six Republics, when the replenishment of the state/republic reserves are concerned. When necessary, based on the assessment of the overall grain disposition, the Directorate releases a tender to major Yugoslav grain importers, the independent socially owned companies, who in turn solicit offers from abroad. The most favourable bid wins the tender. However, companies could import on their own account, if they receive the import permit based on import quotas and availability of foreign currency. There has been a major change in the import regime of agricultural crops, instituted by import liberalization program in May 1988. Only wheat remained on "import quota" regime, while other commodities are now on "free" regime.

5. Grain Industry Infrastructure

The social sector accounts for approximately 40% of the total wheat production while the private sector produces 60% of total production on their small farms (10 ha maximum). About 65% of total production is bought and processed by the social enterprises, milling and bakery sector, and the Federal Directorate for Commodity Reserves. There have been plans to increase the total land area in the social sector from 18% to 30%, but no noticeable changes have taken place in that respect up to now. The amendments have been passed in the Parliament to increase the size of private land holdings, from the current 10 ha to 30 ha, in order to modernize them and attract young people to stay on the farms. Due to a difficult economic situation in Yugoslavia, no large capital projects are envisaged for the time being.

6. Government Policies Affecting Grain and Agriculture

In May 1988, the Government of Yugoslavia introduced a package of measures aimed at stabilizing the economy. Price and import liberalization was imposed, monetary policy restricted and a foreign exchange market established. Rescheduling of foreign debt and inflow of approx. US\$1 billion of fresh money were measures introduced in order to improve overall economic situation and provide better business environment both in industry and agriculture. The new amendments to the Constitution were passed in November 1988, with significant changes in land ownership. Previously a private holding could not exceed 10ha, the maximum has now been raised to 30ha in the plains and valleys, and to more than 30ha in mountainous regions.

Concerning prices of agricultural and food products, the prices of black wheat flour, bread, milk and edible vegetable oils will remain under the control of the GOY. The GOY has submitted to the Federal Parliament a proposal for 150 billion Dinars of 1988 subsidies to flour mills, bakeries, dairy plants and vegetable oil producers to cover the difference between the low, controlled selling prices and increased production costs. (above)

Since the measures taken by GOY did not have, so far, significantly positive effects, and since an intervention import mechanism has been established to fight the unrealistic price increase of domestic products, we believe that there will be a continued need for grain (especially wheat), oilseed and chemicals imports in the future. This is even more true in the coming year because of disastrous drought in summer months of 1988, which cut the yields of fall crops by almost 25%.

Unlike previous years where almost all import transactions were done on countertrade/barter basis, future imports are expected to be more flexible in terms of payment, especially for "intervention imports" for which foreign currency is ensured by the Government of Yugoslavia.

7. Market Prospects - Grains and Oilseeds

Yugoslavia plans to become self-sufficient in wheat and corn by producing 6 million tonnes of wheat (1 million would be targeted for export), and 15 million tonnes of corn (3 million tonnes for export) by 1992. But, it is hard to believe that this will be achieved, keeping in mind that only 2% of Yugoslavs' arable land is irrigated (last place in Europe), which makes Yugoslav agricultural production highly dependable on weather conditions.

Occasional spot sales of "special crops" have taken place in the past. No significant imports of these crops are envisaged in the immediate future, due the shortage of foreign currency.

8. Processing Facilities

Year 1987

	thousands of tonnes			
	<u>Number of Companies</u> (est)	<u>Number of Plants</u> (est)	<u>Annual Capacity</u> (est)	<u>Actual Output</u> (est)
Flour (and durum) Mills	100	186	3,300	2,400
Compound Feed Mills	100	189	4,000	3,500
Maltsters	7	12	240	160
Brewers*	20	29	15	11.546
Oilseed Crushers	10	22	1,000	950

* Capacity and output in millions of hectolitres

9. Storage and Throughput Capacity

Grain Import Capacity by Port

Year 1987

- - thousands of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Zadar, Rijeka, Bar, Koper, Split, Sibenik, Kardeljevo, Dubrovnik	Not available	Not available

The enterprises, trade organizations and Federal Directorate for Commodity Reserves (FDCR) would not provide capacities of their storage facilities.

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1988/89 estimate:

- - thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley	450	200			650
Suitable for malting	100	200			300

2. Statistical Notes: 1988/89 estimate:
thousands of tonnes (previous year in brackets)

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	150 (144)	N/A (/)	
Malting barley	170 (166)		

Import origination includes: CSSR (barter deal)

3. Additional Information

The output of beer in 1987 was 11.5 million hectolitres and production capacity is close to 15 million hectolitres. The high price of beer caused by the very high tax of 65% on the production price (the highest of all alcoholic and soft drinks) resulted in continuous downward trend in consumption. Initiatives are being taken by malting and beer industry to reduce the tax to 50% in order to improve the situation.

Beer production capacity: The beer production capacity is 15 million hectolitres. Production of beer in the last three years was as follows:

1985 - 10,505 thousand hectolitres
1986 - 11,546 thousand hectolitres
1987 - 11,500 thousand hectolitres

Domestic malting capacity: Fairly modern malting capacity in Yugoslavia amounts to 240,000 tonnes annually, which represents only 65-70% of total capacity. The Association of Beer Industry of Yugoslavia indicated that malting plants are interested in loan deals with foreign partners, whereby they would process barley into malt for some foreign firm at a considerably lower cost (due to the cheaper labour force). Foreign companies can count on up to 70,000 tonnes of capacity to be allocated for this purpose.

Market potential for Canadian malt: No imports of barley or malt are envisaged. Whatever insignificant amounts of barley are imported, they are done on a barter deal basis. Potential lies in loan deals if Canadian companies are interested in such an arrangement.

III. OILSEEDS

1. Trade Policy

Import Tariffs:

Sunflower	10%	On top of these tariffs, there are also special import levies: 10% - equalization tax 4.8% - additional import tax 1.0% - customs evidence tax
Soya	6%	
Rapeseed	5%	

Oilseeds: All - 10%

Crude Oil:	Sunflower	3%	Refined Oil:	Sunflower	12%
	Soya meal	free		Soya	12%
	Rapeseed	3%		Rapeseed	12%

Import/export structure: Imports of oilseed and unrefined edible oil are done through tenders, released by the Federal Directorate for Commodity Reserves to Yugoslav importers, who in turn solicit offers from abroad, when the replenishment of state reserves are concerned. Oil processors can import oilseed and crude oil on their own account, if they earn foreign currency, and if they receive permission which is issued based on import quotas.

Additional factors: Offers for sale linked with countertrade will continue to have priority.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1988

<u>Oilseed</u>	Production	Imports		Exports	
Sunflower	404	15			
Soybean	177	300			
Rapeseed	62	20			
TOTAL	643	335			

<u>Oil</u>	Production	Imports		Exports	
		Crude	Refined	Crude	Refined
Sunflower	145	20			
Soybean	75	20			
Rapeseed	25	20			
TOTAL	245	50			

<u>Meal</u>	Production	Imports	Exports
Sunflower	135	0	
Soybean	335	200	
Rapeseed	30	0	
TOTAL	500	200	

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Wheat	6,300 (4,776)	215 (84)	400 (511)	6,915 (5,365)
Durum wheat	5 (2)		50 (18)	55 (20)
Flour/Semolina	-			
TOTAL	6,305 (4,778)	215 (84)	450 (529)	6,970 (5,385)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	Consumption		Industrial	Other (seed, waste)	Exports	Carry-out	Total
	Human	Animal Feed					
Wheat	4,000 (4,200)	800 (450)	500 (500)	500 (500)	500 (-)	1,115 (215)	6,915 (5,365)
Durum wheat	50 (20)						- (20)
Flour/Semolina							157
TOTAL	4,050 (4,220)	800 (450)	500 (500)	500 (500)	500 (-)	1,115 (215)	6,970 (5,385)

IMPORT TRADE 1986/87 est. - thousands of tonnes - previous year in brackets

ORIGIN	U.S.A.	Australia	Argentina	EEC	All Others	TOTAL IMPORTS
Canada						

Wheat (including durum)

Credit, etc.

Principal Others: Bulgaria, Hungary

(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Corn	8,000 (8,900)	979 (2,179)	400 (-)	9,379 (11,079)
Barley	600 (650)	73 (69)	30 (-)	703 (719)
Sorghum	5 (5)			5 (5)
Oats	750 (280)		4 (-)	254 (303)
Rye	77 (74)	7 (12)		84 (86)
TOTAL	8,932 (9,909)	1,059 (2,283)	434 (-)	10,425 (12,192)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	Consumption		Industrial	Other (seed, waste)	Exports	Carry-out	Total
	Human	Animal Feed					
Corn	500 (600)	8,000 (8,500)	300 (300)	150 (200)	(500)	379 (979)	9,379 (11,079)
Barley	100 (150)	300 (360)	200 (166)	20 (20)		83 (73)	703 (719)
Sorghum			5 (5)				5 (5)
Oats	30 (35)	200 (210)		20 (25)	(33)	4 (7)	254 (303)
Rye	75 (70)	5 (5)		(4)		4 (7)	84 (86)
TOTAL	755 (805)	8,505 (9,075)	505 (471)	190 (249)	(533)	470 (1,059)	10,425 (12,192)



PART IV
NORTH AND CENTRAL AMERICA



C O S T A R I C A

Economic classification:	Middle Income economy	
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$1,575	1986
Annual per capita GNP	US\$1,600	1986
Average annual growth	3.5%	1977-87
Annual inflation rate	17.0%	1977-87
Annual inflation rate	15.0%	1988
Volume of imports	0.979 billion US\$	1986
Of which food	6.0%	1986
Of which fuels	11.0%	1986
Principal foreign exchange earning export:	Coffee, Meat, Sugar and Bananas	
Debt service as % of GNP	37.0%	1986
Debt service as % of exports	12.0%	1986
Population	3.1 million	1986
Annual population growth	2.6%	1986
Annual Consumption:		
Flour	41,000 tonnes or 13.2 kg/capita	1986
Meat	39,000 tonnes or 12.6 kg/capita	1986
Vegetable Oil	48,000 tonnes or 15.5 kg/capita	1986

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Wheat: Not grown in Costa Rica.

Corn: During the 1986/87 crop year 98,500 tonnes were harvested.

Rice: During 1986/87 crop year 88,000 tonnes were harvested.

Oilseeds: During 1986/87 crop year 265,000 tonnes were harvested.

Sorghum: During 1986/87 crop year 85,000 tonnes were harvested.

Oats and Rye: Not grown in Costa Rica.

Seeded Acreage: (thousands of hectares)

<u>Commodity</u>	<u>1987/88</u>	<u>1986/87</u>
Corn	100	75
Sorghum	30	25

2. Foreign Exchange Situation

- A) The foreign exchange situation is controlled by Banco Central which on September 14, 1988 used an official rate of 76.75 colones per US\$1.
- B) The government will continue to allow importation of essential agricultural products not produced locally.
- C) Wheat is imported from the USA by local flour mills on US-PL480 terms.

3. Fertilizer Situation

Fertica, SA. (owned by the Government) supplies all local demand and exports to other Central American countries (Panama included). Fertica S.A. imports from Canada through a CIDA Line of Credit the following items: Potash, Urea, Nitrogen, Phosphate, etc., for mixing in their local factories.

4. Import Mechanism

Wheat is imported directly by a local flour mill (Molinos de Costa Rica) almost exclusively from the USA under PL480. CNP (Consejo Nacional de Produccion), a state agency, controls the importation of other grains and agricultural products through international public tenders.

5. Grain Industry Infrastructure

Molinos de Costa Rica and CNP have storage and handling facilities in the ports of Limon (Atlantic), Caldera and Puntarenas (Pacific) as well as silos in the more important distribution and production centres of Costa Rica.

6. Government Policies Affecting Grain and Agriculture

- A) No production of wheat, oats, rye and barley.
- B) Imports in 1987: Wheat 115,000 MT; Malt 12,000 MT; Black Beans 4,500 MT; and Lentils 3,000 MT.
- C) Meat production in 1986: 43,000 MT; Exports 20,000 MT; Consumption 13 kilos per capita.

Competition with US grains and related financing facilities through the PL480 and CCC programs and the ownership of the local flour mill by a US company make it difficult to compete.

There is no policy on countertrade/barter as it relates to grains and oilseeds imports.

7. Market Prospects - Grains and Oilseeds

There are no long-term projections on grain import demand. In order to compete with offers of US grains which are financed under PL480, Canadian exporters would have to offer comparable credit terms. There are some prospects for Canadian barley, oats, malt and special crops if Canadian exporters can compete in price, delivery and terms offered by competitors.

<u>8. Processing Facilities</u>	Year		(most recent)	
			thousands of tonnes	
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	1	1	100	100
Compound Feed Mills	14	17	125	120
Maltsters				
Brewers*	2	2	150	140
Oilseed Crushers	2	2	80	80

* Capacity and output in thousands of hectolitres

9. Storage and Throughput Capacity

Grain Import Capacity by Port

Year 1986 (most recent)
 - - thousands of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Moin	19	19
Limon	125	120
Puntarenas	26	26
Caldera	110	110
Total Capacity	280	275

II. MALT AND MALTING BARLEY

1. Statistical Notes: 1987/88 est. thousands of tonnes
 - previous year in brackets:

	<u>Production</u>		<u>Imports</u>		<u>Exports</u>	
Malt	None	(None)	12	(12)	None	(None)
Malting Barley	None	(None)	13.5	(N/A)	None	(None)

Import Origination include: France, West Germany, U.S.A.

3. Additional Information

Annual per capita beer consumption: 3% increase.

Beer production capacity: 3% increase.

Domestic malting capacity: 3% increase.

Market potential for Canadian malt: There is some opportunity for Canadian malt but strong competition should be expected from EEC and US suppliers.

III. OILSEEDS

1. Trade Policy

Import tariffs: Oilseeds: 10% on CIF value
 Crude oil: None - imported by RECOPE (Gov't owned)
 Oilseed meal: 10% on CIF value
 Refined oil: None - imported by RECOPE

Import/export structure: Consejo Nacional lde Produccion (CNP) a government agency, controls the importation and tendering for all requirements.

Additional factors: The importation of oilseeds, primarily cotton seed is from the US. Costa Rica produces the African palm oilseed which provides 85% of local market requirements.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1986

<u>Oilseed</u>	<u>Domestic Production</u>	<u>Imports</u>		<u>Exports</u>	
African Palm	280				
Cotton			25		
Total	280		25		

<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>(Crude)</u>	<u>(Refined)</u>	<u>(Crude)</u>	<u>(Refined)</u>
Vegetable	75				
Total	75				

<u>Meal</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
Animal Feed	45				
Total	45				

IV. STATISTICAL NOTES
(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat*	None (None)	N/A	115 (112)	115 (112)
Durum wheat		(N/A)		
Flour/Semolina				
TOTAL	None (None)	N/A	115 (112)	115 (112)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	115 (112)					N/A	115 (112)
Durum wheat						(N/A)	
Flour Semolina							
TOTAL	115 (112)					N/A	115 (112)

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

<u>ORIGIN</u>	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>

WHEAT (including durum)

Cash
Commercial credit
Aid, concessional
credit, etc.

115 (112)

115 (112)

FLOUR (including semolina)

Cash/comm. credit
Aid, concessional

115 (112)

115 (112)

(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	88 (80)		50 (60)	138 (140)
Barley	None (None)		13.5 (12)	13.5 (12)
Sorghum	85 (60)		None (None)	85 (60)
Oats	None (None)		5 (4)	4.5 (5)
Rye				
TOTAL	173 (140)	N/A (N/A)	68 (77)	241 (217)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Corn	60 (60)	78 (80)					138 (140)
Barley			13.5 (12)				13.5 (12)
Sorghum		85 (60)					85 (60)
Oats		4.5 (5)					4.5 (5)
Rye							
TOTAL	60 (60)	167.5 (145)	13.5 (12)				241 (217)

* Of which poultry? 37% Export Destination? None
 What type of industrial use? Animal Feed and Beer Production

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>TOTAL IMPORTS</u>	
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>
Corn		50 (60)				50 (60)
Barley		13.5 (12)				13.5 (12)
Sorghum						
Oats		4.5 (5)				4.5 (5)
Rye						
TOTAL		68 (77)				68 (77)

C U B A

Economic classification: Centrally Planned economy			
Oil exporter or importer (net): Importer			
Annual per capita income:	US\$2,500		1987
Average annual growth	5%		1977-87
Volume of imports	7.9 billion US\$		1987
Of which food	2.1%		1987
Of which fuels	2.3%		1986
Principal foreign exchange earning export:			
sugar, nickel, citrus fruits, fresh products, coffee and tourism			
Debt service as of % of GNP	N/A		
Debt service as % of exports	30-38%		1986
Population	10.2 million		1987
Annual population growth	1.2%		1987
Annual Consumption:			
* Flour	180,000 tonnes or	18 kg/capita	1987
Meat	209,000 tonnes or	21 kg/capita	1987
Vegetable Oil	55,276 tonnes or	5.6 kg/capita	1986

* approximate

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Cuba does not grow wheat. Rice is the only cereal crop cultivated in the country. Annual consumption is estimated at 800,000 tonnes of rice per year. Cuba produces 60% of its needs while the balance is supplied by Italy and China.

2. Foreign Exchange Situation

Recently, Cuba's hard currency income has also been damaged by the weakened dollar revenue obtained from re-exports of USSR supplied oil. Despite the worsened economic conditions and foreign exchange situation, imports of agricultural and food products continue to receive high priority. It should be noted that most of Cuba's wheat/wheat flour requirements are imported under a triangular arrangement with the USSR, thus involving no discount of hard currency by Cuba.

3. Fertilizer Situation

Cuba depends on foreign supplies (primarily the USSR, E. Germany and occasionally Canada) of herbicides and fertilizers, while current development programs for the local fertilizer industry suggest that Cuba will become self-sufficient by 1990, the current production is not sufficient to meet domestic demand. Therefore, Cuba annually imports approximately 244,354 tonnes of urea; 255,466 of simple superphosphate; 40,000 tonnes of ammonium phosphate; 381,796 tonnes of potassium chlorate. No imports of mixed fertilizers have been recorded since Cuba produces approx. two million tonnes of fertilizer per year.

4. Import Mechanism

All imports are conducted via state trading organizations. However, grains and cereals are purchased by Exportkhleb, Alimport's counterpart, as part of the USSR/Cuba trade protocol.

5. Grain Industry Infrastructure

Plans to modernize the existing port handling facilities have been temporarily deferred particularly due to the country's poor financial standing.

6. Government Policies Affecting Grain and Agriculture

Cuba cannot grow wheat due to climatic factors. Consequently, Cuba will remain a net importer of the major cereal crops, including corn. However, Cuba has, since 1982, diverted procurement to EEC countries and Argentina, which offer credit facilities. Since 1982, no Canadian direct sales to Alimport has been recorded.

There is no doubt that lack of Canadian financing has permitted our competition from EEC and Argentine to undermine our position as a one time single supplier. To date, Canada has lost approximately 30-40% of its market share. In addition, USSR wheat flour purchases from Canada dramatically declined in the first six months of 1988 due to price considerations.

Cuba would gladly consider countertrade or barter. However, the foreign exporter may find a limited selection of products to receive payment and/or quality not acceptable. This concern may seriously limit any potential for a successful countertrade/barter agreement.

7. Market Prospects - Grains and Oilseeds

Possibilities exist for sales of lentils (approx 2,000 tonnes/year) and canaryseed (20 tonnes/year) provided that 360 day credit term is available.

II. MALT AND MALTING BARLEY

2. Statistical Notes: 1988/89 est. thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	NIL (NIL)	- (-)	NIL (NIL)
Malting Barley	NIL (NIL)	37 (35)	NIL (NIL)

Import Origination include: Czechoslovakia

3. Additional Information

Cuba produced 2,930,600 hectolitres of beer in 1986. Production has been steadily increased since 1986 at an annual growth of 4-5%. Still, local production is not sufficient to meet demand.

Beer production capacity: Local beer production is targeted to increase 7% by 1990 over the 1986 level.

Domestic malting capacity: Cuba does not produce malt.

Market potential for Canadian malt: Czechoslovakia supplies the bulk of Cuba's malting beer requirements under the two countries bilateral-trade agreement, which call for payment on a soft currency basis. If proper financing facilities are available, Canadian suppliers could sell approx. 5-6,000 tonnes in addition to Czech. supplies.

III. OILSEEDS

1. Trade Policy

Import Tariffs: Barriers arise due to the Government's decision/policy not to accord import priority to a specific country.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oil</u>	Production	Imports		Exports	
		Crude	Refined	Crude	Refine
Sunflower			60,000		
<u>Meal</u>	Production	Imports		Exports	
Soya			110,000		
Sunflower			50,000		
TOTAL			160,000		

IV. STATISTICAL NOTES(A) WHEAT AND DURUMSUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat		20 (20)	1,117 (980)	1,137 (1,000)
Durum wheat		5 (05)	60 (62)	65 (67)
Flour/Semolina		20 (20)	164 (088)	184 (108)
TOTAL		45 (45)	1,341 (1,130)	1,386 (1,175)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>		<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>		<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	940 (820)		25 (20)	152 (100)			20 (60)	1,137 (1,000)	
Durum wheat	60 (62)						5 (5)	65 (67)	
Flour Semolina	164 (88)						20 (20)	184 (108)	
TOTAL	1,164 (970)		25 (20)	152 (100)			45 (85)	1,386 (1,175)	

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>TOTAL IMPORTS</u>	
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>		<u>EEC</u>
<u>Wheat (including durum)</u>						
Cash	1,057 (1,022)					1,057 (1,022)
Commercial credit				120 (20)		120 (20)
Aid, concessional credit, etc.						
<u>Flour (including semolina)</u>						
Cash/comm.credit	164 (88)					164 (88)
TOTAL	1,221 (1,110)			120 (20)		1,341 (1,130)

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	16 (15)	30 (30)	276 (244)	322 (289)
Barley			38 (32)	38 (32)
Sorghum				
Oats				
Rye				
TOTAL	16 (15)	30 (30)	321 (276)	367 (321)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	Human		Industrial	Other (seed, waste)	Exports	Carry-out	Total
	Consumption	Animal Feed					
Corn	20 (30)	230 (189)	42 (40)			30 (40)	322 (289)
Barley		30 (30)				8 (02)	38 (32)
Sorghum		07 (NIL)					
Oats							
Rye							
TOTAL	20 (30)	267 (219)	42 (40)			38 (32)	367 (321)

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	ORIGIN				TOTAL IMPORTS		
	Canada	U.S.A.	Australia	Argentina		EEC	All Others
Corn	21 (154)			100 (90)	59 (NIL)	96 (NIL)	276 (244)
Barley	38 (32)						38 (32)
Sorghum							
Oats	7 (NIL)						7 (07)
Rye							
TOTAL	66 (186)			100 (90)	59 (NIL)	96 (NIL)	321 (276)

EL SALVADOR

Economic classification: Middle Income economy		
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$610	1986
Annual per capita GNP	US\$605	1986
Average annual growth	1.5%	1977-87
Annual inflation rate	16.0%	1977-87
Annual inflation rate	25.0%	1988
Volume of imports	0.986 million US\$	1986
Of which food	15.0%	1986
Of which fuels	12.0%	1986
Principal foreign exchange earning export: coffee, cotton, textiles		
Debt service as % of GNP	1.4%	1985
Debt service as % of exports	3.8%	1985
Population	5.2 million	1985
Annual population growth	3.0%	1985
Annual Consumption:		
Flour	67,000 tonnes or 13 kg/capita	1988
Meat	35,000 tonnes or 7 kg/capita	1988
Vegetable Oil	32,000 tonnes or 6 kg/capita	1988

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Wheat is not grown in El Salvador. According to Banco Central de El Salvador (Statistics Department), the coarse grain crop production in 1986 (estimated) was 150,000 MT, rice 92,000 MT, oilseeds 23,000 MT and other crops 35,000 MT.

(a) Seeded Acreage: Thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/89</u>	<u>1986/87</u>
Wheat	NONE	NONE	NONE
Durum	NONE	NONE	NONE
Barley	"	"	"
Corn	N/A	430	450
Sorghum	N/A	160	150
Oats	NONE	NONE	NONE
Rye	NONE	"	"
Soybeans	NONE	"	"
Rapeseed	NONE	"	"
Sunflower	NONE	"	"

2. Foreign Exchange Situation

Banco Central established in January, 1987, a new foreign exchange control and a list of priorities (still operating today) which includes raw materials and agriculture products. Letters of credit from local banks are obligatory for all imports in excess of US\$ 5,000.

This country will continue as an aid receiptier for grains and agricultural products.

3. Fertilizer Situation

250,000 MT will be imported in 1988 of which 165,000 MT will be unmixed and 85,000 MT complete. The unmixed fertilizer imports is composed of ammonium sulphate (21%), Urea (46%) and others (33%). The imports of complete fertilizers in 1986 were: 76,900 MT. Traditional suppliers are the U.S. and W. Germany. Canada under a CIDA funded program will provide in 1988 22,000 MT of ammonium sulphate.

4. Import Mechanism

Imports of grains are done by Instituto Regulador de Abastecimientos (IRA), which is a government agency. However, private companies can import grains directly, as long as they obtain a license from the Ministry of Economy and Banco Central de El Salvador.

5. Grain Industry Infrastructure

El Salvador is implementing a program for the marketing of agricultural products, which will include the enlargement of five storage plants, and the expansion of seven collection centers and two warehouses.

6. Government Policies Affecting Grain and Agriculture

The government is carrying on an agrarian reform (distribution of land to farmers) and the results of this measure in the agricultural sector cannot be evaluated at this time. This reform poses no immediate implications for Canadian grain imports.

There is no policy on countertrade/barter as it relates to grains and oilseeds imports.

7. Market Prospects - Grains and Oilseeds

There are no long-term grain import projections. Canadian exports face strong competition from the U.S. in light of aid ties between the U.S. and El Salvador.

8. Processing Facilities

Year: 1986

thousand of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	3	3	85	85
Compound Feed Mills				
Maltsters				
Brewers*	2	2	90	78
Oilseed Crushers				

* Capacity and output in thousands of hectolitres.

9. Storage and throughput Capacity

Grain Import Capacity by Port

Year: 1986

-- thousands of tonnes --

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Acajutla	105	88
Cutuco	60	46
TOTAL	165	134

II. MALT AND MALTING BARLEY

1. Domestic Production of barley (1988/89): None.

2. Statistical Notes: 1988/89 est.
thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	NONE	11 (11.5)	NONE (NONE)
Malting barley			

Import origination includes: US and FRANCE

3. Additional Information:

Annual per capita beer consumption: 1.5% increase.

Beer production capacity: 1.6% increase.

Domestic malting capacity: 1.6% increase

Market potential for Canadian malt: Canadian malt quality is well known in this country, but they get better prices from European countries (France and Belgium).

III. OILSEEDS

1. Trade Policy:

Import tariffs: Oilseeds : 15% on CIF value + US\$0.25/kilo
Crude oil: NONE
Oilseed meal: 10% on CIF value plus US\$.25 per kilo
Refined oil: NONE

Non-tariff import barriers/export assistance measures: None.

Import/export structure: Usually done by the government agency IRA, but can be done by private importers as long as they get the related import license and foreign currency.

Additional factors: This country does not import oilseeds, but they do import finished products.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1986

<u>Oilseed</u>	Domestic Production	Imports		Exports
Cotton	20	16		NONE

<u>Oil</u>	Production	Imports		Exports	
		Crude	Refined	Crude	Refined
Vegetable	20	16		NONE	

IV. STATISTICAL NOTES (A)

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat				
Durum wheat			83 (86)	83 (86)
Flour/Semolina				
TOTAL			83 (86) (F)	83 (86) (G)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	67 (70)	16 (20)					83 (86)
Durum/Wheat Flour Semolina							
TOTAL	67 (70)	16 (20)					83 (86) (G)

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

<u>ORIGIN</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
Canada						

WHEAT (including durum)

Cash						
Commercial Credit						
Aid, concessional credit, etc.	83 (86)					83 (86)

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	430 (450)	N.A (N.A)	110 (120)	540 (570)
Barley	NONE (NONE)		70 (65)	70 (65)
Sorghum	150 (150)			150 (150)
Oats	NONE (NONE)			
Rye				
TOTAL	580 (600)		180 (185)	760 (785)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	Human		Industrial	Other (seed, waste)	Exports	Carry-out	Total
	Consumption	Animal Feed					
Corn	250 (250)	290 (320)			NONE (NONE)	N.A. (N.A.)	540 (570)
Barley	NONE (NONE)		70 (65)				
Sorghum		150 (150)					150 (150)
Oats							
Rye							
TOTAL	250 (250)	440 (470)	70 (65)				760 (785)

IMPORT TRADE 1987/88 est. thousands of tonnes - previous year in brackets

	ORIGIN		EEC	All Others	Total Imports
	Canada	U.S.A.			
Corn		110 (120)			110 (120)
Barley		70 (65)			70 (65)
Sorghum					
Oats					
Rye					
TOTAL		180 (185)			180 (185)

GUATEMALA

BASIC INDICATORS (ECONOMIC/DEMOGRAPHIC/CONSUMPTION)

Economic classification:	Middle Income economy	
Oil exporter or importer (net)	Importer	
Annual per capita income:	US\$335	1987
Average annual growth	2%	1977-87
Annual inflation rate	10%	1977-87
Annual inflation rate	14%	1988
Volume of imports	2.2 billion US\$	1987
Principal foreign exchange earning export:	coffee, sugar, shrimp, tourism, meat	
Debt service as % of exports	45%	1987
Population	8 million	1987
Annual population growth	2.6%	1980-2000
Annual Consumption:		
Flour	145,805 tonnes or 18.2 kg/capita	1987/88

I. GENERAL INFORMATION

1. Crop Situation and Outlook

In general terms, although official statistics are not available, government publications are divulging that the bean, rice, sorghum and corn crops will exceed those of 1986/87 by 10% because of very favorable climatic conditions and increased planted acreage. Indications are that the grain crop will be ample to meet internal demand and possibly have excedants for exports to Central America.

2. Foreign Exchange Situation

Guatemala has, for the past five years, experienced a serious foreign exchange shortage; which added to the fact that a large portion of Guatemala's external debt is maturing in the short term, will increase the shortage and should be reflected in the countries ability to increase exports of agricultural imputs. Guatemala enjoys aid from several countries for agricultural commodities. The most relevant would be wheat and oil which are subsidized by U.S. Aid Program. Guatemala will definitely continue to be an aid recipient.

3. Fertilizer Situation

All NPK fertilizers or products are imported totally or in components to be mixed locally. Traditionally, supply has come from the U.S. and Germany. With the foreign exchange situation becoming normal, it is anticipated that imports will increase approximately 15% from previous years.

4. Import Mechanism

Government controls imports of grains through INDECA (Instituto Nacional de Comercializacion Agricola). They are directly responsible for controls on production, storage and marketing. Private importers are allowed quotas often obtaining import licenses from the Ministry of Economy.

5. Grain Industry Infrastructure

Two ports handle all imports of grains to Guatemala. Puerto Quetzal in the Pacific and Puerto Santo Tomas de Castilla in the Atlantic. A new bulk handling facility called GRANEL, S.A. mainly designed for sugar exports has approximately the capacity to process 75,000 tonnes per year.

6. Government Policies Affecting Grain and Agriculture

The Government is implementing new agricultural activities by increasing financial and lending activities through state banks and international financial agencies. Also, efforts are being directed towards providing technical assistance to small agricultural concerns which should result in increased crop outputs. Also, land tenure programs are now being implemented which should have an impact in the agricultural sector in the medium term.

Canadian grain imports to Guatemala have been insignificant at best, and government policies or exchange controls could not affect Canadian exports.

With the present foreign exchange shortage crunch, the government looks very favourable at countertrade/barter activities.

7. Market Prospects - Grains and Oilseeds

There are no long-term grain import projections.

Marketing initiatives could include bilateral financing.

Very small market for products outlined above. Sport opportunities arise for mustard seed and triticale.

8. Processing Facilities

	Year: <u>1987/88</u>		(most recent)	
	--		thousands of tonnes --	
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	24	24		66
Compound Feed Mills				
Maltsters				
Brewers*				
Oilseed Crushers				

*Capacity and output in hectolitres.

9. Storage and Throughput Capacity

Grain Import Capacity by Port

<u>Name of Port</u>	Year <u>1986</u> (most recent)	
	-- thousands of tonnes --	
	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Puerto Quetzal		200
Santo Thomas de Castilla		225
Total Capacity		425

II. Malt and Malting Barley

Annual per capita beer consumption: Increasing at rate of approx. 5% per year. Only brewery in Canada controls market and increases or decreases production on demand levels.

Domestic malting capacity: Equal to last year.

Market potential: The local brewery continues to purchase French Malt. Their consumption is attractive and would purchase from Canada if prices were more competitive. They have purchased Canadian Malt in the past and were satisfied with quality. It is worth to mention that even with more expensive freight rates, French Malt is still competitive in the market.

III. OILSEEDS

1. Trade Policy

Import tariffs for oilseeds: 5 to 10% Crude oil: 5 to 10% Oilseed Meal: 5 to 10% refined oil: 5 to 10%.

Non-tariff import barriers/export assistance measures: Import barriers include - foreign exchange scarcity; subsidy programs from the U.S. for purchase of grains and foodstuffs (e.g. PL480 and GSM 102).

Import/export structure: Grain and seed imports and exports are subject to controls from INDECA (Instituto Nacional de Comercializacion Agricola) which is directly responsible for imports/exports from the public sector and who controls via licensing of imports/exports from the private sector.

10. Grain Statistics: 1988/89 (1987/88 in brackets)

PRODUCT	<u>Crop Area</u> (Mz.)	<u>Yield</u> (qqs/Mz)	<u>Production</u> (qqs)
Corn	932,519 (1,089,840)	32.43 (24.27)	30,241,283 (26,450,526)
Beans	242,329 (245,763)	8.11 (7.62)	1,966,239 (1,872,482)
Rice	37,336 (33,327)	38.28 (38.44)	1,429,264 (1,281,207)
Sorghum	98,811 (65,607)	28.49 (19.28)	2,815,192 (1,264,693)
Sesame	34,758 (43,131)	9.31 (10.45)	323,744 (450,691)
Peanuts	6,212 (2,518)	16.56 (18.95)	102,880 (47,716)

JAMAICA

Economic classification:	Developing economy	
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$1,350.00	1987
Average annual growth	+ 0.04%	1982-87
Annual inflation rate	18.26%	1983-87
Annual inflation rate (current)	8.3%	
Volume of imports	1.23 Billion US\$	1987
Of which food	7.7%	1987
Of which fuels	19.0%	1987
Principal foreign exchange earning export:	Tourism	
Debt service as % of GNP		
Debt service as % of exports		
Population	2.41 million	1986
Annual population growth	1.4%	1977-87
Annual Consumption:		
Flour	38.0 kg/capita	1986
Meat	19.2 kg/capita	1985
Vegetable Oil	5.4 kg/capita	1985

N.B. - Exchange rate is calculated at US\$1=J\$5.50

I. GENERAL INFORMATION

1. Crop Situation and Outlook

No wheat, barley, oats or rye grown in Jamaica. 1986 figures reveal that 7,705 acres of corn were planted resulting in a crop of 3,658 short tonnes. Also, Thirty one (31) acres of soybeans were planted and produced 21 short tonnes.

2. Foreign Exchange Situation

Foreign exchange restrictions still exist and regulatory allocations are through the twice weekly foreign exchange auction. No priority for any sector and some goods which are produced locally are protected by either high tariffs or import license requirements. Country presently receives international aid and grant from organizations such as USAID, CIDA, IBRD, IADB and other similar agencies.

3. Fertilizer Situation

The Canadian Government, through a CIDA grant, supplies approximately 98% of Jamaica's fertilizer use. Under the present agreement, a total of C\$36m worth of fertilizer will be supplied to the country under a three (3) year programme ending in 1990. Fertilizer supplied under the scheme is diammonium phosphate, sulphate of ammonia, urea and muriate of potash.

4. Import Mechanism

The Jamaica Commodity Trading Company Limited (JCTC) - the government's trading arm, is responsible for the procurement of all grains either under a Food Aid or Grant Programme or on commercial terms through international tender. Corn, soya and wheat is imported from the US under the GSM102 and PL480 loan programmes at high concessional rates.

5. Grain Industry Infrastructure

JCTC is the sole importer of soybeans, wheat and corn. Jamaica Soya Products Industries, a subsidiary of JCTC, is the only oilseed crushing company. Seprod Ltd. processes edible oils, feeds, soaps and margarine and detergents with all the oil supplied to the company. Residue is supplied to the four major feed mills - Jamaica Feeds Ltd. (Seprod), Master Blends Ltd, Newport Mills and Caribbean Milling Ja. Ltd. Wheat is supplied to the Jamaica Flour Mills through the JCTC. No significant changes are anticipated.

6. Government Policies Affecting Grain and Agriculture

Present government policy encourages local production of corn, soybeans, rice, beef, dairy and fish. Self-sufficiency has been achieved for the most part in fish and therefore vast improvements in rice production.

Jamaica is very keen on countertrade/barter with the major product offered being bauxite and alumina which is of little interest to Canada given the fact that Alcan maintains a major presence on the island.

7. Market Prospects - Grains and Oilseeds

Imports of grain and oilseeds depend mainly on credit - commercial or concessionary.

Limited opportunities exist for "special crops" due to very small demand and high import duties.

8. Processing Facilities

Year 1987
 - - thousands of tonnes - -

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	1	1	300	200 est.
Compound Feed Mills	5	5	800	30
Brewers*	2	2		89,500 *
Oilseed Crushers	1	1	100	

* Gallons daily

9. Storage and Throughput Capacity

Names of Ports: Shell Pier (Kingston), Wherry Wharf (Kingston), Port Esquivel (St. Catherine), Rio Bueno (Trelawny), Kingston Wharf, Montego Bay.

II. MALT AND MALTING BARLEY

Malt Import Origination include: U.K., Canada, U.S., Belgium, France, West Germany

2. Additional Information

Beer and stout production increasing as export orders increase.

Production capacity remains constant.

Malting utilisation far below capacity.

Extensive and aggressive marketing efforts needed to exploit considerable market potential.

III. OILSEEDS

1. Trade Policy

Import Tariffs for oilseeds and products: none

Non-tariff import barriers/export assistance measures: Import license needed prior to importation for refined oil and oilseeds. prior

JCTC imports all soybean requirements through international tender.

Additional factors: US PL480 and GSM 102 provides the necessary credit which is needed by Jamaican buyers.

3. Supply of oilseeds and products by type, (in kilograms):

Year: 1987

<u>Oilseeds</u> (by type)	Domestic Production	Imports	Exports
Soybean		6255349	658
Sunflower Seeds		67	
Sesame Seeds		1844	
Linseed		1000	

<u>Oil</u> (by type)	Production	Imports (Crude) (Refined)	Exports (Crude) (Refined)
Soya		527582 730343	- 3966
Cotton Seed		802409	
Ground Nut		15588 191	
Olive		1957 21608	3158
Sesame		453 228	
Linseed		107750 11738	
Palm Oil		55403332 14325	

Meal (by type)

Production

Imports

Exports

Soy
Other
Cornmeal

36308

2251544
1127

MEXICO

BASIC INDICATORS (ECONOMIC/DEMOGRAPHIC/CONSUMPTION)

Economic classification:	Middle Income economy	
Oil exporter or importer (net):	Exporter	
Annual per capita income:	US\$1,510	1987
Annual per capita GNP	US\$1,800-2,000	1987
Average annual growth	1-2%	1977-87
Annual inflation rate	40-50%	1977-87
Annual inflation rate	160%	1987
Volume of imports	12.2 billion US\$	1987
Of which food	13.8%	1987
Of which fuels	3.9%	1987
Principal foreign exchange earning export:	Petroleum, Tourism, Manufactures	
Debt service as % of GNP	6%	1987
(2) Debt service as % of exports	50%	1987
Population	81.2 million	1987
Annual population growth	2.01%	1987
Annual Consumption:		
Flour	3,960,000 million tonnes or 48.75 kg/capita	1987
Meat	2,070,000 million tonnes or 25.0 kg/capita	1987
Vegetable Oil	982,000 tonnes or 10.9 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Mexican agricultural authorities have planned a seeding program on 15.2 million hectares during 1988, for a production of 27.4 million tonnes of the principal coarse grains and oilseeds including rice, beans, wheat, corn, sesame seed, cottonseed, safflower, soybeans, barley and sorghum. Severe drought, coupled with other factors such as low crop guarantee prices, limited investments and high interest credit rates caused a reduction in the program. Current estimates indicate probable output will be 25.7 million tonnes harvested on 12.8 million hectares.

<u>Seeded Acreage:</u>		Thousands of hectares		
<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>	
Wheat	798	923	1,041	
Durum	-	-	-	
Barley	64	275	324	
Corn	585	7,343	8,293	
Sorghum	862	1,814	2,056	
Oats	-	-	-	
Rye	-	-	-	
Soybeans	2	123	497	
Rapeseed	-	-	-	
Sunflower	-	-	-	
Safflower	238	227	540	

2. Foreign Exchange Situation

Mexico's foreign exchange reserves currently stand at just over \$12.5 billion dollars. While world oil prices continue to deteriorate, non-oil exports are on the increase. By negotiating with international creditors Mexico has been able to obtain better terms and conditions for repayment and servicing of its foreign debt.

Agri-food imports are dictated by the availability from domestic production. 13.8 percent of total imports in 1987 corresponded to food. Should hard currently shortages occur, imports of food commodities to feed the nation would certainly have priority. Mexico is not likely to become an international aid recipient in the future. Its per capital income exceeds most accepted limits from donors such as CIDA.

3. Fertilizer Situation

Fertilizantes Mexicanos is the state-owned company producing fertilizers and intermediate products. Total installed capacity is approximately 8 million tonnes per year. Increases in the costs of raw materials and services, budgetary reductions and other factors in the first semester of 1987 made it difficult to carry out planned production. Total output during this period reached 3.4 million tonnes of fertilizers, insecticides, chemicals and intermediate products. Production of ammonium sulphate, nitrate, urea, simple superphosphate, diammonium phosphate, triple superphosphate and N.P.K. complexes reached 1.8 million tonnes. By the end of the year total fertilizer production was approximately 4.0 million tonnes, while sales were estimated at 4.9 million tonnes.

4. Import Mechanism

Since January 1985 CONASUPO relinquished its control of agrifood imports including grains, pulses and oilseeds. Today such imports have been largely privatized with CONASUPO responsible for importing those volumes required directly for the consumption of its own industrial plants. Private industry now tenders directly through the respective industrial associations for coarse grains and oilseeds. CONASUPO and the Ministry of Agriculture (SARH) must authorize such imports, while CONASUPO retains the coordination of the ports of entry.

CONASUPO retains the responsibility to import and distribute bread wheat.

5. Grain Industry Infrastructure

Mexico's major grain handling facility is located at Guaymas, and lesser installations are to be found at Mazatlan and Manzanillo. Grain is also handled at smaller ports on the Gulf and Pacific coasts as required, with Veracruz being the most efficient. Veracruz also has facilities to receive and handle edible oils. Grain and other food commodities are moved inland from ports and border crossings by road and rail. Storage of grains is done by government-owned companies (Almacenes Nacionales de Deposito and Bodegas Rurales Conasupo), private warehouses in urban centers, while some industrial companies and animal producers have facilities to store their own raw materials as in the case of oilseed crushers, feed manufacturers and large poultry and hog producers. Total storage capacity presently stands at approximately 30 million tonnes. To fully satisfy storage requirements another 10 million tonnes capacity is needed particularly in expanding urban areas.

6. Government Policies Affecting Grain and Agriculture

Self-sufficiency in grain production and improved living standards for the rural population continue to be priorities for the federal government. However, faced with falling world oil prices, excessive foreign debt, growing inflation, and generally critical economic situation, the federal government has introduced new economic policies involving budget cuts which have undermined agricultural and livestock production. Price controls in fluid milk, eggs, beef and other edible products have resulted in significant declines in production and consumption. Crop guarantee prices have long lagged behind the costs of production (seed, fertilizers, agricultural chemicals, fuels, etc.) and have discouraged farmers. Farm production in Mexico grew at an average rate of 5.9 percent annually between 1977 and 1981 in terms of the Gross Domestic Product; from 1982 to 1987 the average annual rate of growth fell to 0.7 percent, considerably lower than the population growth rate which was 2.8 percent per year during that period. The compound rate of growth of agriculture and livestock production for the period 1977-1981 was 4.7 percent; it fell to 1.1 percent during the period 1982-1987. This decline in agriculture and livestock production has prompted increased imports of diverse food commodities including coarse grains, milk powder, feed stuffs, meats and others.

Since 75 percent of Mexico's crop land is dependent on rainfall, the weather rather than any government program influences year to year agricultural production. Good weather, adequate rainfall, etc. translate into good crops. The recent drought and later torrential rains caused reductions in acreages planted and significant crops losses. As a result, Mexico purchased over 7.5 million tonnes of grains and oilseeds to cover 1988 requirements, including wheat, soybeans, sorghum, corn, rapeseed, milk powder and other food commodities. In irrigated districts there is adequate availability of water from summer rains which should allow Mexico to harvest a decent wheat crop during the fall winter cycle 1988/89 all other factors permitting.

Mexico does not have a specific policy regarding barter trade, although there was some experimenting with countertrade in the past. It has been more the exception rather than the rule. It is not likely that important barter transactions will take place in the future, and particularly not in the agricultural sector.

7. Market Prospects - Grains and Oilseeds

Import projections are not prepared in Mexico because of the ever-changing nature of domestic agricultural production. Imports are determined on an as-required basis, depending on local output. A deficiency in the capacity to store grain, and an inefficient transportation and distribution system compound the difficulties of preparing forward projections beyond the immediate future.

It is essential to maintain contact with CONASUPO, but also important to continue the rapport with private sector buyers in the feed and oilseed industries. Local agents or representatives of foreign grain exporters are extremely active in canvassing the market, technical courses and seminars organized by CIGI should continue to be an integral part of the Canadian strategy to promote sales in this market. The specialized media should be more widely used to publicize the scientific research being done in Canada regarding grains, oilseeds, meals, feeding trials, etc.

As beans are a basic staple of the Mexican diet, important acreages are devoted to this crop each cycle. Any shortfalls in domestic production are covered by imports. One hundred and seventy nine (179,000) thousand tonnes were imported in 1986, 40 thousand tonnes in 1987. Black beans, pinto, canary beans and colored beans are preferred. Mustard and canary seed have limited potential, again depending on domestic production. Mexico is a producer and exporter of lentils, chickpeas, sesame and other special crops. However, in a bad crop year local production must be supplemented with imports.

8. Processing Facilities - Year: 1987 (most recent)

- - - thousands of tonnes - - - -

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	120	160	2,500	2,977
Compound Feed Mills	62	89	7,250	7,600
Maltsters	5	7	387	286
Brewers*	3	17	37.5	32.5
Oilseed Crushers	43	90	968	688

* in millions of hectolitres

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987/88 estimate:

- - thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley					500
Suitable for malting			130	135	365*

*Fall-Winter 1987-88; Spring-Summer 1988/89

2. Statistical Notes: 1987/88 est. thousands of tonnes -
previous year in brackets.

	<u>Production *</u>	<u>Imports</u>	<u>Exports</u>
Malt	286 (269)	nil (nil)	nil (nil)
Malting barley	358 (257)	nil (nil)	nil (nil)

3. Additional Information

Mexican beer production capacity remains the same in 1987. However, actual production totalled 32,541,418 hectolitres, an increase of 12.1% above the previous year's total. Beer consumption within the country also grew by 4% from 27,491,020 in 1986 to 28,592,490 hectolitres in 1987.

Beer exports increased by almost 64% from 1,796,167 to 2,944,892 hectolitres. The export value of beer reached \$216 million U.S. dollars in 1987, with Mexico supplying 20% of U.S. beer requirements.

Mexico's total malting capacity is estimated at 390,000 tonnes/annum. There are no current plans to increase capacity. Any growth in demand for malt (i.e. to cover increased exports of beer) can be accommodated by existing facilities. Malt consumption by Mexican brewers increased by 11.3% from 256,648 tonnes the previous year to 285,701 tonnes in 1987.

The Mexican malting industry is presently capable of supplying the internal demand. Sufficient acreage of barley is currently planted to accommodate projected demand. The market for Canadian malt is practically non-existent.

III. OILSEEDS

1. Trade Policy

Import tariffs: Oilseeds: With exception of mustard (5%); all oilseeds are exempted.
 Crude oil: Palm, linseed, babasu and sesame oil (10%); castor (15%); tung, jojoba, almond (15%); all others 10%.
 Oilseed meal: Soya (exempt); all others 10%.
 Refined oil: See crude oil

All imports must be approved by agriculture and commerce authorities.

CONASUPO currently imports for its own industrial plants, and coordinates requirements of the milling industry for wheat as well as certain feed grains such as barley and feed wheat. Industrial chambers such as ANIAME, the National Oils and Fats Association, organize international tenders for oilseeds and oils on behalf of members, in coordination with CONASUPO and the Ministry of Commerce.

Additional factors: Offers carrying CCC or EDC credits or other financing mechanism are favourably considered in international tendering. Edible oils are not subsidized; price controls at the retail level has been a deterrent for the healthy development of the industry, and has resulted in a considerable drop in the use of installed crushing capacity to only approximately 40 percent.

2. Supply of oilseeds and products by type, thousands of tonnes: - Year 1987

<u>Oilseed</u>	<u>Domestic Production</u>	<u>Imports</u>	<u>Exports</u>
Canola	-	344	Nil
Soybean	851	1,069	Nil
Safflower	205	-	Nil
Cottonseed	291	33	Nil
Sesame	38	-	Nil
Sunflower	21	364	Nil
Other	35	-	Nil
TOTAL	1,441	1,810	Nil

<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>(Crude)</u>	<u>(Refined)</u>	<u>(Crude)</u>	<u>(Refined)</u>
Soybean	298	36	-	Nil	Nil
Copra	66	-	-	Nil	Nil
Cottonseed	40	3	-	-	-
Safflower	82	-	-	-	-
Sunflower/Canola	262	43	-	-	-
Other	21	20	-	-	-
TOTAL	769	102	-	-	-

<u>Meal</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Soyabean	1,226	64	Nil
Sunflower/Canola	386	208	Nil
Copra	33	-	Nil
Cottonseed	104	-	Nil
Safflower	139	-	Nil
Others	28	-	Nil
TOTAL	1,916	272	Nil

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	3,550 (4,500)	412 (600)	1,200 (224)	5,162 (5,324)
Durum wheat				
Flour/Semolina				
TOTAL	3,550 (4,500)	412 (600)	1,200 (224)	5,162 (5,324)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	3,960 (4,064)	390 (550)	210	180 (140)	Nil (Nil)	442 (600)	5,162 (5,324)
Durum wheat							
Flour Semolina							
TOTAL	3,960 (4,064)	390 (550)	210	180 (140)	Nil (Nil)	442 (600)	5,162 (5,324)

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

<u>ORIGIN</u>	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
WHEAT (including durum)							
Commercial credit	400 (108)	800 (2)	(114)				1200 (224)

N I C A R A G U A

Economic classification:	Low Income economy	
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$357	1986
Annual per capita GNP:	US\$385	1986
Annual inflation rate	112%	1977-87
Annual inflation rate (current)	165%	1988
Volume of imports	0.850 billion US\$	1986
Of which food	17%	1986
Of which fuels	14%	1986
Principal foreign exchange earning export:	coffee, meat	
Population	4.1 million	1987
Annual population	3.6%	1987
Annual Consumption:		
Flour	17,500 tonnes or 6.0 kg/capita	1986
Meat	12,000 tonnes or 3.0 kg/capita	1986
Vegetable Oil	15,000 tonnes or 6.0 kg/capita	1986

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Wheat is not grown in Nicaragua. According to Instituto Nacional de Estadísticas de Nicaragua, the coarse grain crop production in Nicaragua (1986) was 75,000 MT (estimated) = Rice 40,000 MT, oilseeds 20,000 MT and others 15,000 MT.

2. Foreign Exchange Situation

All food and agricultural products are controlled and imported by ENABAS (government agency). Nicaragua is an international aid recipient from Canada, Brazil, Colombia and Eastern European countries.

3. Fertilizer Situation

In 1987, 15% was imported from Colombia. The remaining 85% was imported from Eastern European countries.

4. Import Mechanism

All imports are controlled by the government agencies ENABAS and ENIMPORT.

5. Grain Industry Infrastructure

The two government agencies (ENABAS and ENIMPORT) have storage and handling facilities in the port of Corinto. No significant changes in infrastructure imminent.

6. Government Policies Affecting Grain and Agriculture

The government has rationed all types of food products and now controls the related distribution. No information available on anticipated government policies. There are some prospects for Canadian grain sales through CIDA aid programs.

At present there is no policy on countertrade/barter as it relates to grain and oilseed imports.

7. Market Prospects - Grains and Oilseeds

There are no long-term projections for grain imports.

At present, only possibility of Canada grain and/or oilseed sale would be through CIDA aid programs.

There are no marketing opportunities at the present time for special crops.

8. Processing Facilities

	Year 1987		thousands of tonnes	
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	2	2	60	35
Compound Feed Mills				
Maltsters				
Brewers*	2	2	80	30
Oilseed Crushers				

* Capacity and output in thousands of hectolitres

9. Storage and Throughput Capacity

Grain Import Capacity by Port		Year 1986
-- thousands of tonnes		
<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Corinto	125	120

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type (1988/89): none

2. Statistical Notes: 1988/89 est.

thousands of tonnes (previous year in brackets)

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt		5 (4.5)	

Import origination includes: Eastern European countries

3. Additional Information

Annual per capita beer consumption: Declined by 9% in 1986.

Beer production capacity: Declined by 7% in 1986.

Domestic malting capacity: Declined by 7% in 1986.

Market potential for Canadian malt: None

III. OILSEEDS

1. Trade Policy

Nicaragua relies on local production since importation is prohibited.

Non-tariff import barriers/export assistance measures: Nothing substantial as all imports are controlled by the Government.

Import/export structure: Under government control.

2. Additional factors: Government control

3. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1986

<u>Oilseed</u>	Production	Imports		Exports	
Soya	46	NONE		NONE	
<u>Oil</u>	Production	Imports		Exports	
		Crude	Refined	Crude	Refined
Soya	50	NONE	NONE	NONE	
<u>Meal</u>	Production	Imports		Exports	
Soya	35	NONE		NONE	

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat				
Durum wheat			22 (25)	22 (25)
Flour/Semolina				
TOTAL			22 (25)	22 (25)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	22 (25)						22 (25)
Durum wheat							
Flour Semolina							
TOTAL	22 (25)						22 (25)

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

<u>Wheat (including durum)</u>	<u>ORIGIN</u>				<u>FEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>			
Credit, etc.	5					22 (25)	22 (25)

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	13 (15)		12 (10)	25 (25)
Barley			7 (10)	7 (10)
Sorghum	8 (10)			8 (10)
Oats				
Rye				
TOTAL	21 (25)		19 (20)	40 (45)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Consumption</u>	<u>Animal</u>	<u>Industrial</u>	<u>Other</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
	<u>Human</u>			<u>(seed, waste)</u>			
Corn		25 (25)	7 (10)				25 (25)
Barley							7 (10)
Sorghum (dura)*		8 (10)					8 (10)
Oats							
Rye		33 (35)	7 (10)				40 (45)
TOTAL							197

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>TOTAL IMPORTS</u>	
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>
Corn						12 (10)
Barley						7 (10)
Sorghum						
Oats						
Rye						19 (20)
TOTAL						19 (20)

* Exports growing but estimates not available.

P A N A M A

Economic classification: Middle Income economy		
Oil exporter or importer (net): Importer		
Annual per capita income:	US\$1,705	1987
Annual per capita GNP	US\$1,790	1987
Average annual growth	3.7%	1977-87
Annual inflation rate	9%	1977-87
Annual inflation rate	15%	1988
Volume of imports	1.380 billion US\$	1987
Of which food	15%	1987
Of which fuels	16%	1987
Principal foreign exchange earning export:		
Panama Canal, Banking Services, Pipeline fees		
Debt service as % of GNP	15%	1986
Debt service as % of exports	18%	1986
Population	2.3 million	1986
Annual population growth	2.4%	1986
Annual Consumption:		
Flour	27,000 tonnes or 11.7 kg/capita	1987
Meat	42,500 tonnes or 18.5 Kg/capita	1987
Vegetable Oil	40,000 tonnes or 17.4 kg/capita	1986

I. GENERAL INFORMATION

1. Seeded Acreage

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	None	None	None
Durum	None	None	None
Barley	None	None	None
Corn	N/A	N/A	71.0
Sorghum	N/A	60.0	55.0
Oats	None	None	None
Rye	None	None	None
Soybeans	None	None	None
Rapeseed	None	None	None
Sunflower	None	None	None

2. Foreign Exchange Situation

Local currency: 1 Balboa is equivalent to US\$1.

Wheat and oilseeds were imported in 1987 from US by local mills under the export credit guarantee program (GSM-102) administrated by the US Commodity Credit Corporation.

3. Fertilizer Situation

In 1986, fertilizer imports came from the following sources:
60% USA, 15% Costa Rica, 10% Germany and 15% from others sources.

Ingredients were: Nitrogen 35%, phosphate 25%, potash 25%, 15% others.

4. Import Mechanism

All grains are imported and distributed by the government agency Instituto Mercadeo Agropecuario (IMA). Wheat which is imported directly by the local mills. No changes foreseen in import structure and procedures.

5. Grain Industry Infrastructure

The flour mills and IMA have storage facilities in the ports of Balboa and Colon, and grain silos in the more important production centres of Panama. No significant changes imminent.

6. Government Policies Affecting Grain and Agriculture

Competition with US programs (i.e. PL480 and CCC Financing), combined with dependence of Panama flour mills on their US parent companies, makes sales of Canadian grains difficult. The situation might change in the near future due to US. economical embargo.

We foresee some prospects for Canadian barley and oats, if Canadian exporters can compete in prices, delivery and transportation.

7. Market Prospects - Grains and Oilseeds

There are no national grain import projections to 1990.

8. Processing Facilities

	Year <u>1987</u> (most recent) thousands of tonnes			
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	3	3	60	50
Compound Feed Mills	8	10	147	142
Brewers*	2	3	68	50
Oilseed Crushers	2	2	85	60

* Capacity and output in thousand hectolitres

9. Storage and Throughput Capacity

Grain Import Capacity by Port

<u>Name of Port</u>	Year <u>1987</u> (most recent)	
	-- thousands of tonnes --	
	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Balboa	160	150
Colon	140	130
Total Capacity	300	280

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type (1987/88): Nil.

2. Statistical Notes: 1987/88 est. thousands of tonnes -
previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	None	12.6 (10)	None
Malting Barley	None		

Export Destination include

Import Origination include: USA, West Germany and France

3. Additional Information

Annual per capita beer consumption: 2% increase.

Beer production capacity: 2.5% increase in production capacity.

Domestic malting capacity: 2.5% increase in malting capacity.

Malt exports: None.

Market potential for Canadian malt: Competition with the U.S. and EEC suppliers makes it difficult for Canadians to obtain a share of the malt barley market.

III. OILSEEDS

1. Trade Policy

Import Tariffs: Oilseeds - 10% on CIF Value
Crude oil - None
Oilseed meal - 10% on CIF Value
Refined oil - None

Non-tariff import barriers/export assistance measures: None.

Import/export structure: Imported directly by two local manufacturers.
(Compania de Aceites SA and Pavo S.A.).

Additional factors: The two local manufacturers import crude soybean oil and refine it in their factories. They meet local market demand. Payment through L/C.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>Crude</u>	<u>Refined</u>	<u>Crude</u>	<u>Refined</u>
Vegetable		65	5	None	None
TOTAL		65	5		

<u>Meal</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Animal feed	25	None	None
TOTAL	25		

IV. STATISTICAL NOTES(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	None	N/A	65.8 (65)	65.8 (65)
Durum wheat Flour/Semolina	None	N/A	65.8 (65)	65.8 (65)
TOTAL				

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	53 (53)	12.8 (12)					65.8 (65)
Durum wheat Flour Semolina	53 (53)	12.8 (12)					65.8 (65)
TOTAL							

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

<u>ORIGIN</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
Canada						

WHEAT (including durum)

Cash
Commercial Credit
Aid, concessional
credit, etc.

65.8 (65)

65.8 (65)

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	60 (45)	N/A	10 (20)	70 (65)
Barley		N/A	173 (N/A)	173
Sorghum	50 (N/A)	N/A	18 (N/A)	68
Oats		N/A	1.5 (2)	1.5 (2)
Rye		N/A		
TOTAL	110 (45)		202.5 (22)	312.5 (67)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human</u>				<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
	<u>Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>			
Corn	20 (20)	20 (20)	30 (25)			70 (65)	
Barley			173 (N/A)			173 (100)	
Sorghum		68				68	
Oats			1.5 (2)			1.5 (2)	
Rye							
TOTAL	20 (20)	88 (20)	204.5 (27)			312.5 (67)	

TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>TOTAL IMPORTS</u>	
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>		<u>EEC</u>
Corn		10 (20)				10 (20)
Barley		173 (N/A)				173 (N/A)
Sorghum		18 (N/A)				18 (N/A)
Oats		1.5 (2)				1.5 (2)
Rye						
TOTAL		202.5 (22)				202.5 (22)

U R U G U A Y

Economic classification:	Middle Income economy	
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$1,650	1987
Annual per capita GNP	US\$1,800	1987
Average annual growth	1%	1977-87
Annual inflation rate	60%	1977-87
Annual inflation rate	75%	1987
Volume of imports	0.9 billion US\$	1987
Of which food	3%	1987
Of which fuels	35%	1987
Principal foreign exchange earning export:	Meat, Wool	
Debt service as % of GNP	6%	1987
Debt service as % of exports	30%	1987
Population	3.1 million	1987
Annual population growth	1.5%	1987
Annual Consumption:		
Flour	279,000 tonnes or 90 kg/capita	1987
Meat	250,000 tonnes or 80 kg/capita	1987
Vegetable Oil	37,000 tonnes or 12 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Production: thousands of tonnes

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	350 *	350	231
Durum			
Barley	N/A	100	62
Corn	N/A	100	117
Sorghum	N/A	110	75
Oats		15	27
Rye	N/A		
Soybeans		90	
Rapeseed	N/A		
Sunflower		50	50

* Estimated

2. Processing Facilities

Year: 1987/88

thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	30	30	700	320
Compound Feed Mills	22	22	190	160
Maltsters	2	2	100	70
Brewers*	3	3	1,000,000	700,000
Oilseed Crushers	10	10	550	30

* Capacity and output in hectolitres

3. Storage and Throughput Capacity

Grain Import Capacity by Port

Year: 1988
-- thousands of tonnes --

<u>Name of Port</u>	<u>Grain</u>	
	<u>Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Nueva Palmira	115	2,300
Fray Bentos	18	450
Montevideo	-	300

II. MALT AND MALTING BARLEY

Year: 1987/88
-- thousands of tonnes --
2-Row 6-Row

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley		100			100
Suitable for malting		50			50

III. OILSEEDS

1. Trade Policy

Import tariffs:	Oilseeds - 20%	Oilseed meal - 20%
	Crude oil - 20%	Refined oil - 20%

Non tariff import barriers/export assistance measures: None

Import/export structures: Private firms

2. Supply of oilseeds and products by type, thousands of tonnes

Year: 1987/88

<u>Oilseed</u> (by type)	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Soybean	90		60
Sunflower Seeds	50		
Soybean			
TOTAL	140		60

<u>Oil</u> (by type)	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>Crude</u>	<u>Refined</u>	<u>Crude</u>	<u>Refined</u>
Soybean	10	10			
Sunflower Seed	17				
TOTAL	27	10			

<u>Meal</u> (by type)	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Sunflower	32		
Soybean	18		
TOTAL	50		

IV. STATISTICAL NOTES(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	350 (231)		-- (88)	350 (319)
Durum wheat				
Flour/Semolina				

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	350 (319)						350 (319)
Durum wheat							
Flour Semolina							

IMPORT TRADE 1988/89 est - thousands of tonnes - previous year in brackets

<u>ORIGIN</u>	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>

Wheat (including durum)

Cash (78)

(10)

(88)

B. COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	100 (117)		15 (52)	115 (169)
Barley	100 (62)			100 (62)
Sorghum	110 (75)			110 (75)
Oats	15 (127)			15 (27)
Rye				
TOTAL	325 (281)			340 (333)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Corn		80 (80)	35 (89)		35 (25)		115 (169)
Barley		65 (37)					100 (62)
Sorghum		110 (75)					110 (75)
Oats		15 (27)					15 (27)
Rye							
TOTAL		270 (219)	35 (89)		35 (25)		340 (333)

IMPORT TRADE 1987/88 est - thousands of tonnes - previous year in brackets.

	<u>Canada</u>	<u>U.S.A</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
Corn		(20)		15 (32)			15 (52)

PART V
SOUTH AMERICA



A R G E N T I N A

Economic classification: Middle Income economy			
Oil exporter or importer (net): Self-sufficient			
Annual per capita income:	US\$1,950		1987
Average annual growth	2.5%		1977-87
Annual inflation rate	300%		1977-87
Annual inflation rate	380%		1987
Volume of imports	6 billion US\$		1987
Of which food	10.5%		1987
Of which fuels	0.9%		1987
Principal foreign exchange earning export: Agricultural products			
Debt service as % GNP	30%		1987
Debt service as % of exports	50%		1987
Population	33 million		1987
Annual population growth	1.5%		1987
Annual Consumption:			
Flour	2,900,000 tonnes or	90 kg/capita	1987
Meat	2,900,000 tonnes or	90 kg/capita	1987
Vegetable Oil	400,000 tonnes or	11 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1988/89*</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	4,800	4,935	5,050
Durum	150	150	
Barley	130	130	130
Corn	3,000	2,825	3,555
Sorghum	1,200	1,075	1,200
Oats	1,000	1,900	1,550
Rye	770	750	790
Soybeans	4,500	4,400	3,650
Rapeseed			
Sunflower	2,300	2,070	2,000

* Estimates of sowing intentions

2. Processing Facilities Year 1987

- thousands of tonnes -

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Capacity</u>
Flour (and durum) Mills	46	57	5,700	4,200
Compound Feed Mills	21	36	2,600	1,700
Maltsters	10	10	800	650
Brewers*	7	12	N/A	N/A
Oilseed Crushers	42	60	5,500	5,500

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1988/89 estimate:

-- thousands of tonnes --

	2-Row		6-Row		Total
	Winter	Spring	Winter	Spring	
All Barley	350				350
Suitable for malting	250				250

2. Additional Information

Beer production capacity increasing/decreasing? Increasing slightly.

Domestic maling capacity increasing/decreasing? Stable

III. OILSEEDS

1. Trade Policy

Argentina is not an importer.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987/88

<u>Oilseed</u> (by type)	Production	Imports		Exports	
Soybean	9,900			3,500	
Sunflower Seed	2,050			70	
Flax	680			15	
TOTAL	12,630			3,585	

<u>Oil</u>	Production	Imports		Exports	
		Crude	Refined	Crude	Refined
Soybean	750			700	
Sunflower Seed	1,400			1,000	
Flax	128			120	
TOTAL	2,278			1,820	

<u>Meal</u> (by type)	Production	Imports		Exports	
Soybean	4,300			3,300	
Sunflower Seed	1,500			1,400	
Flax	250			260	
TOTAL	6,050			4,960	

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	9,800 (8,700)	500 (500)		10,300 (9,200)
Durum wheat				
Flour/Semolina				
TOTAL	9,800 (8,700)	500 (500)		10,300 (9,200)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Consumption</u>		<u>Other</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
	<u>Human</u>	<u>Animal</u>	<u>(seed, waste)</u>			
Wheat	4,500 (4,200)		500 (500)	4,800 (4,000)	500 (500)	10,300 (9,200)
Durum wheat						
Flour Semolina						
TOTAL	4,500 (4,200)		500 (500)	4,800 (4,000)	500 (500)	10,300 (9,200)

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Corn	9,200 (9,250)	800 (1,000)		10,000 (10,250)
Barley				
Sorghum	3,200 (3,000)	500 (1,000)	None	3,700 (4,000)
Oats	600 (405)			600 (405)
Rye	70 (168)			70 (168)
TOTAL	13,070 (12,853)	1,300 (2,000)		14,370 (14,823)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	Consumption		Industrial	Other (seed, waste)	Exports	Carry-out	Total
	Human	Animal					
Corn	1,200 (1,100)	2,400 (2,500)		500 (450)	5,200 (5,400)	700 (800)	10,000 (10,250) ¹
Barley							
Sorghum		1,600 (1,600)		250 (300)	1,850 (2,100)		3,700 (4,000)
Oats		575 (380)		25 (25)			600 (405)
Rye		65 (158)		5 (10)			70 (168)
TOTAL	1,200 (1,100)	4,640 (4,638)		780 (785)	7,050 (7,500)	700 (800)	14,370 (14,823)

B R A Z I L

BASIC INDICATORS (ECONOMIC/DEMOGRAPHIC/CONSUMPTION)

Economic classification:	Middle Income economy	
Oil exporter or importer (net):	Importer	
Annual per capita GNP	US\$1810	1986
Average annual growth	1.6%	1973-86
Annual inflation rate	+100%	1977-87
Annual inflation rate	934% (for 1988)	
Volume of imports	15 billion US\$	1987
Of which fuels	25%	1987
Principal foreign exchange earning export	Primary Products-Iron Ore, Coffee.	
Debt service as % of GNP	4.1%	1987
Debt service as % of exports	41%	1987
Population	141 million	1987
Annual population growth	2.3%	1973-87

I. GENERAL INFORMATION

1988 outlook is excellent - grain harvest should be about 66 million tons, about 2.5% over 1987. While some crops suffered losses in 1988 (e.g. wheat down 5.5%, corn down 7.9%) gains in other crops have compensated (eg. soybeans up 5.9%, rice up 14%). Bean production up by 54% and cotton up 38%.

1. Crop Situation and Outlook

(a) Seeded Acreage: Thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	3,488	3,430	3,909
Durum			
Barley	107	100	105
Corn		10,000	11,098
Sorghum		175	228
Oats	133	123	120
Rye	3	4	5
Soybeans	10,707	9,222	9,211
Rapeseed			
Sunflower	20		

2. Foreign Exchange Situation

Brazil has a rigid exchange control system centralized at the Central Bank of Brazil. Under the January 1989 "Plano Verao" (ie wage and price freeze) the cruzado has been frozen at CZ \$1 = US \$1. However, there is also a "tourist" exchange rate currently valued at about 50% in excess of the official rate as well as a parallel (illegal) market at about the same value as the tourist dollar. For all official purposes, the official exchange market is the operative system.

3. Fertilizer Situation

With respect to expansion and increase in productivity of the agricultural sector, the government is to accelerate implementation of projects in the National Fertilizer Program aimed at supplying needed inputs. Total production/consumption estimates in thousand tons for nitrogen, phosphate and potash for the period 1987/91 are 985/1075; 2241/2249 and 360/1497, respectively.

4. Import Mechanism

Wheat

The Brazilian Government imports wheat through public tenders. Sellers must observe a standard rule which provides for specifications on protein, moisture content and quality of the wheat. The official agency in charge of the tenders is the Junta do Trigo located in Rio de Janeiro.

Other Grains

When imports of other grains, such as corn and rice, are required, they are controlled by public tender issued by SEAP - Secretaria de Abastecimento e Preços (Secretariat of Supply and Prices) at the Ministry of Finance. Purchases are made through COBAL - Companhia Brasileira de Alimentos.

5. Grain Industry Infrastructure

At the present time, buying, importing and distribution of wheat is entirely controlled by the Junta do Trigo. Wheat is sold to the mills at a fixed price which is well below the blended price for locally produced and imported wheat purchased by the government. Wheat is delivered to the 179 mills according to a quota system. However, the Brazilian government has introduced a legislative bill whereby the "commercialization" of wheat would be privatized. While, the powerful farm lobby is resisting such efforts, it is likely that the present government monopoly on wheat commercialization will be broken, at least in part.

6. GOVERNMENT POLICIES AFFECTING GRAIN AND AGRICULTURE

After stagnating at about 55 million tons for several years, grain production in 1986/87 reached a record 63 million tons. The 1987/88 grains and oilseeds crop is expected to be marginally higher. These positive achievements of the past two years are the result of a policy decision by the Sarney administration to reduce incentives for export (cash) crops in favour of staple grains for local consumption.

Despite the avowed intention of the Brazilian Government to remove the heavy wheat subsidy, the lobby of the powerful southern wheat producers remains a formidable obstacle and approximately 30% subsidy (at present time) will be difficult to reduce.

Most important policy decision from Canadian perspective is determination to follow through with increasing reliability on grain imports from Argentina.

In 1987, Brazil fortified its economic relationship with Argentina. Backbone of this relationship from Argentine perspective is export of wheat. Increasing production at home and increasing imports (2.0 million tons by 1991) from Argentina will leave little room for other suppliers (Canada, USA, France).

Grains imports (primarily wheat and corn) are purchased with 3-year credits from Canada and USA. In the case of Argentina, a clearing account system is utilized. Countertrade/barter is non-existent as far as grain imports are concerned.

7. Market Prospects - Grains and Oilseeds

Only significant perennial grain import is that of wheat. Brazil is committed to increase wheat imports from Argentina to 2.0 million tons by 1991 and an agreement to purchase at this level has just been extended to 1993.

Unless local production is discouraged (not likely) or consumption increases, there will be little room for additional imports after 1988.

Spot sales of field peas, lentils and beans from Canada have been successfully completed over the past several years. However, the potential for major penetration by Canadian companies is unlikely given strong competition especially from the USA. The Canadian Embassy will continue to monitor the situation for opportunities when local crops fall short of consumption requirements.

As to canary seed, there have been interested exporters from Canada but due to low tariff on imports from ALADI countries (8%) as compared to imports from other areas (55%) it becomes unfeasible. Main supplying country is Argentina.

8. PROCESSING FACILITIES

Year 1987 (most recent)
 - - thousands of tonnes - -

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	175	179		
Compound Feed Mills				
Maltsters				
Brewers*				
Oilseed Crushers				

*Capacity and output in hectolitres

9. STORAGE AND THROUGHPUT CAPACITY

Grain Import Capacity by Port

Year 1987 (most recent)
 - - in tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Cabedelo (PB)	8,426	800 t/day
Fortaleza (CE)	30,317	2,000 t/day
Sao Fran. do Sul (RS)	15,000	1,800 t/day
Recife (PE)	58,524	2,000 t/day
Santos (SP)	313,787	2,500 t/day
Victoria (ES)	40,359	2,500 t/day
Estrela (RS)	40,000	
Rio Grande (RS)	60,000	3,200 t/day
Porto Alegre (RS)	118,000	2,500 t/day
Manaus (AM)	5,700	500 t/day
Belem	15,823	1,300 t/day
Itaqui	7,522	2,000 t/day
Natal	4,661	400 t/day
Aracaju	6,986	N/A
Maceio	15,959	1,300 t/day
Salvador	32,512	1,500 t/day
Niteroi	12,427	1,100 t/day
Rio	100,534	2,000 t/day
Angra dos Reis	11,026	1,500 t/day
Total Capacity	897,563	

II. MALT AND MALTING BARLEY

2. Statistical Notes: 1988/89 est. thousands of tonnes -
previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	- - - (- - -)	- - - (- - -)	- - - (- - -)
Malting barley	190 (185)	(175)	- - - (- - -)

Export Destination include:
Import Origination include: ARG URG FR N I G E R SWITZ. d

Additional Information

Annual per capita beer consumption: Increasing. Present consumption estimated at 28 litres per capita.

Beer Production Capacity: Increasing. In 1987 production reached 40 million hectolitres as compared to 36 million hectolitres the year before.

Domestic malting capacity: Stable at around 190/200 thousands tons/year.

Canadian malting barley has traditionally been uncompetitive due to high price and costly freight rates. However, Brazil imports significant quantities each year and seeks to diversify its supply. Canada should take a closer look at sales opportunities.

Oilseeds

1. Trade Policy

Import Tariffs

Oilseeds:	15%
Crude oil:	55%
Oilseed meal:	45%
Refined oil:	60%

IV. STATISTICAL NOTES(A) WHEAT AND DURUMSUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	(5,600)	(357)	(2,800)	(8,757)
Durum wheat				
Flour/Semolina				
TOTAL	(5,600)	(357)	(2,800)	(8,757)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	(8,800)					757 (357)	8,757 (7,157)
Durum wheat							
Flour Semolina							
TOTAL	(8,800)					757 (357)	8,757 (7,157)

IMPORT TRADE 1988/89 calendar year est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>(France)</u>	<u>Other</u>	<u>TOTAL IMPORTS</u>
WHEAT (including durum)								
Cash	(800)							
Commercial Credit					(500)			(2,800)

(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	(25,000)	(755)	()	(25,755)
Barley	(180)	(35)	(100)	(390)
Sorghum	(330)			(330)
Oats	(120)	(7)	(35)	(162)
Rye	(4)	(4)	(6)	(14)
TOTAL	(25,634)	(801)	(141)	(26,651)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Corn	(3,000)	(21,000)				(1,755)	(25,755)
Barley	(375)					(15)	(390)
Sorghum		(330)					(330)
Oats	10)	(150)				(2)	(162)
Rye	(14)					(0)	(14)
TOTAL	(3,399)	(21,480)				(1,772)	(26,651)

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
Corn	Canada						
Barley							
Sorghum							
Oats							
Rye							
TOTAL							

(1,081)

C H I L E

Economic classification: Middle Income economy		
Oil exporter or importer (net): Importer		
Annual per capita income:	US\$1,512	1987
Annual per capita GNP	US\$1,364	1987
Average annual growth	4.9%	1977-87
Annual inflation rate	27.7%	1977-87
Annual inflation rate	12.9%	1988
Volume of imports	3.994 billion US\$	1987
Of which food	5.4%	1987
Of which fuels	11.5%	1987
Principal foreign exchange earning export: Copper		
Debt service as % of GNP	10.7%	1987
Debt service as % of exports	36.1%	1987
Population	12.5 million	1987
Annual population growth	1.6%	1985-1987
Annual Consumption:		
Flour	1,056,180 tonnes or 84.5 kg/capita	1987
Meat	366,870 tonnes or 29.3 kg/capita	1987
Vegetable Oil	239,400 tonnes or 19.2 kg/capita	1987/88

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Wheat production in 1988 will reach 16 million tonnes, which is 14.4% decrease from last year. Average planted acreage dropped by 14.7% due to crop rotation. Average planned acreage for rice rose 4.2% (37,270 hectares to 38,900 hectares). Oilseeds (sunflower and rapeseed) increased by 19% and 22.1% respectively (18,830 hectares to 23,250 hectares and 46,940 hectares to 60,290 hectares).

Seeded Acreage: (in hectares)

<u>Commodity</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	576,630	676,560
Durum	---	---
Barley	24,070	16,370
Corn	90,310	86,680
Sorghum	---	---
Oats	60,710	55,510
Rye	2,100	2,380
Soybean	---	---
Rapeseed	60,290	46,940
Sunflower	23,250	18,830

2. Foreign Exchange Situation

Foreign exchange is available for all imports. The higher than expected price of copper and other Chilean exports will permit a balance of trade surplus of over US\$1.7 billion in 1988, thus the external accounts are in good shape. All imports are subject to the same 16% tariff. A few items (cars, T.V. sets, etc.) are considered luxury items and have additional tax. International food aid is unlikely. Milk donations by the U.S.A. are an exception.

3. Fertilizer Situation

Consumption in 1986 (latest figures): N 135,978 MT of nutrients; P₂₀₅ 108,768 MT; k₂₀ 16,820 MT; Sodium Niter 256,753 MT; Potash Niter 43,360 MT; Urea 169,361 MT; Diamonic Phosphate 67,675 MT; Triple Superphosphate 155,350 MT; Normal Super Phosphate 20,546 MT; Potash Sulfate 21,500 MT.

Forecasts on the demand of fertilizers (Nitrogen) assuming a price increase of 5% to 10% and assuming exports of fruits increase by 5% then the internal demand will increase by 26% to 39%.

4. Import Mechanism

Wheat imports (seeds and or consumption) were US\$ 4.6 million in 1987 and are in the hands of private millers through their association and trade companies. Crude edible oils are imported directly by the refinery industries. Likewise, barley when local production is short, by the malting industry. Generally, there is no government intervention nor public tenders for these commodities.

5. Grain Industry Infrastructure

Although production of grain (particularly wheat) has increased substantially, there is little or no investment in new infrastructures, private or public. There are about 120 mills in Chile plus many small (home made) industries. There is still about 40% idle capacity in mills. On the other hand, the purchasing agency COPAGRO went bankrupt and a new agency called COTRISA was formed to serve as a private purchasing agency

6. Government Policies Affecting Grain and Agriculture

The government policy to help agriculture continues. It includes a price band (support) system for wheat and oilseeds, financing, technical assistance, realistic exchange rates, additional import duties on foreign subsidized products, etc. It has resulted in substantial production increases and the corresponding import substitution, for those goods has been affected. Chile has achieved self-sufficiency in wheat, milk products, oilseeds, meat (only 2.877 TN in 86 a 53% drop on imports from 85). On the other hand, consumption patterns have not changed significantly except milk products. This last item is expected to increase with the purchase of SOPROLE (the largest milk processing industry) by the New Zealand Dairy Board which includes an aggressive marketing plan geared towards the increase of local consumption.

As mentioned, Chile is almost self-sufficient in wheat and imports have historically been made from the USA due to the availability of concessional credit.

As imports of grain and oilseeds are being reduced due to the increase of local production and since foreign exchange is readily available for any and all imports, there is little or no interest in counter/barter trade, since it is considered essentially inefficient.

7. Market Prospects - Grains and Oilseeds

Expect the current government policy to continue, hence encouraging local production through an exchange rate policy, government credit, etc.

8. Processing Facilities

Year: 1987

thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	128	136	2,497	1,429
Compound Feed Mills	---			
Maltsters	4			
Brewers*	4			
Oilseed Crushers	---	9	260	145**

Note - One maltster closed due to bankruptcy

* Capacity and output in millions of hectolitres

** Meal and oil.

9. Storage and throughput Capacity

Grain Import Capacity by Port

Year 1987

-- thousands of tonnes --

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity*</u>
Iquique	N/A	50 tonnes/hour
Antofagasta	N/A	400 tonnes/hour
San Antonio	N/A	
Total Capacity	N/A	450 tonnes/hour

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987/88 estimate: 78,000 tonnes.
2. Statistical Notes: 1988/89 est. in tonnes -
previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	14,400 (9,667)		
Malting Barley	57,600 (38,664)		49,307 (42,876)

3. Additional Information

Annual per capita beer consumption:

1985 = 14.6 litres. 1986 = 15.7 litres. 1987 = 16.8 litres

Beer production capacity increasing/decreasing? Still approximately 35% higher than actual levels of demand.

Domestic malting capacity increasing/decreasing? Malting capacity still higher than actual demand.

Market potential for Canadian malt: Chile is self-sufficient in both malt and malting barley.

III. OILSEEDS

1. Trade Policy

Import tariffs: Oilseeds: 16%
Crude oil: 16% plus an additional tax when international prices threaten local production.
Oisleed meal: 16%
Refined oil: 16% plus an additional tax when international prices threaten local production.

There is a minimum export price for crude oil. A custom tax regulates the price when needed.

Imports from Argentina and Brazil have a 70% reduction on tariffs due to a bilateral treaty.

Import/export structure: Private firms purchase directly. There are no restrictions on importers other than obtaining an import permit from the Central Bank.

Additional factors: Local industry generally imports crude, unrefined oil, which requires less processing than seed. Freight cost and prices are the determining factors.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oilseed</u>	Production	Imports	Exports
Rapeseed	121,188		
Sunflower	49,812		
TOTAL	171,000 MT	48,975	

IV. STATISTICAL NOTES(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports*</u>	<u>Total Supply</u>
Wheat	1,600 (1,874)		40 (27.4)	1,640 (1,901)
Durum wheat			(27.4)	
Flour/Semolina				
TOTAL	1,600 (1,874)		40 (27.4)	1,640 (1,901)

*of which spring wheat

** Imports from USA.

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	635 (617)		250 (136)	654 (774)
Barley	78 (48)		(64)	78 (112)
Sorghum				
Oats	N/A (127)			(127)
Rye				
TOTAL	713 (792)		250 (200)	963 (992)

COLOMBIA

Economic classification:	Middle Income economy	
Oil exporter or importer (net):	Exporter	
Annual per capita income:	US\$1,477	1987
Annual per capita GDP	US\$1,181	1987
Average annual growth	5.0%	1977-87
Annual inflation rate	21.0%	1977-87
Annual inflation rate	30.0%	1988
Volume of imports	4.7 billion US\$	1988
Of which food	4.0%	1988
Of which fuels	2.0%	1988
Principal foreign exchange earning export:	Coffee	
Debt service as of % GNP	6.4%	1986
Debt services as of % exports	35.3%	1987
Population	30.6 million	1987
Annual population growth	1.7%	1984-87
Annual Consumption:		
Flour	832,000 tonnes or 20.4 kg/capita	1988
Meat	1,035,000 tonnes or 33.8 kg/capita	1988
Vegetable Oil	354,400 tonnes or 11.6 kg/capita	1988

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Wheat: Production has been stagnant over the last few years in account of low support prices and competition for land and subsidies from production of barley, potatoes, flowers, vegetables and dairy. Wheat production represents around 10% of the total wheat needs. Higher prices of inputs and obsolete machinery will make wheat production less profitable for 1989. There is no potential area for expansion of this crop. Yields of around 1.8/Ha cannot be improved substantially in the short-term through improved methods of production.

Barley: Although the planted area has increased over the last few years, production is far from meeting domestic needs. Yields are low (1.9T/Ha) and no substantial area is available for expansion. Therefore imports of barley and malting barley will continue over the next few years to meet the steady growth of consumption, especially for brewing.

Corn: Corn plays a fundamental part in the interpretation of grains in Colombia for products like bread, feed, pasta, etc. Most of it is produced in remote areas and under very poor methods, whereas only 25% is produced under mechanized and improved techniques in developed farms. The total planted area is increasing by around 4% per year to meet the growing demand, although sporadic imports of maximum 10% of production are made to fill shortages.

Sorghum: The planted area has been increasing steadily over the years due to an ever increasing demand from feeds for poultry. Higher beef prices have favoured broiler meat and egg consumption and are expected to continue throughout 1989. Support prices are attractive and inputs are ample in supply, although the feed mills tend to control the market quite often. A total of 66,000T are expected

Crop Situation and Outlook (contd)

to be imported in 1988/89. Sugar and molasses are becoming strong competitors of sorghum for feeds due to prices.

Oilseeds: The steady increase in area planted in each and all the oil bearing seeds is augmenting oil production rapidly. Cotton plantings stimulated by good fiber prices have brought a higher production of cottonseed oil. African palm plantings made in recent years are entering production, also increasing the output of palm oil rapidly.

Nevertheless, some of the plantations in production are not duly receiving the needed investments due to political and social problems. The short-term oilbearing seeds are receiving more attention from the government at present in an attempt to avoid future marketing and processing problems with palmoil and due to less investments needed per hectare. A \$1.0 million CDN credit program will be allocated by the Colombian government to create the Fund for Promoting Short-time Oilbearing Seed Production, of which soybeans will receive 60%, sesame 20%, peanuts 10%, rapeseed and sunflower 5% each. This fund will be generated from a contribution of \$28CDN/Ton of soybean oil imports to be made in the future, starting with the 37,000T to be imported in late 1988. Total crushings for all oilseeds are expected to increase by 11% in 1986, the largest share coming from palm oil seed.

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	44	43	42
Barley	55	42	47
Corn	680	655	630
Sorghum	275	265	255
Oats <u>1/</u>			
Rye <u>1/</u>			
Soybeans	86	76	70
Rapeseed	4	3	2
Sunflower	4	3	3

1/ area planted is not significant with overall grain production

2. Foreign Exchange Situation

EXPORTS (Million of US\$)	<u>1986</u>	<u>1987</u>	<u>1988</u>
Agricultural products	<u>3,463</u>	<u>2,152</u>	<u>2,630</u>
(Coffee)	2,988	1,651	1,715
Mineral	866	1,661	1,980
(Oil)	634	1,352	1,500
Industrial	<u>749</u>	<u>863</u>	<u>900</u>
TOTAL	5,292	5,002	5,600
IMPORTS			
TOTAL	3,852	3,995	4,700

Foreign Exchange Situation (cont'd)

The overall growth of the economy reached 5.4% in 1987, with growth in agriculture being placed at 4.8% and industry at 7.0%. For 1988, agricultural growth is increasing to 5.5%, mining to 7.5% and manufacturing down to 4.9%, with an overall compound figure of 5.2% for all sectors, slightly below the 1987 growth, due to inflation speeding up in the first half of this year.

Exports: are expected to increase by 11% in 1988 over 1987 in account of higher shipments of coffee, flowers and fruits from the agricultural sector. Coal exports will rise from 7.6 to 10.5 million tons during this period while new mining developments are underway. Oil exports were seriously affected by guerilla problems in the early part of 1988 but it seems that the level of export last year will be surpassed.

Imports: have been increasing in 1988 in account of the strong economic growth and, to a lesser degree, due to lower import tariff duties in the free importable list. From a total budget of US\$4.7 billion for 1988, imports for 1.3 billion dollars were approved from US\$1.8 billion requested by importers. Approvals for consumption goods including foodstuffs increased by 40% to help keep the cost of living down. For raw materials, import authorizations also rose by 40% but capital goods have had a modest 6% increase.

Therefore trade earnings are not expected to exceed US\$800 million in 1988 versus 1.1 billion a year before, in account of still low coffee prices of around US\$1.20/lb as compared to US\$1.95/ in 1986 and lower than expected oil revenue due to low international prices.

Funds for these increased imports will have to be partly drawn from reserves which are placed now close to 4.0 billion dollars, representing 41% of GDP or a 10 month import reserve in terms of time. External debt, which went up to 1% in 1987, is expected to increase by 3% in 1988, reaching 15.6 billion dollars, in account of government and private expansion programs. It is not expected that Colombia will receive any more international food aid that it received in the past.

3. Fertilizer Situation

Coffee: Only coffee (caturre type) grown without shade is fertilized (500,000 hectares), which corresponds to 75% of the total planted area. Around 450 kgs/ha of compound fertilizers are applied as an average. A typical formula for coffee plantations would be 17-6-18-2.

Potatoes: Potato production is another large consumer of fertilizers in Colombia. Around 2.6 million tons of potatoes are produced from a planted area of 160,000 hectares. Typical formulas are 13-26-6, 10-30-10, 10-20-20 and triple 15, at a rate of 1:000 to 1,300 kgs. per hectare.

Grains: Cold climate grains (wheat, barley, oats) consume around 250-300 kgs of compound fertilizers per hectare. Typical formulas are Triple 15, 10-30-10 and 13-26-6. Hot climate grains (sorghum and corn) consume simple fertilizers at average rates of 150 kgs of urea and 50 Kgs of ammonium sulphate.

Production Plans

There are plans for building a urea and ammonia plant in Barranquilla with US\$400 World Bank loan but project is facing strong opposition since the fertilizers would be produced at higher costs than imported one. The Ferticol plant in Cartagena, producer of urea, Nitron 26, and ammonium, is expected to increase its production capacity from 10,000 to 16,000 mt in 1989.

Prices: for compound fertilizers and urea are around \$CDN 230-250 per ton at wholesale level.

Outlook: Since the installed production capacity of the two major producers is already met, no expansion in domestic production is expected for 1989. This means that around 30,000 T of compound fertilizers will be imported in addition to the fast increasing imports of simple fertilizers, that is urea, ammonium sulphate and DAP.

Compound Fertilizer Production by factories (thousand tons)

YEAR	ABOCOL	MONOMEROS	TOTAL
1986	134	360	494
1987	143	397	540
1988	140	400	540
1989	140	400	540

Fertilizer Consumption (thousand tons)

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Compound	508	527	550	580
Simple	509	609	739	900

Fertilizer Application in coffee (thousand tons)

	<u>1986</u>	<u>1987</u>	<u>1988</u>
Compound	218	220	224
Simple (75% urea)	63	93	120

4. Import Mechanism

a) Institutional Structure

If product is deficitary on a temporary or permanent basis, quotas are fixed temporarily every year between the Ministry of Agriculture (OPSA Planning Office), and the trade according to:

- 1 - Domestic supply of the particular crop
- 2 - Installed and production capacity of individual factory
- 3 - Stocks and
- 4 - Needs.

Some products are imported directly by the government agriculture import agency (IDEMA) and (1) sold directly to the market (e.g. edible fats and oil) through

IDEMA's outlets. (2) sold through the Agricultural Exchange at market prices (Soybeans, fishmeal, wheat, corn, sorghum). Some others are imported directly by the trade (barley, malt). For example in 1988, IDEMA imported about 70% of the wheat while private millers imported the balance. IDEMA sold all his wheat to private millers at the agriculture exchange at about double the price it had paid for.

b) Importation Procedure

After a quota is assigned to one or several mills, foreign trade representatives are called for bidding. Once the purchasing CIF commitment is made, then IDEMA obtains the corresponding import permit.

The product arrives to the Colombian port, it is unloaded through IDEMA's or through the private facilities and is dispatched to the respective silo or mill.

5. Grain Industry Infrastructure

There are close to 100 milling plants in Colombia, of which 92 are in operation and work only at 50% capacity. Thirteen are modern and process over 100 tons per day. The government has very tight controls on imports of equipment at present in an effort to increase the unused capacity. Mills are scattered in all places of Colombia. Wheat quotas assigned to mills relate to the rated capacity of each mill. Around 60% of total millings are made by factories gathered in FEDEMMOL (producers association) 20% in Asmoltrigo (producers association) and 20% by independent mills. Procurements of imported wheat are made through their respective association or forming pools among several mills. Imports are usually trucked to the mill immediately after unloading or to commercial warehouses. Quality control laboratories are not common in factories but, where they exist, are focused toward test baking rather than milling. No significant changes are anticipated within the next two years for the storing, milling, and baking industries in Colombia.

6. Government Policies Affecting Grain and Agriculture

As a general overview of the economy in the agricultural sector, there has been a steady increase in the real value of crop production in the last 2 years. Permanent crops rose by 4.4% this year as compared to 2.0% in 1987. Short term crops rose by a total of 11.7% in 1987 and 1988, the largest increases corresponding to corn, sorghum and cotton. However, Colombia is not producing at full capacity. Rural guerrilla violence and the absence of a long term strategy for the agricultural sector have deterred investment. There is some economic progress but agricultural equipment is old and facilities for drying and storing are not adequate. Recent reduction in import tariff duties to 5% or more for agricultural equipment and fertilizers are expected to help this drawback. Support prices for 9 food crops were raised between 12.5% and 33.5% by mid 1988 but credit is still very difficult and costly.

A bumper coffee crop of 13.0 million bags is forecasted as compared to 12.5 million bags last year, of which 90% is exported. The government has been able to concretise its agricultural reform. This fact with continued rural violence will not/not permit any significant change on agriculture production. Food prices are increasing regularly thus reducing meat consumption. Food import will continue to compensate poor domestic production.

Implication of Colombian policies on Canadian grain: The Government will continue to establish import quotas for millers and IDEMA, based on needs and supply situation. The temporary tight supply of any of the grains will force the Colombian Government to liberalize imports of the particular commodity while controlling the selling price for that commodity at the exchange market. Colombia is now receiving wheat under the U.S. BICEP program and we expect this will continue in the near future thus affecting our sales of wheat, unless we continue to sell it at competitive prices and conditions.

Production Policies and Import Tariffs

(A) Grain Production Policies

1. Support prices for growers (all grains).
2. Credit to promote production (all grains).
3. Import quotas depending on supply and needs as follows:
 - a) wheat- 754,000 tonnes of HRW for 1988, 60% to be imported by millers and 40% by IDEMA. In addition, 63,000T of SRW for the cookie industry.
 - b) barley - 100,000 tonnes for 1988.
 - c) sorghum - 66,000 tonnes for 1988.
 - d) corn - no quota for 88/89 yet.
4. Absorption quotas for the wheat and barley domestic crops by mills.
5. High import duties to protect domestic production (all grains).
6. Imports of corn and sorghum made directly by IDEMA are sold in the exchange market.

Import Tariffs

a) All grains

- 1 - US\$4 for every U.S.\$1,000 CIF value charged by IDEMA for obtaining the respective license from the Institute of Foreign Trade, INCOMEX.
- 2 - 15% duty based in CIF values.
- 3 - 18% duty (Law 75 of 1986) based on CIF value.

Out of the last two taxes, IDEMA transfers 10% to the Government's Central Bank and keeps the remainder for its operational budget.

- ###### b) Malt (imported directly by Malterias Unidas)
- 25% duty of CIF value of imported as whole kernel or
 - 35% duty based on CIF value if imported as malt
- Other charges are equal to those of barley.

B) Oilseeds Production Policies

- 1 - Support prices to growers.
- 2 - Credit to promote production (oilbearing seed crops).
Nevertheless, less support will be given to African palm and more to the short-term oilseeds in the future.
- 3 - Import quotas for soybeans of 200,000T in 1987, 230,000 in 1988 and probably 200,000T in 1989, plus oil imports equivalent to 1/3 of oilseed imports.
- 4 - All soybean imports to be handled by IDEMA and sold in the exchange market.
- 5 - Import quotas for fats and oils for a total of 37,000T of soybean oil, sunflower oil, fish oil and swine lard to be imported directly by processors and IDEMA.
- 6 - High import duties to protect domestic production.

Import Tariffs

See Oilseeds.

There is actually no/no counter trade/barter policy for the purchase of grain and oilseed imports.

7. Market Prospects - Grains and Oilseeds

No projections have been made by the Government or private sector for imports on a long-term basis, since these will depend on the supply of domestic production. The intention of the government is to promote the expansion of hot climate grains (corn, sorghum and rice) in the low land areas. These grains all have an interaction: any light shortage of a particular grain is supplied by another grain, but if the shortages is severe, it is alliviated with imports. The government also plans to expand oilseed production for the future. It has done so to a larger extend with African Palm but more emphasis will be given to short-term oilseeds in the future.

Market possibilities for "special crops":

Most of the products mentioned are entering the Colombian market and are coming from Canada. Some of them come by contraband from neighboring countries, like mustard and canaryseed. The market is permanently supplied and no substantial increases would be obtained by promoting these products. Some farmers lately have requested the names of suppliers of these seeds since all these crops can be grown in Colombia.

8. Processing Facilities Year: 1988 (most recent)- thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	62	92	1,700	832
Compound Feed Mills	40	68	2,400	1,912
Maltsters	2	5	102	102
Brewers*				
Oilseed Crushers	26	36	800	608

* Capacity and output in hectolitres.

9. Storage and Throughput Capacity

Grain Import Capacity by Port Year 1988 (most recent)
-- thousands of tonnes --

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
1. IDEMA		
Santa Marta	32	360
Bueaventura	32	520
2. PRIVATE:		
5 entities in 3 ports		1,200

9. Storage and Throughout Capacity (cont'd)

The Agricultural Marketing Institute - IDEMA - has its own unloading and silo facilities in Santa Marta and Buenaventura with a capacity of 35,000T each. The unloading rate is 1,800 T/day for Santa Marta and 2,600t/ for Buenaventura. In addition, there are 5 private unloaders on bulk with modern equipment which are able to handup to 2,600 T/day in each of 3 ports. No bottlenecks for unloading have been faced so far and sometimes equipment is moved from one port to the other to avoid demurage. Most grains are moved to the mills immediately after unloading or to IDEMA's own storage system scattered in all Colombia. In addition, most banks and financing corporations own private storage facilities located in most medium and large cities of Colombia.

NOTE: All wheat shipments must be accompanied with phytosanitary certificate, stating that cargo is free of Trogoderma Granarium (Khappa Beetle). Fumigation is required before loading if infestation is evident.

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1988/89 estimate:
 - -thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
Barley			58	47	105
Suitable for malting			23	19	42

2. Statistical Notes: 1988/89 est.
 thousands of tonnes - previous year in brackets

	<u>Production</u>		<u>Imports</u>		<u>Exports</u>
Malt	102	(102)	60	(40)	
Malting barley	23	(21)	100	(84)	

3. Additional Information

Annual per capita beer consumption: Beer production is increasing at 3-4%. It is one of the most prosperous industries within the food industry sector. High annual beer price increases do not seem to affect consumption. Production by all factories is estimated to be approximately 2.0 billion liters.

Beer production capacity: Installed capacity is ample for the next 5 years and a new plant is being built to enter production in 1991.

Domestic malting capacity: There are plans for the construction of a new malting plant in Cartagena which should increase malting capacity.

Market potential for Canadian malt: During 1987 a total of 39,600 tons was imported from France, Austria, and Germany. For 1988, imports have totaled 59,600 tons.

III. OILSEEDS

1. Trade Policy

Import Tariffs: Oilseeds: Soybeans 10% duty (law 75/86)
25% import duty on CIF value

Crude oil: All kinds of oils: 40% import duty and 10%
duty (law 75/86) CIF value

Oilseed meal: All kinds of oils: 20% import duty and 10% duty
(Law 75/86) CIF value

Refined Oil: All kinds of oils: 50% import duty on CIF
value.

Additional factors: Contraband from Venezuela has increased considerably during the last two years especially for refined oils. Since agricultural product imports are subsidized at a special dollar rate in Venezuela, market prices are considerably lower in border towns than in the Colombian Market. This is also true for wheat, flour, feeds, eggs, swine, implements, drugs, etc.

3. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1988

<u>Oilseed</u>	Domestic Production	Imports		Exports	
African Palm	211	--	--		
Cotton Seed	230	--	--		
Soybeans	153	230			
Palm, Kernel & Other	56				
TOTAL	650	230			

<u>Oil</u>	Production	Imports		Exports	
		Crude	Refined	Crude	Refined
African Palm	176	--	--		
Cotton Seed	32	--	--		
Soybeanl	63	--	37		
Palm, Kernel & other	19	--	--		
TOTAL	290	--	37		

<u>Meal</u>	Production	Imports	Exports
African Palm	--		
Cotton Seed	97		
Soybean	280		
Palm, Kernel & other	23		
TOTAL	400		

IV. STATISTICAL NOTES(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	80 (77)	203 (215)	817 (750)	1,100 (1,045)
Durum wheat				
Flour/Semolina	80 (77)	203 (215)	817 (750)	1,100 (1,045)
TOTAL				

* of which spring wheat 80 (77)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	832 (825)	15 (20)		13 (13)		240 (220)	1,100 (1,045)
Durum wheat							
Flour/Semolina	832 (825)	15 (20)		13 (13)		240 (220)	1,100 (1,045)
TOTAL							

Industrial Use: No; Export Destination: No.

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

<u>ORIGIN</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
Canada						

Wheat (including durum)

Cash	160 (73)	440 (384 1/)	- (-)	80 (68)	80 (87)	750 (612)
------	----------	--------------	-------	---------	---------	-----------

1/ Around US\$67 have been purchased under GSM-102 and SEE program: exact amount not available

(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous years in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Corn	960 (925)	60 (52)	20 (43)	1,040 (1,020)
Barley	105 (94)	35 (32)	100 (84)	240 (210)
Sorghum	800 (780)	35 (30)	66 (—)	901 (810)
Oats				
Rye				
TOTAL	1,865 (1,799)	130 (114)	186 (127)	2,181 (2,040)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	Human Consumption			Industrial	Other (seed, waste)	Exports	Carry-out	Total
	Human Consumption	Animal Feed	Other					
Corn	910 (900)			10 (15)	39 (45)		81 (60)	1,040 (1,020)
Barley	63 (42)			156 (127)	6 (6)		15 (35)	240 (210)
Sorghum		797 (710)		10 (10)	36 (55)		58 (35)	901 (810)
Oats								
Rye								
TOTAL	973 (942)	797 (710)		175 (152)	81 (106)		154 (130)	2,181 (2,040)

What type of industrial use? Breakfast and snacks

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	ORIGIN				TOTAL IMPORTS	
	Canada	U.S.A.	Australia	Argentina		EEC
Corn						20 (43)
Barley	100 (93)					100 (93)
Sorghum						66 (—)
Oats						
Rye						
TOTAL	100 (93)	86 (43)				186 (136)

P E R U

Economic classification: Middle Income economy		
Oil exporter or importer (net): Exporter		
Annual per capita GNP	US\$1,215	1987
Average annual growth	1.0%	1977-87
Annual inflation rate	100%	1977-87
Annual inflation rate	1500%	1988
Volume of imports	12.6 billion US\$	1987
Of which food	20.8%	1987
Principal foreign exchange earning export: Minerals		
Debt service as % of GNP	43.7%	1987
Debt service as % of exports	18.0%	1986
Population	20.2 million	1986
Annual population growth	2.6%	
Annual Consumption:		
Flour:	885,700 tonnes	43.85 kg/capita 1987
Meat:	225,600 tonnes	11.0 kg/capita 1987
Vegetable Oil:	194,000 tonnes or	9.23 kg/capita 1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

In 1987, agricultural production increased 5.1%. Food products grew 23%, while industrial crops suffered a serious decrease of 8.5%. Rice showed an impressive increase of 61.1%, wheat production increased by 10% and soybeans by 61.9%. Soft corn and sorghum production decreased by 9.4, and 36.8% respectively.

Although the government was predicting another year of strong agricultural growth (5%) for 1988, a shortage of credit, insecticides and pesticides, has officials now predicting just over 2% growth. Official figures say that 5.4% more hectares have been planted for the 1987/88 crop year.

2. Seeded Acreage: Thousand of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	102	98	97
Durum	---	---	---
Barley	118	110	110
Corn	205	204	216
Sorghum	7	10	9
Oats	3	2	---
Rye	---	---	---
Soybeans	3	2	1
Rapeseed	---	---	---
Sunflower	---	---	---

2. Foreign Exchange Situation

This year's import bill for agricultural commodities will reach US\$ 600 million up from 1987's US\$ 420 million. Upcoming 1988 rice production shortfalls (17.3%) could increase this figure in 1989, ensuring that availability of foreign exchange next year for manufacturers selling locally will be extra-low.

Imports of food are given priority in the expenditure of foreign currency earnings. Peru is a recipient of foreign food aid.

3. Fertilizer Situation

Fertilizer sales are up by 30%, so for this crop year there is a good augury for yields.

Imports of fertilizers: (tonnes)	<u>1987</u>	<u>1986</u>
Urea	155,089	86,500
Ammonium sulphate	24,420	32,971
Ammonium nitrate	38,388	36,572
Calcium Superphosphate	52,029	32,493
Potassium Chloride	39,259	24,523
Potassium Sulphate	5,846	5,775
Magnesium & Potassium Sulphate	2,500	575
Ammonium Phosphate	35,103	-----

4. Import Mechanism

ENCI (Empresa Nacional de Comercializacion de Insumos) has the monopoly for import of wheat, rice, corn, sugar, dairy products, fertilizers and vegetable oils. ENCI's purchases are based on international tender or invitation to bid.

5. Grain Industry Infrastructure

The following firms represent the seven large mills in operation:

Molino Excelsior S.A.,
Mariscal Miller 450
Callao, Peru

Federico Cogorno S.A.
Av. Venezuela 120
Lima, Peru

Molinera Santa Rosa S.A.
Loreto 475
Callao, Peru

Cia. Molinera de Peru S.A.
Av. Argentina 4695
Lima, Peru

Molitalia
Av. Venezuela 2856
Lima, Peru

Nicolini Hermanos S.A.
Av. Argentina 215
Lima, Peru

Molinera Inca S.A.
Casilla 3117
Lima, Peru

6. Government Policies Affecting Grain and Agriculture

The trend of Government measures point to some commodity substitution in the long-term, which will eventually reduce imports of wheat, crude vegetable oil and dairy products as local production increase.

The Peruvian Government has undertaken numerous countertrade transactions mostly with socialist countries, including fish products, cotton, textiles, coffee, cacao, poultry and wine. However, no grain or oilseed imports have been purchased with countertrade, nor would they be expected to in the future.

7. Market Prospects - Grains and Oilseeds

Peru will continue importing wheat (approximately one (1) million tonnes per year), vegetable oil and malting barley.

There is a limited market for green peas, mustard seeds, lentils and canary seed.

8. Processing Facilities Year: 1986 (most recent)

	thousands of tonnes			
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	10	12	1,500	1,020
Compound Feed Mills	13	16	1,300	1,200
Malsters	1	1	70	58
Brewers*	6	7	8	6.5
Oilseed Crushers	11	12	350	180

* Capacity and output in millions of hectolitres

9. Storage and Throughput Capacity

Grain Import Capacity by Port

Year: 1986 (most recent)

- - thousands of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Callao	45	1100
Matarani	15	150
Paíta	8	96
Salaverry	8	96
Total Capacity	76	1442

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1988/89 estimate:

-- thousands of tonnes --

	2 - Row		6 - Row		Total
	Winter	Spring	Winter	Spring	
All Barley	-----	-----	-----	-----	118
Suitable for malting	-----	-----	-----	-----	25

2. Statistical Notes: 1988/89 est. - thousands of tonnes -
previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	61 (58)	40 (24)	
Malting barley	5 (4)	50 (51)	

Import Origination include: Australia; France

3. Additional Information

Due to government economic measures (as of September 1988) and of a huge increase in internal prices, beer consumption has decreased significantly, from 200,000 boxes per month to 12,000 boxes), obliging breweries to lower their prices to those stipulated by government.

Market Potential: Peru is a long-term market for malting barley and no forces are in sight which will change its reliance on imports of about 45,000 tonnes of malting barley and 30,000 tonnes of malt per year.

III. OILSEEDS

1. Trade Policy

<u>Import Tariffs:</u> Oilseeds:	Soya 0%; rapeseed - 0%
Tarif on crude oil:	Soya 1%; rapeseed - 1%
Tariff on oilseed meal:	(20% + 1% + 12% + 15%) 48%
Tariff on refined oil:	(40% + 1% + 12% + 15%) 68%

Note: State owned agencies (ENCI) are exonerated from import duties.

Additional Factors: Peru is a potential market for canola oil if it can be offered at competitive prices with those of soya oil.

2. Supply of oilseeds and products by type, thousands of tonnes: Year: 1987

<u>Oilseed (by type)</u>	<u>Domestic Production</u>	<u>Imports</u>	<u>Exports</u>
Soya	4	25	
Cotton	142		
Palm	60		
Other (palmiste, olive)	30		
TOTAL	236	25	

<u>Oil (by type)</u>	<u>Production</u>	<u>Imports of Oils</u>		<u>Exports of Oils</u>	
		<u>(Crude)</u>	<u>(Refined)</u>	<u>(Crude)</u>	<u>(Refined)</u>
Soya	81	73			
Cotton	24				
Fish	31 79				35
Palm	14				
Canola		4			
TOTAL	31 198	77			35

<u>Meal (by type)</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Fish	700		600
Cotton	86		
Soya	5		
TOTAL	791		600

IV. STATISTICAL NOTES

PERU

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat*	133 (95)	30 (30)	969 (1086)	1132 (1211)
Durum wheat				
Flour/Semolina				
TOTAL	133 (95)	30 (30)	969 (1086)	1132 (1211)
* of which spring wheat				

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	912 (946)	165 (208)		25 (27)		30 (30)	1132 (1211)
Durum Wheat							242
Flour Semolina							2
TOTAL	912 (946)	165 (208)		25 (27)		30 (30)	1132 (1211)

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>Total Imports</u>
Wheat (including durum)							
Cash	355 (216)	72 (95)	-- (73)	275 (579)		25 (—)	727 (964)
Commercial Credit				125 (—)			125 (—)
Aid, concessional							
credit, etc		117 (122)					117 (122)
Flour (including semolina)							
Cash/comm. credit							
Aid, concessional							
Total	355 (216)	189 (217)	-- (73)	400 (579)		25 (—)	969 (1086)

(B) COARSE GRAINS

PERU

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Corn	912 (864)	50 (50)	480 (354)	1,442 (1,268)
Barley	118 (110)	3 (3)	51 (51)	172 (164)
Sorghum	24 (38)	2 (2)		26 (40)
Oats	4 (100)	5 (5)	2 (5)	11 (110)
Rye				
TOTAL	1,058 (1,112)	60 (60)	533 (410)	1,651 (1,582)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	Human Consumption	Animal Feed	Industrial	Other (seed, waste)	Exports	Carry-out	Total
Corn	209 (231)	1053 (685)		130 (120)		50 (50)	1,442 (1,268)
Barley	93 (90)	58 (54)		18 (17)		3 (3)	172 (164)
Sorghum	1 (1)	20 (31)		3 (7)		2 (2)	26 (40)
Oats	7 (70)	1 (25)		1 (10)		2 (5)	11 (110)
Rye							
TOTAL	391 (328)	1132 (977)		152 (154)		57 (60)	1,651 (1,582)

TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	Canada	U.S.A.	Australia	Argentina	EEC	All Others	Total Imports
Corn		480 (254)					480 (354)
Barley			30 (29)			21 (21)	51 (51)
Sorghum				(100)			
Oats			2 (4)			(1)	2 (5)
Rye							
TOTAL		480 (254)	32 (33)	(100)		21 (23)	533 (410)

Principal "Others": New Zealand; U.K.

VENEZUELA

Economic classification:	Middle Income economy	
Oil exporter	(net): US\$ 9.0 billion	
Annual per capita income:	US\$2,538	1987
Annual per capita GNP	US\$2,762	1987
Average annual growth	0.4%	1977-88
Annual inflation rate	12 %	1977-88
Annual inflation rate (current)	40 %	1988
Volume of imports	8.7 billion US\$	1987
Of which food	10 %	1987
Of which fuels	0%	
Principal foreign exchange earning export:	Oil	
Debt service as % of GNP	6.7%	1987
Debt service as % of exports	38.0%	1987
Population	17.5 million	1987
Annual population growth	2.0%	1986-87
Annual consumption:		
Flour	720,000 tonnes or 41.1 kg/capita	1987
Meat	1,000,000 tonnes or 57.1 kg/capita	1987
Vegetable Oil	517,000 tonnes or 29.3 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

The corn crop was reduced to 1.05 million tonnes. Production of sesame, soya, sunflower, peanuts, coconuts, sorghum and cottonseed have all improved. More acreage is being planted and production should continue to rise.

2. Foreign Exchange Situation

The foreign exchange situation continues to be tight as world oil prices remain low. Food and agricultural imports are granted preferential dollars at Bs. 7.50 or 14.50 to one dollar. Venezuela is not likely to be an international aid recipient.

3. Fertilizer Situation

Annual requirements are about 1.3 million tonnes of which local production is about 400,000 tonnes. Imports of fertilizers, i.e., sodium/nitrate, superphosphate, potassium chloride and nitrogen/phosphate will continue.

4. Import Mechanism

The millers individually apply to the government for an import licence and are granted them on a quota basis. Wheat continues to be imported at a preferential dollar of Bs.7.50 to one US dollar. Venezuelan regulations require inspection of goods prior to shipment by a recognized international inspection company. Payments involving preferential dollars are made by letters of credit for a period of 180 days.

5. Grain Industry Infrastructure

Wheat normally arrives in small vessels for various clients. After unloading it is trucked to privately owned silos. Silo capacity is being increased to cope with increased local production of cereals, corn, sorghum, etc.

6. Government Policies Affecting Grain and Agriculture

Government policy is directed towards becoming selfsufficient in agricultural products and reducing the country's dependence on imports. Wheat will hardly be affected, however, government policy stipulates that 20% of purchases be made from Argentina. The importation of beans, lentils, etc. have already been greatly reduced.

At the present time there is no policy regarding grain and oilseed imports through countertrade/barter arrangements.

7. Processing Facilities - Year: 1987 (most recent)

	Number of Companies	-- thousand of tonnes --		
		Number of Plants	Annual Capacity	Actual Output
Flour (and durum) Mills	12	24	1,400	960
Compound Feed Mills	28	32	4,000	-----
Maltsters	-	-	-	-----
Brewers*	3	8	12.0	-----
Oilseed Crushers	13	13	-----	-----

* Capacity and output in million hectolitres

8. Storage and Throughput Capacity

Grain Import Capacity by Port

Year: 1986 (most recent)
 - - thousands of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Puerto Cabello	44	500
La Guaira	11.5	278
Maracaibo	30	600
Guanta		109
Sucre		36
Total Capacity	85.5	1,524

II. Malt and Malting Barley

1. Statistical Notes: 1987/88 est. thousands of tonnes -
 previous year in brackets.

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	--- (---)	193 (158)	--- (---)
Malting Barley	--- (---)	--- (---)	--- (---)

Export Destination include: - - - - -
 Import Origination include: W. Germany, Finland, France, U.K.,
 Belgium/Luxemburg

2. Additional Information

Per capita consumption is approximately 67 litres per year.

Beer production capacity: No increase in production capacity. Sales were up 12%.

Domestic malting capacity: None.

Malt exports: Canadian malt must meet Venezuelan breweries specifications and be competitive pricewise.

III. OILSEEDS

1. Trade Policy:

Import Tariffs:	<u>For processing</u>	<u>For planting</u>
Oilseeds:	Soya 15% *	Soya 10% *
	Sunflower 30%	Sunflower 10%
*Crude oil:	Soya, 20% *	
	Sunflower 20% *	
Oilsed meal:	Soya 40% *	
	Sunflower 40% *	
*Refined oil:	Soya 20% *	
	Sunflower 20% *	

* Import licence required.

Import/export structure: Raw material import quotas are based on each processor's seed pressing capacity, as well as previous market share and amount of national crop purchases.

2. Supply of oilseeds and products by type, thousands of tonnes: - 1987

<u>Oilseed</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Sunflower	5.0	3.2	-
Copra	20.0	-	-
Cottonseed	65.0	-	-
Palm	5.0	-	-
Soybean	10.0	241.9	-
Sesame	62.0	-	-
Corn	1.05	-	-
Peanut	10.0	-	-
TOTAL	178.05	245.1	-

<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>Crude</u>	<u>Refined</u>	<u>Crude</u>	<u>Refined</u>
Soybean	120	85	--	--	--
Sunflower	60	125	--	--	--
Sesame	36	--	--	--	--
Cottonseed	20	48	--	--	--
Peanut	12	--	--	--	--
Others	7.0	--	--	--	--
TOTAL	255	238	--	--	--

<u>Meal</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Soybean	10.0	724	--
TOTAL	10.0	724	--

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1987/88 - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u> 1987 (1986)	<u>Total Supply</u>
Wheat *				
Durum wheat			1,079 (920)	
Flour/Semolina			48 (38)	
* of which spring wheat				
TOTAL			1,127 (958)	

DISPOSITION 1987/88 - thousands of tonnes - previous year in brackets.

	<u>Consumption</u>	<u>Animal</u>	<u>Industrial</u>	<u>Other</u> (seed, waste)	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	1,079 (920)						
Durum wheat	48 (38)						
Flour/Semolina							
TOTAL	1,127 (958)						248

What type of industrial use? _____

Export Destination? _____

Venezuela

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes -

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	1,050 (1,172)			1,050 (1,172)
Barley				
Sorghum	777 (755)		891 (702)	1,532 (1,593)
Oats				
Rye				
TOTAL	1,827 (1,927)		891 (702)	2,582 (2,765)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Corn	500 (561)	500 (420)					1,000 (981)
Barley							
Sorghum		1,668 (1,457)					1,668 (1,457)
Oats							
Rye							
TOTAL	500 (561)	2,168 (1,877)					2,168 (1,877)

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>TOTAL IMPORTS (1987) (1986)</u>	
	<u>Canada</u>	<u>U.S.A. (1987) (1986)</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>
Corn						
Barley						
Sorghum		891 (702)				891 (702)
Oats						
Rye						
TOTAL		891 (702)				891 (702)



PART VI

ASIA (NEAR EAST)



I R A Q

BASIC INDICATORS (ECONOMIC/DEMOGRAPHIC/CONSUMPTION)

Economic classification:	Developing	economy
Oil exporter or importer (net):	Exporter	
Annual per capita GNP	4,200	1987
Average annual growth	10%	1977-87
Annual inflation rate	25%	1977-87
Annual inflation rate (current)	25%	1988
Volume of imports	12 billion US\$	1987
Of which food	8%	
Principal foreign exchange earning export:	Oil and minerals	
Debt service as % of GDP	15%	1987
Debt service as % of exports	25%	1987
Population	16.5 million	1987
Annual population growth	3.8%	1987
Flour	2,400,000 tonnes or 145 kg/capita	1987
Meat	450,000 tonnes 27 kg/capita	1987
Vegetable Oil	240,000 tonnes or 14.5 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

In general terms, Iraq experienced a normal winter. Usual winter rain falls in most parts of the country and snow in the northern region. This is an indication that production of grains, rice and field crops will be higher than 1987. Another factor for the increase in production is the dismantling of state farms and the removal of price controls, also selling state mills to the private sector.

Seeded Acreage: (Thousands of hectares)

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	1,900	1,750	1,600
Barley	1,600	1,500	1,400
Corn	60	55	53
Sunflower	16	15	14

2. Foreign Exchange Situation

Due to the Iraq-Iran cease-fire and Law No. 52 for the year 1988 allowing Iraqies to import without foreign exchange, Iraqi imports (non military) will likely be around \$12 billion. Of that amount, food imports are given priority but 3 year credit terms is requested from all suppliers (including Canada). Iraq will continue to demand (and receive) credit facilities for the near future. Due to domestic agricultural reforms (privatization) of state farms, mills and the cease-fire, Iraq might resume paying cash for its foodstuff imports.

3. Fertilizer Situation

Iraq's 3-5 billion ton phosphates reserves which is now being exploited and large quantities being exported has put a stop to Iraq's imports of such fertilizers. Iraq is spending hundreds of millions of dollars on agrarian reforms and desalination of cultivated land.

4. Import Mechanism

Iraqi government is the exclusive importer of all kinds of grain. All import contracts are negotiated directly with foreign suppliers by the Iraqi General Company for Grain Trading and Processing (previously known as the "Grain Board of Iraq"). This company comes under the jurisdiction of the Ministry of Trade and its management reports directly to the Minister of Trade.

5. Grain Industry Infrastructure

In view of the recent and massive reforms of the Iraqi economy, many state companies and establishments belonging to the Ministry of Trade have been amalgamated together. The Grain Board of Iraq, State Company for Grain Trading, General Company for Flour Mills, and State Administration for Bakeries Affairs have been all now amalgamated into the General Company for Grain Trading and Processing. Importation of grain will stay in the government hands. Grain and flour are sold at fixed prices to both the private and the state mills and bakeries. Government's intentions are that flour milling might eventually go completely over to the private sector.

6. Government Policies Affecting Grain and Agriculture

Due to the recent Iraqi government reform, many state farms and flour mills were sold to the private sector. Eventually all grain and other agricultural products will be controlled by the private sector or by cooperatives. Hence efficiency of production will increase. As domestic agricultural production increases, consumption will also rise. Yet, the government is trying to reduce food imports in order to reduce expenditure of scarce foreign currency, and by doing so, the government must import essential fertilizers, raw materials, breeding stock and all kinds of agricultural equipment.

The long term agreement with Iraq will end in 1990 and if the domestic production increases, this will naturally affect Iraq's imports and Canada will see reduction in its grain sales to Iraq. Now that the war is over, Iraq will recover economically and become a more diversified market for Canadian grains, including oilseeds and products (which is already done - rapeseed into canola).

Iraq has undertaken limited amounts of countertrade. Usually, government to government and on large scale prospects (Brazil package deal-cars, chicken for oil) but, Iraq did not find it necessary to expand this practice into the grain imports. Possibly in the future with the deteriorating price of oil and pressure within OPEC to reduce production, might push Iraq into expanding the use of oil for goods including grains.

7. Market Prospects - Grains and Oilseeds

Statistical gathering or projections during the Gulf war (1980-1988) are considered national secrets. To our many queries, Iraqi authorities reply would only be that grain imports in 1988-1989 would be nearly the same level as the previous year. Iraq's imports to 1990 are estimated roughly at 2-2.5 million tonnes per year.

Iraq does not encourage foreign joint ventures, only Arab nationalists are permitted to enter joint ventures in Iraq. With the huge agricultural U.S. credit line for Iraq, Canada must/must consider renewing LTA with Iraq for grain. In the area of oilseeds, this post had proposed a Pan-Arab Canola marketing initiative (through the Arab Federation for Food Industries) and this has interested the Iraqies in regards of rapeseed crushing facilities and Canola oil production which they discussed with the AG CANADA EXPLORATORY TECHNICAL mission that visited Iraq 12-15 December 1988.

8. Processing Facilities

	Year <u>1988</u> (most recent) thousands of tonnes			
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	18	32	?	280
Compound Feed Mills	4	6	- - - -	- ? - -
Maltsters			- - - -	- - - -
Brewers*	6	14	- - - -	- - - -
Oilseed Crushers	Nil	Nil	- - - -	- - - -

* Capacity and output in hectolitres.

9. Storage and Throughput Capacity

Grain Import Capacity by Port

<u>Name of Port</u>	Year <u>1988</u> (most recent) - - thousands of tonnes - -	
	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Aoaba, Jordan	100	2,000
- - - - -	- - - - -	- - - - -
- - - - -	- - - - -	- - - - -
- - - - -	- - - - -	- - - - -
- - - - -	- - - - -	- - - - -
Total Capacity	<u>100</u>	<u>2,000</u>

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, Year: 1987/88 estimate
 - - - thousands of tonnes - - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley	- - -	- - -	- - -	- - -	2,000
Suitable for malting	- - -	- - -	- - -	- - -	- - - -

3. Additional Information

Annual per capita beer consumption: It would seem to be increasing, although consumption figures are not published. Two new breweries started production in early 88 and two more are in the planning stages.

Beer production capacity: It is increasing and in order to meet demand, the mixed sector (private and government combined) is planning to build and operate at least two new breweries.

Domestic malting capacity: It is increasing.

Market potential: It could be great if government financing facilities are opened in Iraq.

III. Oilseeds

Trade Policy *

a) Import Tariffs

i) Oilseeds:	None	All importation done by Iraqi government.
ii) Crude oil:	None	
iii) Oilseed meal:	None	
iv) Refined oil:	None	

All oilseed imports are the exclusive responsibility of the State Company for Foodstuff Trading.

3. Supply of Oilseeds and Products by type, thousands of tonnes:
 Year: 1987-1988

<u>Oilseed (by type)</u>	<u>Domestic Production</u>	<u>Imports</u>	<u>Exports</u>
Sunflower	18	- - - - -	- - - - -
Sesame	12	- - - - -	- - - - -
- - - - -	- - - - -	- - - - -	- - - - -
- - - - -	- - - - -	- - - - -	- - - - -
Total	30	- - - - -	- - - - -

I S R A E L

Economic classification: Middle Income economy			
Oil exporter or importer (net)	Importer		
Annual per capita income	US\$5,140		1986
Annual per capita GDP	US\$7,669		1987
* Average annual growth	1.4%		1980-87
Annual inflation rate	125.1%		1980-87
Annual inflation rate	15-16%	approx. (Jan-Sept.88)	
Volume of imports (goods)	11.451 billion US\$		1987
Of which food	6.5%		1987
Of which fuels	9.6%		1987
Principal foreign exchange earning export: machinery, metals and electronics			
Debt service as % of GNP (gross)	7.5%		1987
Debt service as % of exports	18.3%		1987
Population	4.41 million		1987
Annual population growth	1.7%		1980-87
Annual Consumption:			
Wheat	298,000 tonnes or	67.7 kg/capita	1987
Poultry and beef	328,500 tonnes or	74.7 kg/capita	1987
** Vegetable Oil	95,750 tonnes or	21.76kg/capita	1985/86

* per capita GDP

** Figure is for available supply, not for consumption

I. GENERAL INFORMATION

1. Crop Situation and Outlook

1988 produced a good crop of 180,000 tonnes of wheat, although less than the previous year. Stocks remaining resulted in reduced purchases this year. For CY87, 440,000 tonnes of wheat were purchased. Estimates for CY88 are 490,000 tonnes. A one-time wheat purchase of 30,000 tonnes was made from Argentina. Rapeseed was planted again on an experimental basis.

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	58	60	60
Rapeseed	150	150	

2. Foreign Exchange Situation

There is no export of grains. Israel is a grain-importing country. For many years, Israel has been benefitting from American aid.

3. Fertilizer Situation

Israel supplies all fertilizers needed for its own consumption and even exports some. Israel imports raw sulphur from Canada for the local fertilizer industry.

4. Import Mechanism

The only buyer is the Israel Government Supply Mission through their New York office.

5. Grain Industry Infrastructure

There are two silo terminals - Haifa and Ashdod. Silos for storing grains are privately owned or are linked to the joint institutions of the oil plants and the flour mills. No significant changes are anticipated.

6. Government Policies Affecting Grain and Agriculture

Wheat: No change in government policy. Commitment to buy 1.6 million tonnes of grain/oilseeds from the USA still stands. Since the USA Aid Program is conditional on these purchases, any government liberalization program will have to take this commitment into consideration.

Oilseeds: With the liberalization program in effect, the crushers' cartel was supposed to dissolve on Sept. 1st. However, in practice, four major crushing plants still use the cartel to import soybeans; only one plant buys directly. With the liberalization of oilseed purchases, there is a small market for Canola. However, a breakthrough would occur if initially, Canola would be traded at discount to soya.

Fodder: The government is considering opening imports within the existing commitments to the USA (see above).

Countertrade/barter policy: The Israeli Government Supply Mission maintains that any considerations above its commitment to the USA are commercial only. Purchases of barley from the USA increased this year since the USA subsidized prices to match EEC prices. There were no purchases of barley from Canada in CY88.

7. Market Prospects - Grains and Oilseeds

Oilseed (canola): Israel could represent a market for about 120,000 tonnes of Canadian canola seed annually. This was established by the Grain Marketing Bureau, External Affairs' Mission, which took place in Israel in March 1987. The market is extremely difficult to penetrate but a breakthrough could occur if, initially, canola would be traded at a discount to soya.

Mustard seeds: Sales remained constant.

Lentils: Demand is growing for green lentils. Orders have been received for 1986/87.

Field peas: Same as above.

Beans: Market too competitive.

Canaryseed: Sales were made in 1986/87.

8. Processing Facilities

	Year: 1988			
	thousands of tonnes			
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and drum) Mills	20	20	1,200	650

9. Storage and Throughput Capacity

Grain Import Capacity by Port

<u>Name of Port</u>	Year 1987	
	- thousands of tonnes -	
	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Haifa (Dagon)	100	1,594
Haifa (Grabes - E. Key)		226
Ashdod	60	384
(Grabes - direct delivery)		40
Total	160	2,244

II. MALT AND MALTING BARLEY

1. Domestic Production of barley, 1988/89 estimate: Nil

2. Statistical Notes: 1987/88 est.
thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt		8,000 (8,000)	
Malting barley			

Import origination includes: France, Belgium, Germany

3. Additional Information

Annual per capita beer consumption: 14 litres/person.

Domestic malting capacity: Nil.

III. OILSEEDS

1. Trade Policy

Import Tariffs: No duty for oilseeds and oilseeds product (except olive oil).

Import/export structure: Oilseeds are purchased by a cartel who are committed to soya purchases from the USA as part of Government of Israel purchasing commitments. 5000 tonnes of rapeseed was bought in France last year by a private crushing plant. Canola prices are too high for local crushers.

2. Supply of oilseeds and products by type, thousands of tonnes

Year: 1988 (previous year in brackets)

<u>Oilseed</u>	Domestic Production		Imports		Exports	
Soya			434 (424)			
Cotton	85	(123)				
TOTAL	85	(123)	434 (424)			

<u>Oil</u>	Production		Imports		Exports	
			Crude	Refined	Crude	Refined
Soya	77	80	11			
Cotton	13	18	6			
Other	4		3			
Rapeseed				7		
TOTAL	94	98	20	7		

<u>Meal</u>	Production		Imports		Exports	
Soya	350					
Cotton	30		8			
TOTAL	380		8			

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	180 (262)		490 (440)	670 (702)
Durum wheat				
Flour/Semolina	180 (262)			670 (702)
TOTAL				

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>					<u>TOTAL IMPORTS</u>
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	
<u>WHEAT (including durum)</u>						
Cash	- (-)	460 (440)		30 (-)		490 (440)
						259

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn			410 (560)	
Barley			580 (460)	
Sorghum			410 (264)	
Oats				
Rye				
TOTAL			1,400 (1,284)	

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>					<u>TOTAL IMPORTS</u>
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	
Corn	167					580 (463)
Barley		380 (241)			200 (55)	
Sorghum						
Oats						
Rye						
TOTAL						260

Principal "Others": South Africa

J O R D A N

Economic classification:	Middle Income economy	
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$1,750	1987
Annual per capita GNP	US\$1,948	1987
Average annual growth	5%	1977-87
Annual inflation rate	5.8%	1977-87
Annual inflation rate	-0.3%	1988
Volume of imports	2.6 billion US\$	1987
Of which food	30%	1987
Of which fuels	35%	1987
Debt service as % of GNP	7%	1987
Debt service as % of exports	13.4%	1987
Population	3.2 million	1987
Annual population growth	2%	1987
Annual Consumption:		
Flour	400,000 tonnes or 125.0 kg/capita	1987
Vegetable Oil	30,000 tonnes or 9.4 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

	<u>Production 1986</u>	<u>Estimated 1987</u>
	- tonnes -	
Wheat	30,800	70,000
Barley	9,000	25,000
Grains*	4,800	20,000

* includes lentils, chick peas and broad beans

A. Seeded Acreage: - Thousands of Dunums -

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	594	642	943
Barley	358	399	509
Corn	3	9	3

2. Foreign Exchange Situation

The Jordan Government made a serious effort in 1987 to regain economic momentum by encouraging domestic investment and attracting foreign and arab capital. Exchange markets showed a drop in the price of the Jordan Dinar against all major foreign currencies, particularly in the period since April 1988. Food and agricultural products are among items given priority by the Central Bank of Jordan in terms of financing mechanisms and forex disbursement. Jordan's financial system is well organized and its credit reputation is excellent. The country receives foreign aid and loans from numerous donor countries, including Canada through CIDA programs.

3. Fertilizer Situation

Supply of fertilizer to Jordan is mainly made from local and European sources; some special types are imported from North America. There is no specific data about use per hectare. However, utilisation is effected under the control of agricultural engineers and experts who offer technical assistance and guidance to farmers.

4. Import Mechanism

Wheat and barley are imported by the Ministry of Supply who issue tenders regularly. Price, financing terms and compliance to specifications are main factors for awarding contracts. The US Commodity Credit Corp. has traditionally offered Jordan PL 480 terms for wheat and corn purchases. The import of other grains is open to traders from the private sector.

5. Grain Industry Infrastructure

Jordan is continuously developing its agricultural sector and working with many international organizations (FAO, World Bank i.a.) and agencies for this purpose. No major changes took place recently in the import and handling of grains. Storage facilities have been expanded to receive additional supplies of grain for poultry feeding, due to expanded animal production in the last two years.

6. Government Policies Affecting Grain and Agriculture

The government is assisting local farmers in expanding and improving grain farming infrastructure. Cooperatives and farm credit agencies have been established throughout the country. A research centre has been established by the Ministry of Agriculture to study soils, climate and other conditions in Jordan. The import and export of food products remains free from controls and no change in policy is envisaged.

The government policy is to produce as much as possible of the country's needs of grain, which will imply a reduction in the imports.

Jordan welcomes bartering with local products, such as phosphate, potash, etc.

7. Market Prospects - Grains and Oilseeds

Jordan is a competitive market receiving offers from many supplying countries. Price is most important factor and attractive concessionary financing can be a long term incentive.

Market has good potential for field peas, lentils, wheat, beans and canary seed.

8. Processing Facilities

Storage: 6 private mills - total storage 30,000 tonnes

4 Ministry of Supply sites - Aqaba, Jweidah, Irbid and Ruseifa; total capacity 32,000 tonnes.

Dockside Storage: Aqaba, one storage facility with maximum capacity of about 150,000 tonnes. Facility has bulk unloaders and loaders.

Flour Milling Capacity: a) 6 private mills - total milling capacity 360 tonnes per 8 hour shift, 1,000 tonnes per day on 24 hour basis

b) 4 Ministry of Supply mills - capacity 130 tonnes per 8 hour shift, 400 tons per 24 hour shift

SAUDI ARABIA

Economic classification:	High Income	economy
Oil exporter or importer (net):	Exporter	
Annual per capita income:	US\$ 5,500	1987
Average annual growth	4%	1977-87
Annual inflation rate	6%	1977-87
Annual inflation rate	5%	1988
Volume of imports	23 billion US\$	1987
Of which food	4.8	1987
Of which fuels	NIL	1987
Principal foreign exchange earning export:	Petroleum	
Debt service as % of GNP	N/A	1987
Debt services as % of exports	N/A	1987
Population	11 million	1987
Annual population growth	4%	1985-2000
Annual Consumption:		
Flour	700,000 tonnes or 63.6 kg/capita	1987
Meat	480,000 tonnes or 43.6 kg/capita	1987
Vegetable Oil	180,000 tonnes or 16.3 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Saudi Arabia has cut the subsidy on wheat and placed production limits on the company's six large public-sector farming groups. These companies represent 11% of total wheat production. The support price for their wheat has been reduced from \$533 a ton to \$400. The directives are to grow more barley on at least 50% of the land. Wheat harvest estimated at 2.8 million tonnes and 300,000 tonnes of barley which doubles the previous years' harvest.

<u>Seeded Acreage</u>	<u>Thousands of hectares</u>		
<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	2000	1800	2700
Durum	N/A	N/A	N/A
Barley	43	N/A	N/A
Corn	N/A	N/A	N/A
Sorghum	N/A	N/A	N/A
Oats	N/A	N/A	N/A
Rye	N/A	N/A	N/A
Soybeans	N/A	N/A	N/A
Rapeseed	N/A	N/A	N/A
Sunflower	N/A	N/A	N/A

2. Foreign Exchange Situation

The Saudi Riyal is linked to the US Dollar (US\$ 1 = SR 1). It is rumored that a devaluation for the Riyal might occur around the beginning of 1989 (US\$ 1 = SR 3.90). Saudi Arabia will never be an aid recipient. Government subsidies are still flooding into different sectors, i.e., light industries, agriculture section, medical sector.

3. Fertilizer Situation

Saudi Arabia is still importing fertilizer. The Kingdom will produce this year, 1,400,000 tonnes of urea and approximately 320,000 tonnes of ammonia.

4. Import Mechanism

Import of wheat is used only for blending and comes principally from the U.S.A. The Saudi Arabian Monetary Agency (SAMA) announced in September, 1987 that the import subsidy on barley would be reduced by two thirds to U.S. \$27/mt and prohibited the opening of any additional letters of credit.

5. Grain Industry Infrastructure

Wheat is stored in silos owned by the flour mills organization (government body). In addition the Saudi private sector and large farms operate their own mills and silos.

6. Government Policies Affecting Grain and Agriculture

The Saudi Government plans to increase barley production to reduce both barley imports and wheat production. The Saudi Government reduced the subsidy on imported barley from US \$80 a tonne to US \$27 a tonne. In January, 1988 the Ministry announced that all barley imports must be coloured with cormoisine and authorized the use of FD and C red colour #40 for North American and colour index RF 14720 food red #4 for European.

Canadian barley imports to Saudi Arabia totalled \$155 million in 1987 (136,000/mt) and can be expected to decrease while local production increases.

No barter agreement or policy exists in the Kingdom.

7. Market Prospects - Grains and Oilseeds

The Ministry of Agriculture, through the National Seed and Agriculture Service Co. (Bozour) is encouraging local production of seed. (Wheat and barley). Barley production will increase due to high level salinity in water (2,500 PPM) since wheat cannot tolerate, but barley can.

Saudi Arabia is still a potential market for faba beans, yellow corn and lentils. However, Canadian prices are still high in comparison with Argentina and Turkey.

8. Processing Facilities

	Year 1988		Thousands of tonnes	
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	1	5	5,400	5,000
Compound Feed Mills	25	20	1,000	500
Maltsters*	N/A	N/A		
Brewers*	N/A	N/A		
Oilseed Crushers	N/A	N/A		

* Capacity and output in hectolitres

9. Storage and Throughput Capacity

Grain Import Capacity by Port

<u>Name of Port</u>	Year 1987	
	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Jeddah	1,800	-----
Damman	900	-----
Gizan	900	-----
Yanbu	900	-----
Jubail	900	-----
Other	600	-----
Total Capacity	<u>6,000</u>	<u>-----</u>

II. MALT AND MALTING BARLEY

Saudi Arabia practices strict prohibition. Thus production or consumption of alcohol of any type is illegal and no malting barley of any kind is grown.

III. OILSEEDS

1. Trade Policy

Import Tariffs: Oilseeds, Crude oil, Oilseed meal, refined oil: None.

Non-tariff import and export measures - not applicable.

Import/export structure: Private sector.

Additional factors: Major competitors are the USA - Cooking oil; France - Corn Oil; Spain, Greece, Tunisia, Lebanon, - Olive Oil.

Prices fixed by government as follows: Can \$: Corn - 4.20; - Soya 4.11; - Palm - 2.30; - Olive Oil - 5.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oilseed</u>	<u>Domestic Production</u>	<u>Imports</u>		<u>Exports</u>	
Sesame	-----		22.0	-----	-----
Soybean	-----		98.0	-----	-----
Others	-----		5.0	-----	-----
TOTAL	-----		119.0	-----	-----

<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>(Crude)</u>	<u>(Refined)</u>	<u>(Crude)</u>	<u>(Refined)</u>
Palm	-----	-----	87.0	-----	-----
Corn	-----	-----	42.0	-----	-----
Other	-----	-----	17.0	-----	-----
TOTAL	-----	-----	146.0	-----	-----

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Wheat	2,100 (2,800)			2,100 (2,800)
Durum wheat	N/A		50 (50)	50 (50)
Flour/Semolina	2,100 (2,800)		50 (50)	2,150 (2,850)
TOTAL				

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets

	Human Consumption				Other (seed, waste)	Exports	Carry-out	Total
	Consumption	Animal	Industrial					
Wheat	900 (1,500)					1,200 (1,300)		2,100 (2,800)
Durum/Wheat	50 (50)							50 (50)
Flour Semolina	950 (1,550)					1,200 (1,300)		2,150 (2,850)
TOTAL								

Import Trade 1987/88 est. thousands of tonnes - previous year in brackets

	ORIGIN					TOTAL IMPORTS
	Canada	U.S.A.	Australia	Argentina	All Others	
WHEAT (including durum)						
Cash	Nil	2.3 (2)	Nil	Nil	Nil	4.3 (2)
Commercial Credit	N/A	N/A	N/A	N/A	N/A	N/A
Aid, concessional credit, etc.	N/A					
FLOUR (including semolina)						
Cash/comm. credit	Nil (Nil)	0.5	Nil	Nil	10	50.5 (45)
Aid, concessional						
TOTAL		2.8 (2)	Nil	Nil	10	54.8 (47)

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	33 (---)	---	513 (581)	546 (581)
Barley	160 (---)	---	3,994 (6,184)	4,154 (6,184)
Sorghum				
Oats				
Rye				
TOTAL	193 (---)	---	4,507 (6,765)	4,700 (6,765)

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>FEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
Corn	Nil (10)	260 (250)	(8)	(13)	6 (Nil)	247 (300)	513 (581)
Barley	136 (180)	1,440 (2,500)	430 (2,000)		1,691 (1,500)	297 (4)	3,994 (6,184)
Sorghum							
Oats							
Rye							
TOTAL	136 (190)	1,700 (2,750)	430 (2,008)	(13)	1,697 (1,500)	3167 (304)	4,507 (6,765)

Principal "Others": Thailand, Sudan, Turkey

S Y R I A

Economic classification:	Middle Income economy	
Oil exporter or importer (net):	Exporter	
Volume of imports	2.9 billion US\$	1987
Of which food	17.7%	1987
Of which fuels	10.0%	1987
Principal foreign exchange earning export:	Oil and Raw Cotton	
Debt service as % of GNP	21.11%	1987
Population	10.7 million	1987
Annual population growth	5.0%	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

	<u>Production 1987</u>	<u>Estimated 1988</u>
	- Tonnes -	
Wheat	1,700,000	2,000,000
Barley	740,000	900,000
Grains	239,000	500,000

Seeded Acreage: Thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	2,000	2,000	1,400
Barley	80	80	60

2. Foreign Exchange Situation

Syria is suffering from a shortage of foreign exchange earnings since early 1986. This year the situation became very critical and the government applied many regulations on Syrians and visitors to obtain a better return of foreign currencies. Short term economic prospects remain difficult, but the country is blessed with abundant natural resources, particularly water and arable land, from which agricultural potential can be further developed.

3. Fertilizer Situation

Syria uses its own expertise for utilization of fertilizer and their techniques are quite advanced but they lack machinery for adequate application. No detailed information is available about fertilizer use per hectare.

4. Import Mechanism

Grain imports and exports are handled by two government organizations: GEZA Establishment and the Public Establishment for Cereal Trade and Processing; both issue international tenders according to the country's needs.

5. Grain Industry Infrastructure

Over 30 government owned mills and storage complexes are available in various parts of the country. Expansion of silos might be made during the next two/three years if financing can be found.

6. Government Policies Affecting Grain and Agriculture

Priority in Syria has been given to projects developed by the Ministry of Agriculture which is working on improving the production of grains and other products to become self sufficient by 1995. The new Syrian Prime Minister, appointed in February 1988 is an agronomist. Food security has been made the country's number one economic objective.

The Syrian Government has a policy to countertrade with phosphate, textiles, cotton, etc.

7. Processing Facilities - Year 1986 (most recent)

- thousand of tonnes -

	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	21	4640	4200

II. OILSEEDS

1. Trade Policy

Import tariffs:

Oilseeds: Oilseeds destined for industry pay no customs duties. Various expenses rating to about 5% are applied.

Crude oil: Crude oil is imported by the government which applies special policy for pricing refined products.

Oilseed meal: N/A

Refined oil: App. 15%

Non-tariff import barriers/export assistance measures: The government policy is to encourage local industries active in export. Raw materials for these industries are exempted from any duty.



PART VII

ASIA (FAR EAST)



HONG KONG

Economic classification:	Middle Income economy	
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$4,659	1987
Annual per capita GDP	US\$6,983	1987
Average annual growth	8.3%	1977-87
Annual inflation rate	6.8%	1983-87
Annual inflation rate	5.5%	1987
Volume of imports	49 billion US\$	1987
Of which food	6.8%	1987
Of which fuels	2.5%	1987
Principal foreign exchange earning export:	Light Manufacturing & Tourism	
Population	5.7 million	1987
Annual population growth	1.4%	1981-87
Annual Consumption:		
Flour	180,000 tonnes or 31.5 kg/capita	1987
Meat	570,000 tonnes or 100.0 Kg/capita	1987
Vegetable Oil	98,000 tonnes or 17.0 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

There is no wheat, coarse grains or oilseeds grown in this area, and the production of rice dropped considerably during the last ten years. The amount of land used to cultivate rice has declined from 9,450 hectares in 1954 to less than 10 hectares in 1987. Rice production has given way to intensive vegetable production which gives a far higher return. Rice paddy land around the more remote villages has fallen into disuse and now lies fallow.

2. The Hong Kong Economy

The Hong Kong Economy remained buoyant in 1987, and displayed a considerable degree of flexibility and resilience at a time when production was running up against capacity. Continuing the trend established in 1986, domestic exports and re-exports grew rapidly as did domestic demand, including both consumption demand and investment demand. Against this background, the unemployment rate dropped to an historic low level and shortages of labour were experienced in many sectors, resulting in significant upward pressure on wages and salaries. The rate of inflation accelerated but was still moderate compared with Hong Kong's experience over the past decade. The demand for most types of property remained firm during 1987, and trading in the property market was active.

Preliminary estimates show that the growth rate in real terms of the GDP was 14 per cent in 1987, following an increase of 11 per cent in 1986. Thus the economy has enjoyed double-digit growth for two consecutive years. Economic growth in 1987 was mainly export-led, but the upsurge in domestic demand also contributed. However, largely because of the economy adjusting itself to the rapid growth and possibly because of the stock market crash in October, there were signs that the economy was settling to a more moderate growth rate towards the end of 1987.

Hong Kong as an International Financial Centre

The favourable geographical position of Hong Kong, which provides a bridge in the time gap between North America and Europe, together with the strong links with China and the Southeast Asian countries and excellent communications with the rest of the world, has helped Hong Kong to develop into a significant international financial centre.

A total of 102 of the licensed banks are among the top 500 banks in the world in 1987, and 76 are ranked among the top 100. Most of the foreign banks in Hong Kong are international banks and are ranked top of the list in their own countries. In addition, many of the most important merchant banks or investment banks operate in Hong Kong. A substantial proportion of the transactions in the banking sector are international in nature; over 40 per cent of the sector's aggregate assets and liabilities are external, spreading over more than 80 countries. The financial markets, particularly in foreign exchange and gold, form an integral part of the corresponding global markets. Moreover, Hong Kong serves as an important centre for the intermediation of international flows of savings and investment, particularly through the syndication of loans and international fund management. International investors play a significant and increasing role in Hong Kong, and Hong Kong's investments overseas is also believed to be considerable.

Increasing Economic Links between Hong Kong and China

China's adoption of an open door economic policy since 1979 in support of its modernization programs has given rise to increased economic links between Hong Kong and China, which have had a significant impact on the growth and development of the Hong Kong economy.

The most conspicuous development has been the rising importance of China as a trading partner of Hong Kong. From a relatively low base in 1979, Hong Kong's trade with China has grown by 1105% in value terms in the past eight years. Since 1985, China has been Hong Kong's largest trading partner. In 1987, the value of visible trade between Hong Kong and China amounted to US\$26.4 billion. China was the largest supplier of goods to Hong Kong (accounting for 31% of Hong Kong's total import value in 1987), and was the second largest market for Hong Kong's domestic exports (accounting for 14% of the total domestic export value). In respect of Hong Kong's entrepot trade, China was Hong Kong's largest re-export market as well as the largest source of goods re-exported through Hong Kong. In 1987, nearly 80% of Hong Kong's entrepot trade was related to China, either as a market or as a source of supply. Although the growth rates of some of these trade flows slowed down in 1986 as a result of China's tightening of control on its imports since early 1985, overall trade with China grew rapidly in 1987.

Reflecting the increasing financial links between Hong Kong and China in recent years, external liabilities of Hong Kong's financial institutions to banks in China grew by 227 times, from US\$41.5 million at end-1979 to US\$6.2 billion at end-1987. During the same period, external claims of Hong Kong's financial institutions on banks and other enterprises in China grew by 11.2 times from US\$1.2 billion to US\$8.5 billion. Apart from being a source of funds, Hong Kong also provided China with access to the world's major financial markets. The business of the Bank of China Group in Hong Kong has grown substantially since the late 1970's, as reflected by its much enlarged retail banking network and the increasing variety of financial services it offers.

Trade: The total value of all trade in 1987 was US\$97.4 billion, an increase of 36.8% compared with the previous year. Breakdown as follows:

	Value of trade (US\$ billion) - 1987
Imports	48.7
Domestic exports	25.2
Re-Exports	23.5

Imports:

The main items were manufactured goods (28.5%), machinery and transport equipment (26.0%), chemicals (8.1%), foodstuffs (6.8%) and mineral fuels, lubricants and related materials (2.5%). The principal suppliers were China (31.1%), Japan (19.0%), and Singapore (3.8%).

Domestic Exports:

The main items were clothing (33.5%), electronic products (15.2%), textile yarns, fabrics and made-up articles (8.2%), watches and clocks (6.9%), toys and dolls (5.5%), household equipment, electrical and non-electrical typy (2.9%) and articles of jewellery (2.6%). The major markets were the United States (37.3%), China (14.3%), the Federal Republic of Germany (7.6%), the United Kingdom (6.6%), Japan (4.9%), Canada (2.9%), Netherlands (2.1%) and Singapore (2.0%).

Re-exports:

The principal items were textile yarns, fabrics and made-up articles (15.5%), clothing (10.0%), electrical machinery, apparatus and appliances (8.7%), telecommunications and sound recording and reproducing apparatus and parts (6.5%), electronic components and parts (5.1%), toys and dolls (4.2%), and travel goods (3.2%). The main markets were China (32.9%), the U.S. (17.8%), Japan (5.3%), Taiwan (5.3%), the Republic of Korea (4.9%) and Singapore (3.5%).

Banking:

Excellent banking and financial facilities have played a vital part in Hong Kong's growth from an entrepot to a major manufacturing centre. Today, banks in Hong Kong are specialised in financing international trade as well as financing domestic activities. They maintain extensive credit information and commercial introduction services for the benefit of their clients and for those wishing to establish business with Hong Kong.

By the end of 1987, there were 154 licensed banks maintaining 1,387 offices in Hong Kong. Many of these banks have branches and correspondents all over the world and Hong Kong can offer a comprehensive banking service of the highest order. The absence of any exchange control regulations in Hong Kong allows a minimum of formality and a speedy handling of transactions. Merchant banking is now firmly established in Hong Kong, with the participation not only of local companies but also of internationally know ones.

Because of the laissez-faire policy of the HK government, all imports of farm and agricultural products are handled by individual trade to meet the needs of the centre population, as HK is financially self-support, it is not likely that she will need aid in any form from outside sources.

3. Fertilizer Situation

As there is no local productions, all her requirements rely on imports from various sources. Following are import statistics covering the year 1987.

<u>Description</u>	<u>Quantity</u> (M/T)	<u>Source of Supply</u>
Dicalcium phosphate	4,648	U.S.A., China, S. Africa
Trisodium phosphate	3,722	China, UK, Malaysia West
Nitrogen/phosphate (potash)	No Imports	-

4. Import Mechanism

Presently all wheat imports are handled by private companies who in turn sell to feedmills, feed dealers, farmers, etc. There are several feedmills in Hong Kong and most of them operate on a small scale except two or three which are fully equipped with modern machinery and are capable of producing feed according to customers' specifications. With regard to import institutions, procedures etc., there will be no changes in the near future.

5. Grain Industry Infrastructure

No major changes in grain handling, storage or processing facilities. The Far East Flour Mill is now shipping inferior flour to HK from their plant in Shekou, Shenzhen, but the quality is not acceptable by the endusers. The whole operation of HK Flour Mills Ltd. has been sold to Lam Soon (HK) Ltd. last year.

6. Government Policies Affecting Grain and Agriculture

As Hong Kong is a free port, there are no government restrictions, duties, etc. governing the importation of wheat and flour to this area. The grain trade is entirely in private hands. The only government policy affecting reserve stock of grain applies to rice. Licensed rice importers are required to maintain local stocks of rice on hand equivalent to 2½ months supply.

All animal products for human consumption are imported, with China being the leading supplier. Approximately 20% of the live hogs slaughtered in the abattoirs come from the local farms.

7. Market Prospects - Grains and Oilseeds

Sales of Canadian wheat will continue to depend on price. Canadian high protein wheat is favoured by the local flour mills and although sales are handled by agents, the flour mills have to arrange their own shipping. There is a good chance of improving sales through the direct provision of freight by the shippers who are experienced in such matters.

8. Processing Facilities

	Year 1987		thousands of tonnes	
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	2	2	180	80
Compound Feed Mills	NIL	NIL	NIL	NIL
Maltsters	NIL	NIL	NIL	NIL
Brewers*	2	2	1.7	1.5
Oilseed Crushers	NIL	NIL	NIL	NIL

* Capacity and output in millions of hectolitres.

9. Storage and Throughput Capacity

Grain Import Capacity by Port

<u>Name of Port</u>	Year 1987	
	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Victoria	22	100

-- thousands of tonnes --

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1985/86 estimate: Nil

2. Statistical Notes: 1988/89 est.
thousands of tonnes - previous year in brackets

	<u>Production</u>		<u>Imports</u>	<u>Exports</u>	
Malt	Nil	Nil	18 (17)	Nil	Nil
Malting barley					

Import origination includes: Australia, France, Czechoslovakia

3. Additional Information

Annual per capita beer consumption was increasing from 24 litres in 1986 to 25.5 litres in 1987, an increase of 6% over 1986). It is expected that the consumption of beer will increase approximately 5% annually.

Beer production capacity: The local beer production capacity showed an increase of 8% in 1987. Estimated production of the two local breweries will be 1.5 million hectolitres in 1986.

Domestic malting capacity: Nil

Market potential for Canadian malt: The demand for malt is fairly substantial in this area. Owing to prices not being competitive, there was no importation of malt from Canada for the last two years. However, if supplies available and prices can be competitive with other supplying sources, good opportunity still exists in this market.

III. OILSEEDS

1. Trade Policy:

Import tariffs: Oilseeds: Nil
Crude oil: Nil
Oilseed meal: Nil
Refined oil: Nil

Non tariff import barriers/export assistance measures: None, Hong Kong is a free port.

Import/export structure: All importations of refined edible oils are handled by private importers.

Additional factors: As there are no oil crushing facilities in Hong Kong, all requirements of refined edible oils have to rely on imports from various sources to meet the demand of the entire population. The importers have to provide 60 day credit facilities to their customers.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oilseed</u>	Domestic Production	Imports	Exports
Seasamum		55	53
Others		1	1
TOTAL		56	54

<u>Oil</u>	Production	Imports		Exports	
		Crude	Refined	Crude	Refined
Canola			84		28
Peanut			34		4
Palm			9		1
Others			18		14
TOTAL			145		47

<u>Meal</u>	Production	Imports	Exports
Other oil cakes		100	32
Others			
TOTAL		100	32

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat			120 (118)	120 (118)
Durum wheat			130 (136)	130 (136)
Flour/Semolina			250 (254)	250 (254)
TOTAL				

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat*	200 (188)	33 (33)			(5)		233 (226)
Durum wheat					17 (28)		17 (28)
Flour Semolina					17 (33)		250 (254)
TOTAL	200 (188)	33 (33)					

* including flour for human consumption

Export Destination: China, Macau, Singapore

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	ORIGIN					TOTAL IMPORTS	
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>		<u>All Others</u>
<u>WHEAT (including durum)</u>							
Cash	13 (9)	106 (106)	(2)			1 (3)	120 (118)
<u>FLOUR (including semolina)</u>							
Cash/Comm.credit	2 (2)	1 (3)	2 (2)		9 (8)	116 (121)	130 (136)
TOTAL	15 (11)	107 (109)	2 (2)		9 (8)	117 (124)	250 (254)

Principal Others: Japan, China, Taiwan

(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn			180 (206)	180 (206)
Barley			1 (1)	1 (1)
Sorghum			4 (4)	4 (4)
Oats				
Rye		1		
TOTAL			185 (217)	185 (217)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Corn		180 (241)					180 (206)
Barley		1					1 (1)
Sorghum		4 (6)					4 (4)
Oats							
Rye							
TOTAL		185 (247)					185 (211)

Of which poultry: 70%

IMPORT TRADE 1986/87 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>TOTAL IMPORTS</u>	
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>
Corn						180 (249)
Barley						1
Sorghum						4 (6)
Oats						
Rye						
TOTAL						185 (255)

Principal Others: China, Thailand and Vietnam

I N D I A

Economic classification: Low Income economy		
Oil exporter or importer (net): Importer		
Annual per capita income:	US\$186	1987-88
Annual per capita GNP	US\$313	1987-88
Average annual growth	1.8%	1987-88
Annual inflation rate	8.5%	1977-88
Annual inflation rate	10.4%	1987-88
Volume of imports	17.2 billion US\$	1987-88
Of which food	6.2%	1987-88
Of which fuels	18.3%	1987-88
Principal foreign exchange earning export:		
Textiles, tea, jute, gems and jewellery		
Debt service as % of GNP	2.0%	1987-88
Debt service as % of exports	40.0%	1987-88
Population	785.40 million	1987-88
Annual population growth	2.0%	1987-88
Annual Consumption:		
Flour	46.2 million tonnes or 60 kg/capita	1987-88
Meat	785,000 tonnes or 1 kg/capita	1987-88
Vegetable Oil	4.7 million tonnes or 6 kg/capita	1987-88

I. GENERAL INFORMATION

1. Crop Situation and Outlook

This year India had above normal monsoon rains (116%) which were wide spread and almost all the regions received adequate precipitation. The 1988/89 foodgrain production target of 166 million tonnes may be surpassed and the estimates are that the actual figure may be in the vicinity of 170 mt.

Production
(000 tonnes - estimated)

<u>Commodity</u>	<u>1987-1988</u>	<u>1986-87</u>
Wheat	44,000	47,000
Coarse Grains	27,000	28,000
Rice	49,000	60,000
Oilseeds	12,300	14,388

Seeded Acreage: Thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	23,100	22,200	22,810
Durum	-	-	-
Barley	2,000	1,800	1,282
Corn	5,900	5,300	5,873
Sorghum	16,000	15,000	15,642
Oats	-	-	-
Rye	-	-	-
Soybeans	1,450	1,400	1,392
Rapeseed	4,100	4,000	3,726
Sunflower	1,000	900	992

2. Foreign Exchange Situation

India's foreign exchange reserves stood at US\$5,153 million (Rs. 56,680 million) at the end of August 1988. Imports continue to exceed exports resulting in an adverse balance of trade. Major imports comprise capital goods, petroleum products, fertilizers, edible oils, etc. India is a large recipient of both project and non-project aid.

3. Fertilizer Situation

	<u>Production</u> ('000 tonnes)		<u>Consumption</u> ('000 tonnes)
	<u>1986-87</u>	<u>1987-88</u>	<u>1987-88</u>
Nitrogen	5,412	5,465.6	5,782.6
Phosphate	1,662	1,665.4	2,297.9
Potash	No domestic production		927.3

4. Import Mechanism

Foodgrains are imported by means of global tenders by the government owned Food Corporation of India. There are no regular imports. Decision to import is usually taken depending on the level of domestic production, government-held stocks, and on economic and political considerations.

5. Grain Industry Infrastructure

At present the foodgrain storage capacity in the country is about 22 million tonnes, of which 18.8 million tonnes is covered and the rest is open or 'Cap and Cover'. In the light of the buffer stocks procurement and distribution levels, this capacity is considered adequate.

6. Government Policies Affecting Grain and Agriculture

Government policy is aimed at increasing production to keep supply of foodgrains ahead of population growth. Indian agriculture is heavily dependent on monsoon and a buffer stock of around 15 million tonnes must be maintained to withstand the vagaries of weather. In view of droughts during the last three years the government stocks went down to 10 million tonnes as of 1 September 1988. As a result the government had to import two million tonnes of wheat during the current year. There are indications that in order to replace its buffer stocks, the government may import a further one million tonnes of wheat this year.

The Government of India does not encourage counter trade in this area, but occasionally, there may be some small volume of counter trade agreement.

7. Market Prospects - Grains and Oilseeds

The Government of India has imported large quantities of wheat from the USA this year under the Export Enhancement Program. In order to be able to increase Canadian sales in this market, it is necessary to offer competitive prices.

Prospects exist for the export of field peas, lentils and green/yellow peas to India. Major constraints are quality and competitive landed cost. Mustard, buckwheat, canaryseed have no prospects.

8. Processing Facilities

Year: 1987 (most recent)
 - - thousands of tonnes - -

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills		460	9,000	5,000
Compound Feed Mills		40	2,400	1,700
Maltsters Brewers*				
Oilseed Crushers		315,000	23,000	11,000

* Capacity and output in million hectolitres

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987/88 estimate:
 --- thousands of tonnes ---

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley Suitable for malting	- - - Breakdown not available - -				1,800

3. Additional Information:

Annual per capita beer consumption: Beer consumption is increasing.

Beer production capacity: Beer production capacity is increasing.

Change in malting capacity: Malting capacity is increasing.

Malt exported: Nil

III. OILSEEDS

1. Trade Policy:

Import Tariffs: Oilseeds: Nil
 Crude Oil: 45 percent.
 Oilseed meal: 105 percent.
 Refined oil: 45 percent.

Non-tariff import barriers/export assistance measures: Oilseeds and oilseed meal are not imported.

Import/export structure: Import of oilseeds is formally canalised through the State Trading Corporation of India (STC) and the Hindustan Vegetable Oils Corporation. However, India does not import oilseeds.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987/88

<u>Oilseed</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
Peanut	4,400	-		7	
Soybean	800	25		-	
Rapeseed	2,900	10		-	
Sunflower	500	-		-	
Others	4,500	-		-	
TOTAL	13,100	35		7	

<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>Crude</u>	<u>Refined</u>	<u>Crude</u>	<u>Refined</u>
Peanut	1,026	-	-	-	-
Soybean	127	360	-	-	-
Rapeseed	850	300	-	-	-
Sunflower	168	80	-	-	-
Others	604	700	-	-	-
TOTAL	2,951	1,500	-	-	-

<u>Meal</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
Peanut	1,486	-		250	
Soybean	564	-		350	
Rapeseed	1,770	-		100	
Sunflower	216	-		30	
Others	1,384	-		31	
TOTAL	5,420			761	

IV. STATISTICAL NOTES
(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	44,000 (45,577)	10,000 (16,000)	2,000	56,000 (63,000)
Durum wheat				
Flour/Semolina				
TOTAL	44,000 (45,577)	10,000 (16,000)	2,000	56,000 (63,000)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	46,200 (42,300)	300 (400)		3,000 (4,000)	500 (300)	6,000 (16,000)	56,000 (63,000) ⁸⁶
Durum wheat							
Flour Semolina							
TOTAL	46,200 (42,300)	300 (400)		3,000 (4,000)	500 (300)	6,000 (16,000)	56,000 (63,000)

Export Destination? USSR North Korea Iran Nepal

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

ORIGIN

<u>Wheat (including durum)</u>	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>EEC</u>	<u>All Others</u>	<u>Total Imports</u>
						2000
Cash		2000				2000

India

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	7,500 (7,200)	50 (100)	100	7,650 (7,300)
Barley	1,700 (1,952)	20		1,720 (1,952)
Sorghum	10,500 (10,200)	200 (400)		10,700 (10,600)
Oats				
Rye				
TOTAL	19,700 (19,352)	270 (500)	100	20,070 (19,852)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Corn	5,650 (5,700)	1000 (900)	300	650 (650)		50 (50)	7,650 (7,300)
Barley	1,500 (1,692)	10 (10)		200 (200)		10 (50)	1,720 (1,952)
Sorghum	8,900 (8,500)	600 (700)		1,000 (1,000)		200 (300)	10,700 (10,600)
Oats							
Rye							
TOTAL	16,050 (15,892)	1,610 (1,610)	300	1,850 (1,850)		260 (400)	20,070 (19,852)

IMPORT TRADE - 1987/88 est. - thousands of tonnes - previous year in brackets

<u>ORIGIN</u>	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>Total Imports</u>
Corn							1000

INDONESIA

Economic classification: Middle Income economy		
Oil exporter or importer (net): Net Exporter		
Annual per capita income:	US\$520	1987
Annual per capita GNP	US\$492	1987
Average annual growth	4.75%	1987-88
Annual inflation rate	10.2%	1987-88
Annual inflation rate	8.0%	1987
Volume of imports	12.4 billion US\$	1987
Of which food	5.0%	1987
Of which fuels	8.6%	1987
Principal foreign exchange		
earning export: Oil and Gas - 50%		
Debt service as % of GNP	12.7%	1987
Debt service as % of exports	34.0%	1987
Population	172.0 million	1987
Annual population growth	2.1%	1983-87
Annual Consumption:		
Flour	927,000 tonnes or 5.4 kg/capita	1987
Meat	893,400 tonnes or 5.2 kg/capita	1987
Vegetable Oil	1,258,000 tonnes or 7.3 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

The outlook for the 1988 crop is likely to improve, although the production of secondary food crops in 1987 was slightly down. Official forecast of rice production in 1988 is 28.4 million tonnes, accounting for an increase of approximately 3.4%. Other food crop production will increase by 3% in 1988.

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Corn		2,619	3,143
Soybeans		1,090	1,254

2. Foreign Exchange Situation

The foreign exchange situation is improving as the country's exports are growing rapidly. By the end of June this year, the country's foreign exchange reserves totalled some US\$10.3 billion. Given this situation, the imports of foods and agricultural imports will likely continue. However, in order to decrease input dependency and conserve foreign exchange, imports will be primarily on essential food products (such as wheat, oilseeds, sugar and dairy products).

3. Fertilizer Situation

Over the past five years, fertilizer consumption has increased by 9.3% per annum but according to the Department of Agriculture this rate will decline to 5% over the next five years. Indonesia's fertilizer production in 1987 was about 5.8 million tonnes, consisting of urea (69%), TSP/DAP (21%) and ZA (10%). KCL is still imported, particularly from Canada (70%), Jordan (14%) and others (16%). The outlook for fertilizer indicates a growth of KCL imports, as these are not produced locally.

4. Import Mechanism

Grain importation is solely handled by the National Logistics Board (BULOG), a government agency responsible for importation of all essential food products, including wheat, oilseeds, sugar and a few animal feed ingredients. We do not anticipate that the grain importation procedure and institutional structure will change in the near future.

5. Grain Industry Infrastructure

There have been no noteworthy changes in the country's import, handling, storage or processing facilities in recent months and we do not anticipate any immediate changes.

6. Government Policies Affecting Grain and Agriculture

As Indonesia has been self-sufficient in rice since 1984, the government is presently concentrating the promotion of secondary food crops (corn, soybeans, cassava, sweet potatoes and groundnuts). Indeed the country is still dependent on imports of soybeans and corn but in the long run this situation will likely change as Indonesia is always attempting to decrease import dependency in order to conserve foreign exchange.

These policies will not have an immediate impact on Indonesia's wheat imports as wheat is not directly competitive with oilseeds. However, since Indonesia's soybean production is increasing constantly, Indonesia's soybean imports will likely drop gradually, and this will have an impact on Canadian oilseeds exports to Indonesia.

7. Market Prospects - Grains and Oilseeds

Imports of wheat and oilseeds (corn and soybean) will depend on various factors, including the country's monetary situation and the output of crops. However, since wheat is not grown in the country and it has no local substitute, wheat imports will likely grow by 3-5% per annum.

Canada is the largest supplier of Indonesia's canary seed imports though the volume is very small. Last year imports were only 30 tonnes of which about 21 tonnes (70%) were sourced from Canada. Imports of other crops are very insignificant.

8. Processing Facilities

Year: 1987

- thousands of tonnes -

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum Mills)	2	3	3,000	1,500
Compound Feed Mills	90	104	1,700	740
Maltsters				
Brewers*	3	5	2,500,000	750,000
Oilseed Crushers	56	92	2,400	1,258

* Capacity and output in hectolitres

9. Storage and Throughput Capacity

Grain Import Capacity by Port

Year 1987

- thousands of tonnes -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Tanjung Priok, Jakarta	900	800
Tanjung Perak, Surabaya	600	600
Ujung Pandang	500	200
Total Capacity	2,000	1,600

II. MALT AND MALTING BARLEY

1. Statistical Notes: 1988/89 est.
thousands of tonnes (previous year in brackets)

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt		12 (12)	
Malting barley			

Import origination includes: Australia, New Zealand, UK, Austria

2. Additional Information

Beer Production Capacity: Indonesia's beer production in 1987 was approximately 95 million litres, an increase of less than 1% from the production level in 1986.

Nearly 85% of malt imports are supplied by Australia, followed by New Zealand, U.K. and the Netherlands. During the 1970's, Canadian malt was imported to Indonesia but gradually discontinued due to extreme competitiveness of Australian malt.

III. OILSEEDS

1. Trade Policy:

Import Tariffs:	Oilseeds	-	10%
	Crude Oil	-	30% plus 10% value added tax.
	Oilseed Meal	-	10% plus 10% value added tax.
	Refined Oil	-	30% plus 10% value added tax.

Import/export structure: Soybeans and corn imports are monopolized by the National Logistics Agency but other oilseed imports are free for importation by the private sectors.

3. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oilseed</u> (by type)	Domestic Production	Imports	Exports
Corn	5,093	221	5
Soybeans	1,151	287	-
Groundnuts	524	46	2
Palm Nut	1,700	32	169
Coconut	2,125	-	380
Sunflower seeds	-	2	-
Cotton seeds	53	-	15
TOTAL	8,746	620	571

<u>Oil</u>	Production	Imports		Exports	
		Crude	Refined	Crude	Refined
Corn oil	96	1	-	-	-
Soybean oil	-	-	4	-	-
Groundnut oil	22	-	-	2	-
Palm oil	1,163	75	91	558	80
Coconut oil	512	-	-	112	6
Rapeseed oil	-	48	-	-	-
Linseed oil	-	-	4	-	-
TOTAL	1,793	124	99	672	86

<u>Meal</u> (by type)	Production	Imports	Exports
Soybean meal		257	
Cottonseed meal		3	1
Groundnut seed meal		19	
Gingeli seed meal		35	
Canola meal		51	
TOTAL		365	1

IV. STATISTICAL NOTES(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat				
Durum wheat	300 (136)	1,418 (1,704)		1,718 (1,840)
Flour/Semolina				
TOTAL	300 (136)	1,418 (1,704)		1,718 (1,840)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	1,533 (1,460)		85 (80)			100 (300)	1,718 (1,840)
Durum Wheat							
Flour Semolina							
TOTAL	1,533 (1,460)		85 (80)			100 (300)	1,718 (1,840)

Industrial Use: Plywood industry

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
<u>WHEAT</u> (including durum)							
Cash	203 (208)	100 (15)	663 (866)	114 (244)		182 (160)	1,262 (1,493)
Commercial credit							
Aid, concessional		109 (191)				47 (20)	156 (211)
credit, etc.							
TOTAL	203 (208)	209 (206)	663 (866)	114 (244)		229 (180)	1,418 (1,704)

ORIGIN

Indonesia

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	5,093 (5,920)	200 (400)	221 (57)	5,514 (6,377)
Barley				
Sorghum				
Oats				
TOTAL	5,093 (5,920)	200 (400)	221 (57)	5,514 (6,377)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Consumption</u>		<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
	<u>Human</u>	<u>Animal</u>					
Corn	1,898 (2,987)	2,951 (2,867)	662 (615)	148 (120)	5 (12)	140 (200)	5,514 (6,377)
Barley							
Sorghum							
Oats							
Rye							
TOTAL	1,898 (2,987)	2,951 (2,867)	662 (615)	148 (120)	5 (12)	140 (200)	5,514 (6,377)

Of which poultry: 90% Export Destination: Japan Industrial Use: Corn Oil

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>TOTAL IMPORTS</u>		
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>		<u>EEC</u>	<u>All Others</u>
Corn		49 (1)				172 (56)	221 (57)
TOTAL		49 (1)				172 (56)	221 (57)

Principal "Others": Thailand, China, Burma

J A P A N

Economic classification:	Industrial Market economy	
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$13,821	1986
Annual per capita GNP	US\$16,267	1986
Average annual growth	4.2%	1977-87
Annual inflation rate	3.0%	1977-87
Annual inflation rate	0.4%	1987
Volume of imports	150 billion US\$	1987
Of which food	16%	1987
Of which fuels	21.5%	1987
Principal foreign exchange earning export:	Automotive industry	
Population	121.9 million	1988
Annual population growth	0.5%	1987
Annual Consumption:		
	Flour	25 kg/capita 1987
	Meat	25 kg/capita 1987
	Vegetable Oil	15 kg/capita 1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

It is expected that there will be a continuation in the shift of rice acreage to wheat and other crops, due to the over-production of rice. The 1988 growing season has been somewhat cooler and wetter than usual.

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	285	271	246
Barley	110	111	108
Soybeans	100	100	100
Rapeseed	2	2	2
Rice	2,100	2,146	2,303

2. Foreign Exchange

Japan enjoys very ample foreign exchange reserves.

3. Fertilizer Situation

In yen terms, fertilizer prices were lowered by about 7.8% in 1987. Usage may decrease marginally from the two million tonne level (N - 670,000 tonnes; P - 730,000 tonnes; K - 560,000 tonnes). Fertilizer use is heavy in order to sustain high yields. Rice accounts for about one-third of total fertilizer use and with rice acreage declining slightly each year, fertilizer consumption is similarly being reduced.

4. Import Mechanism

Imports of wheat and barley (including feed) are controlled by the Japanese Food Agency (MAFF). Weekly buying tenders are held, and the food Agency re-sells to millers and feed manufacturers etc. Other grains and oilseeds such as oats, rye, corn, canola and soybeans do not fall under Food Agency jurisdiction; they are imported privately. Corn and oat imports are under a tariff quota system, with a secondary tariff rate levied on quantities above a certain quota. No changes are foreseen.

5. Grain Industry Infrastructure

There were no significant changes in 1987. There continues to be excess capacity in all sectors of the grain industry infrastructure, with utilization at about 70% of capacity.

6. Government Policies Affecting Grain and Agriculture

The government recently lowered the producer rice price by 4.6% to ¥16,750 per 60 kg. This action was taken in view of the surplus rice production and lower production costs (fuel, fertilizer, interest). The government aims to maintain 100% self-sufficiency in rice and to raise or maintain the SSR's of other grains, feeds, meats, eggs, etc. Such attempts may not be successful due to the farm structure in Japan. Imports are likely to increase gradually for processed foods, meats and fisheries feeds, and to remain steady for food grains and oilseeds and animal foodstuffs (corn, barley, hay products).

Because of climatic conditions, Japanese wheat and barley is of somewhat inferior quality compared to Canadian grain. Oilseeds are not produced to any extent. Therefore, Canada should be able to maintain its share of the Japanese market for high-quality wheat, canola, flaxseed, etc. The high support prices for Japanese agricultural products encourage domestic production which could be supplied from Canada at lower cost, thus, some export sales volume from Canada is forfeited.

Japan does not utilize countertrade or barter. Japan enjoys a trade surplus with virtually all its trading partners and this situation is posing problems, and has prompted the Japanese government to actively promote the purchase of imported products.

7. Market Prospects - Grains and Oilseeds

The government is projecting that wheat imports for food use will be 5.19 million tonnes by 1990. Feed barley imports are projected at 2.14 million tonnes; soybean imports at 4.8-5.0 million tonnes.

Most "special crops" are being sold in Japan by Canadian grain companies and/or their agents. Canadian market share varies according to price and availability vis-a-vis competing suppliers (USA, China, etc.). China is a strong price competitor, although quality is sometimes inferior. Shipping costs are less and small vessels can be utilized which benefits some importers and end-users in various areas of Japan.

8. Processing Facilities- Year: 1986 (most recent)

- thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	161	207	10,000	6,000
Compound Feed Mills	116	189	25-27,000	25,000
Maltsters	4	11	180	130-150
Brewers*	6	35	51.0	50.0
Oilseed Crushers	127	141	9,000	6,500

* Capacity and output in millions of hectolitres

9. Storage and Throughput Capacity

Grain* Import Capacity by Port - Year: FY 1986

- - thousands of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Otaru	60	163
Chiba	239	819
Yokohama	464	1,201
Shimizu	97	207
Nagoya	339	653
Kobe	418	743
Mizushima	51	100
Hakata	238	603
Kagoshima	73	208
Others	666	1,798
Total Capacity	2,645	6,495

* Grain herein represents the government-controlled grains, i.e. in this case wheat and barley as status on other grains not readily available.

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987 Actual

- - thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Naked Barley</u>	<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>		
All Barley	238	18	70	0	27	353
Suitable for malting	150 approx	-	-	-	-	150

2. Statistical Notes: 1987 Actual

thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	Unavailable	540 (479)	0 (0)
Malting barley	130-150 (130-150)	0 (0)	0 (0)

Import origination includes: Australia, Canada, UK, FRG, Czechoslovakia

3. Additional Information

There is a 3 to 5% annual increase in per capita beer consumption, mainly due to the popularity of "dry" beer, which was introduced in 1987.

Production capacity is stable at about 50 million hectolitres annually.

Domestic malting capacity: Malting capacity is stable at about 180,000 tonnes annually. No expansion is foreseen as Japanese malting barley is more expensive than imported malting barley and must be used first. Therefore, there is a tendency for Japanese brewing companies to source malt from abroad rather than produce it domestically from either indigenous or imported malting barley.

Market potential for Canadian malt: Total Japanese malt imports stand at 539,777 tonnes for 1987. Canadian malt exporters have lost market share to EEC and other exporters. Also, Canadian malt prices appear to be somewhat higher than Australian prices. In this scenario, Canada will do well to hold on to 20% of the market.

III. OILSEEDS

1. Trade Policy

Import Tariffs:	Oilseeds:	Free
	Crude oil:	Generally Y17/kg; Palm - free; corn - Y10/kg; linseed - 10% or Y11/kg, whichever is higher.
	Oilseed meal:	Free
	Refined oil:	Y20.7/kg for most oils.

Non-tariff import barriers/export assistance measures: None.

Import/export structure: Oilseeds are traded freely by private companies. Government involvement is limited to inspection of import shipments (MAFF) and customs documentation (Finance).

Additional factors: Japanese oilseed processors are protected by the high tariff on oil imports (generally Y17/kg). The market is stable, processors are making profits and their main concern is stable supply of raw materials at competitive prices.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oilseed</u>	<u>Domestic Production</u>	<u>Imports</u>		<u>Exports</u>	
Soybean	287	4,797			
Rapeseed	2	1,662			
Cottonseed		143			
Flaxseed		81			
TOTAL	289	6,683			

<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>Crude</u>	<u>Refined</u>	<u>Crude</u>	<u>Refined</u>
Soybean	687			2	
Canola/Rapeseed	669	4			
Cottonseed	10	36			
Linseed	35				
TOTAL	1,401	40			

<u>Meal</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Soybean	2,950	223	
Canola/Rapeseed	916	224	
Linseed	55		
Rice bran	360		
TOTAL	4,281	447	

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY Calendar Year 1987 basis - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, Jan. 1/87</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat *	864 (876)	1,843 (1,986)	5,362 (5,523)	8,069 (8,385)
Durum wheat	0 (0)	**	114 (97)	114 (97)
Flour/Semolina (p)	4,208 (6,017)	339 (295)	-	4,547 (6,312)
TOTAL	5,072 (6,893)	2,281 (1,888)	5,620 (5,509)	12,730 (14,794)

* Of which spring wheat - about 44 (about 26)

DISPOSITION Calendar Year 1987 basis - thousands of tonnes - previous year in brackets

	<u>Human Consumption</u>			<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Dec 31/86</u>	
	<u>Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>				<u>Carry-out</u>	<u>Total</u>
Wheat	6,091 (5,353)	1,138 (1,189)	****	****	0 (0)	840 (1,843)	8,069 (8,385)	1
Durum wheat	114 (97)	0 (0)	0	0	0 (0)	**	114 (97)	
Flour/Semolina	3,886 (5,399)	115 (211)	****	****	298 (363)	248 (339)	4,547 (6,312)	
TOTAL	10,091 (10,849)	1,253 (1,400)	****	****	298 (363)	1,088 (2,182)	12,730 (14,794)	

Industrial use: Starch production

Export destination: Hong Kong, (HK), PRC (PRC), Thailand (Thailand)

IMPORT TRADE Calendar Year 1987 basis - thousands of tonnes - previous year in brackets

<u>ORIGIN</u>	<u>U.S.A.</u>			<u>Australia</u>			<u>Argentina</u>			<u>EEC</u>			<u>All Others</u>			<u>TOTAL IMPORTS</u>
	Canada	U.S.A.	Australia	Argentina	EEC	All Others	Canada	U.S.A.	Australia	Argentina	EEC	All Others	TOTAL IMPORTS			

Wheat (including durum)

Cash 1,373 (1,377) 3,103 (3,241) 1,001 (1,002)

5,476 (5,620)

(B) COARSE GRAINS

SUPPLY - Calendar Year 1987 basis - thousands of tonnes - previous year in brackets

	Production	Carry in Jan. 1/87	Imports	Total Supply
Corn	- (-)	565 (453)	16,504 (14,654)	17,069 (15,107)
Barley	354 (344)	781 (836)	1,248 (1,362)	2,383 (2,542)
Sorghum	-	243 (300)	3,977 (4,976)	4,220 (5,276)
Oats	6 (6)	2 (2)	90 (98)	98 (106)
Rye		22 (9)	355 (271)	377 (280)
TOTAL	360 (350)	1,613 (1,600)	22,174 (21,361)	24,147 (23,311)

DISPOSITION - Calendar Year 1987 basis - thousands of tonnes - previous year in brackets

	Consumption			Other (seed, waste)	Exports	Carry-out	Total
	Human	Animal Feed	Industrial****				
Corn	3,564 (3,219)	12,890 (11,323)	****	****		615 (565)	17,069 (15,107)
Barley	998 (449)	1,266 (1,312)	****	****		119 (781)	2,383 (2,542)
Sorghum	13 (40)	3,938 (4,993)	****	****		269 (243)	4,220 (5,276)
Oats	63 (59)	33 (45)	****	****		2 (2)	98 (106)
Rye	124 (105)	231 (153)	****	****		22 (22)	377 (280)
TOTAL	4,762 (3,872)	18,358 (17,826)	****	****		1,027 (1,613)	24,147 (23,311)

Of which poultry: about 50%
Industrial use: Starch
Export Destination: ROK (Taiwan), Taiwan (PRC), MK (Malaysia)

IMPORT TRADE Calendar Year 1987 basis - thousands of tonnes - previous year in brackets

	ORIGIN						TOTAL IMPORTS
	Canada	U.S.A.	Australia	Argentina	EEC	All Others	
Corn	0 (-)	12,815 (9,244)	9 (43)	268 (1,276)	0 (0)	3,412 (4,091)	16,504 (14,654)
Barley	772 (908)	0 (61)	544 (529)	0 (0)	0 (0)	0 (0)	1,248 (1,362)
Sorghum		2,448 (2,079)	525 (748)	797 (1,578)	0 (0)	207 (571)	3,977 (4,976)
Oats	13 (12)	1 (1)	74 (84)	0 (0)	- (0)	- (-)	90 (98)
Rye	159 (200)	0 (0)	- (0)	0 (0)	210 (88)	0 (24)	355 (271)
TOTAL	944 (1,120)	15,264 (11,385)	1,152 (1,404)	1,065 (2,854)	210 (88)	3,619 (4,686)	22,174 (21,361)

Principal "Others": PRC (PRC), S. Africa (S. Af), Zimbabwe (Thailand)

Footnotes for Statistical Notes:

- ** Wheat carry-in and carry-out figures include durum wheat.
- **** Estimated quantity of wheat and flour for human consumption, industrial and other (seed/waste) are combined. Same thing applies to feed grains.
- ***** Carry-in/out for feed grains except barley show quantity for feed use only as non-feed use statistics not readily available.
- "-" Less than 1,000 metric tonnes.

REPUBLIC OF KOREA

Economic classification: Middle Income economy		
Oil exporter or importer (net): Importer		
Annual per capita income:	US\$1,791	1986
Annual per capita GNP	US\$2,826	1987
Average annual growth	7.8%	1977-87
Annual inflation rate	9.4%	1977-87
Annual inflation rate	0.5%	1988
Volume of imports	41.0 billion US\$	1987
Of which food	4.1%	1987
Of which fuels	14.5%	1987
Principal foreign exchange earning export: Light manufacturing, heavy industry & overseas construction		
Debt service as % of GNP	11.8%	1987
Debt service as % of exports	30.4%	1987
Population	41.9 million	1987
Annual population growth	1.21%	1987
Annual Consumption:		
Flour	38.5 kg/capita	1987
Meat	15.8 kg/capita	1987
Vegetable Oil	10.0 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Despite widespread destruction in the wake of Typhoon Thelma which swept the rice producing southern provinces last July, the rice crop yielded approximately 5.5 million tonnes. This was largely due to a 2.1% increase of the acreage plus a period of good dry weather during the harvest season.

As a direct result of the government price guarantee system for barley, the total area planted in barley increased in 1986 by 7.8%. Production also increased, from 626,000 tonnes to 719,000 tonnes, including 161,000 tonnes of malting barley. Also attributable to government price guarantees was an increase in the area planted in oilseeds and pulses, which rose 20.5% and 14.5% respectively over 1986 acreages, with attendant increases in production; 315,000 tonnes of oilseeds and 62,249 tonnes of pulses in 1987.

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	N/A	1	2
Durum	-	-	-
Barley	N/A	206	190
Corn	N/A	26	24
Sorghum	N/A	2	1
Oats	-	-	-
Rye	N/A	1	1
Soybeans	N/A	154	133
Rapeseed	N/A	5	4
Sunflower	-	-	-

2. Foreign Exchange Situation

The country earned a US\$6.261 billion trade surplus in 1987, in the fifth year of recorded trade surpluses. Total exports in 1987 were US\$47.280 billion and imports US\$41.019 billion. Total foreign exchange holdings amounted to US\$9.190 billion including US\$3.620 billion held by the Bank of Korea at the end of 1987. Despite the continued Won appreciation and rising grain prices, this year's trade surplus is expected to reach approximately US\$7.8 billion with exports of US\$57.0 billion and imports of US\$49.2 billion. The current account surplus for 1988 is expected to amount to approximately US\$10.5 billion. Priority will be given to importing some cereals (wheat and corn) and soybeans for human and animal consumption, but the quantities will be controlled by the government on a quota basis. The country is no longer eligible for international aid, but is still eligible for loans provided by IBRD and the Asian Development Bank.

3. Fertilizer Situation

As of the end of 1987, there were ten fertilizer manufacturers in Korea, including three by-product plants of ammonium sulphates. Total production capacity in 1987 of the ten manufacturers amounted to 3,216,000 tonnes as compared with 2,786,000 tonnes in 1986.

In 1987, total chemical fertilizer production amounted to 3,202,000 tonnes, a 9% increase over 1986. By product type, urea production was 638,000 tonnes; ammonium sulphate 225,000 tonnes; compound fertilizer 2,210,000 tonnes; fused phosphate 91,000 tonnes and 37,000 tonnes of potassium sulphate. Domestic demand for chemical fertilizers in 1987 was 2,106,000 tonnes. In 1987, overseas demand for Korean fertilizers amounted to 1,084,000 tonnes, compared with 1,141,000 tonnes in 1986.

Exports of compound fertilizer amounted to 925,000 tonnes, export of urea amounted to 11,000 tonnes and exports of ammonium sulphate 99,000 tonnes.

Domestic fertilizer consumption per hectare was as follows: (Unit: kg)

<u>Year</u>	<u>Total</u>	<u>Nitrogen</u>	<u>Phosphate</u>	<u>Potash</u>
1984	291.5	149.5	68.7	73.4
1985	324.5	164.9	75.7	84.1
1986	347.4	173.1	82.7	91.5
1987	Not Available			

4. Import Mechanism

A. Wheat:

The Korea Flour Mills Industrial Association (KOFMIA) and individual flour millers (11) are authorized to import milling wheat through tenders (KOFMIA) and price negotiations (millers) on a quota basis. In case of feed wheat, Korea Feed Association (KFA), National Livestock Cooperative Federation (NLCF) and individual millers are authorized to import either through tenders or price negotiations also on a quota basis.

B. Barley: Two breweries are authorized to import malting barley through direct price negotiations for a re-export purpose or if a requirement exists due to a poor domestic crop.

C. Corn: KFA, NLCF and individual millers are authorized to import corn for animal consumption either through tenders or price negotiations. Korea Corn Processors Association (KCPA) is also authorized to import corn for food and industrial purposes either through tender or price negotiations.

D. Rye: KFA, NLCF and individual millers are authorized under the general feed grain quotas to import rye for animal consumption either through tenders (KFA and NLCF) or price negotiations (millers). For sowing purpose, NLCF and Korea Dairy and Beef Farmers Association (KDBFA) are authorized to import rye either through tenders (NLCF) or price negotiations (KDBFA) on behalf of cattle farmers.

E. Rapeseed: National Agricultural Cooperative Federation (NACF) is authorized by MAFF to import canola seed through tenders if a requirement exists. (At present a quota of 15,000M/T exists, but crushers are interested up due to surplus of soy oils).

F. Soybeans: While NACF is authorized to import soybeans for the food processing industry through tenders, Agricultural and Fishery Marketing Corporation (AFMC) is authorized to import small soybeans for bean sprout purpose if a requirement exists due to a poor domestic crop. Three soybean crushers (Dongbang, Cheil and Samyang) are exclusively authorized to import soybeans on a quota basis required for crushing through direct price negotiations.

G. Flaxseed: Flaxseed is an automatically approved item. Therefore, any end-users can import it through registered trading companies by direct price negotiations.

H. Mustard Seed: Mustard Seed is also an automatically approved item. Therefore, any end-users can import it through registered trading companies.

* Mr. H.I. Lee, Chairman of KOFMIA has been replaced by Mr. C.S. Kim, President of Daehan Flour Mills Co. Ltd., in November 1987.

5. Grain Industry Infrastructure

There are currently five grain handling facilities in Inchon, one in Pusan and another in Ulsan with the following unloading and storage capacities.:

<u>Name of Firm</u>	<u>Port</u>	<u>Unloading per hour</u>	<u>Storage</u>
Korea Silo Co. Ltd.	Inchon	800 tonnes	300,000 tonnes
Taihan Bulk Terminal Co. Ltd.	Inchon	1,500	138,000
Han Jin Transportation Co. Ltd.	Inchon	900	100,000
Sun Kwang Co. Ltd.	Inchon	600	136,000
Korea Express Co. Ltd.	Inchon	800	50,000
Ulsan Silo Co. Ltd.	Ulsan	1,500	80,000
Woo Sung Enterprise	Pusan	800	80,000
TOTAL		<u>6,900</u>	<u>884,000</u> tonnes

Woo Sung Enterprise in Pusan is currently installing additional storage capacity of 50,000 tonnes and Korea Express Co. Ltd., in Incheon is also expanding additional storage capacity of 50,000 tonnes. The expansions are expected to be completed by the end of October 1988. Therefore, when these projects are all completed, total unloading capacity will reach 7,300 tonnes per hour and total storage capacity will reach 984,000 tonnes.

6. Government Policies Affecting Grain and Agriculture

The government estimates that the annual rate of population growth will remain at 2.1% during the period of the 6th Five Year (1987-1991) Economic Development Program. However, per capita consumption of rice (128.2kg in 1986) is expected to decrease 1.4% per year due to the rapidly changing of food consumption pattern. On this basis, the government will continue to maintain the current level (5.6 million tonnes) of rice production, with 90% of higher quality rice varieties. For the last 10 years, per capita consumption of barley decreased to 7.0kg in 1986 from 39.3kg in 1976 and the production also decreased to 626,000 tonnes (crude weight) in 1986 from 1,759,000 tonnes in 1976. Despite the fact that barley contributed to only 2.3% of the total crop income in 1986, The government continued to expand production through a forward price system under production contracts managed by National Agricultural Cooperative Federation (NACF). As a result of the forward price system, barley production increased to a total of 719,000 tonnes (crude weight) in 1987 from 626,000 tonnes in 1986. Distillers have used 138,000 tonnes of domestic barley and beverage manufacturers also used approximately 200 tonnes in 1987, but no barley was used for feed purpose. As detailed in our last year's report, wheat is no longer an economic crop for Korean farmers and the production is declining every year (3,700 tonnes in 1987). The government estimates that the self-sufficiency rate of grains (including the quantity required for animal consumption) remained at 44.0% in 1987 representing 124.1% for barley, 100.0% for rice, 100.0% for potatoes, 16.7% for soybeans, 2.7% for corn, 0.2% for wheat and 3.5% for other grains. The self-sufficiency rate for grains required for human consumption alone remained at 67.8% in 1987. Reliance on foreign sources for oilseed requirement remains at approximately 90%. Government policy will continue to encourage the increased domestic production of corn, soybeans, sesame, perilla and peanuts to increase the self-sufficiency rates for these products.

In 1987, Korea produced a total of 7,336,000 tonnes of grains and 315,000 tonnes of oilseeds. Imports of grain were 8,722,000 tonnes and 1,187,000 tonnes of oilseeds. Imports of grains and oilseeds, such as soybeans, canola, sunflower, sesame, peanuts and perilla, are still controlled by the government either on an annual quota basis or by nominating importers. For 1988, the government has allocated a total of 2,180,000 tonnes of milling wheat quota through Korea Flour Mills Industrial Association (KOFMIA) for human consumption and a total of 5,850,000 tonnes of feed grains through Korea Feed Association (KFA) and National Livestock Cooperative Federation (NLCF) for animal consumption. Another quota of 1,200,000 tonnes of corn has been set aside through Korea Corn Processors Industry Association (KCPIA) for industrial purposes. In addition to the above grain imports, the government has allocated additional import quotas for 200,000 tonnes of tapioca and 281,000 tonnes of vegetable protein as feed ingredients, and 977,000 tonnes of soybeans and 15,000 tonnes of canola seed for three soybean crushers. Korea produced a total of 9,018,000 tonnes of compound feed in 1987 and is expected to reach 10 million tonnes in 1988. The current policy of the government is not to use more than 66% of grains for manufacture of compound feed.

6. Government Policies Affecting Grain and Agriculture (cont'd)

According to the food balance sheet prepared by Korea Rural Economics Institute, per capita consumption of major food products in 1986 were: cereals - 186.1kg, potatoes - 15.1kg, meat - 17.2kg, vegetables - 114.6kg, fruits - 26.3kg and milk - 26.2kg. The government estimates that in 1987 Korea produced 152,000 tonnes of beef, 376,000 tonnes of pork, 14,100 tonnes of poultry and 1,350,000 tonnes of milk and per capita consumption reach 3.6kg of beef, 8.9kg of pork, 3.3kg of poultry and 32.2kg of milk.

Per capita consumption of rice and barley are expected to decline to approximately 117kg and 5.0 by 1991 respectively due to the changing patterns in food consumption. On the other hand the consumption of wheat flour is expected to show a slight increase due to the expansion of the pastas food industry. Consequently, the government's rice and barley production policies have significant implications in neither the immediate nor in the long term for Canadian milling wheat exports. The government discontinued the use of domestic barley for feed already for the last two years mainly due to the higher price, but the strong opinion prevails among the feed industry that the government should lift the import restriction on barley to diversify the feed ingredients as well as reduce the feed cost. Therefore, if the government responds and changes its policy on barley, this should provide a significant market for Canadian barley in Korea. The government allocated 15,000 tonnes of Canadian canola quota for 1988, but the end-users did not import any due to a surplus of soybean oils in the market.

At present, Korea does not import any grains or oilseeds under countertrade or barter trade agreements. (The barter trade agreement with Thailand to import tapioca and corn for Korean fertilizer was terminated at the end of December 1987).

7. Market Prospects - Grains and Oilseeds

According to Korea's 6th Five Year (1987-1991) Economic and Social Development Plan, the following imports of grains and oilseeds are planned for the next four years (unit: 000t)

	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
* Wheat	2,272	2,373	2,474	2,575
Corn	3,372	3,487	3,605	3,720
Other grains	1,416	1,438	1,459	1,507
Soybeans	1,033	1,143	1,253	1,361

* milling wheat only

Statistics prepared by Korea Flour Mills Industrial Association (KOFMIA) indicates that Korea imported a total of 2,078,000 tonnes of milling wheat in 1987, of which 1,460,000 tonnes (70.3%) were purchased under the CCC Program and the balance (29.7%) in foreign exchange. The same statistics also indicates that Korea imported a total of 1,833,000 tonnes (88.2%) of wheat from the United States including 79.7% of wheat purchased under the CCC Program. As the Korean Won currency continued to appreciate against the U.S. dollar for the last two years (8.72% in 1987 and 9.64% as of the end of June 1988), the CCC Program has served as the most attractive financing offer for the Korean millers. In August

7. Market Prospects - Grains and Oilseeds

of 1988, the governments of Korea and the United States agreed to use a total of US\$560 million from October 1988 to September 1989 to import U.S. Agricultural land forestry products under the CCC Program including US\$165 million for wheat and US\$78 million for corn. The parties also agreed to terminate the program as of October 1989. As of the end of July 1988, Korea imported a total of 1,346,000 tonnes of milling wheat including 147,652 tonnes (10.8%) from sources (Australia: 89,126 tonnes; Saudi Arabia: 22,000 tonnes; Argentina: 21,300 tonnes; and Canada: 15,226 tonnes) other than the United States. Wheat from the other sources was all purchased directly by millers through price negotiations which represents approximately 55% of total wheat purchased in 1987. The anticipated termination of the CCC Program and the sudden appearance of Saudi Arabia as a new supplier indicates that Korea will likely move into a more price oriented market, suggesting competitive pricing will be the most important market initiative in the short run. Current technical initiatives are equally important in our view, and should also be continued in the longer term.

With the exception of flaxseed, mustard seed, canary seed and small soybeans for bean sprout purpose, there are no market possibilities at the moment for other special crops. In 1987, Korea imported 9,482 tonnes of flaxseed, 853 tonnes of mustard seed and 200 tonnes of canary seed.

8. Processing Facilities - Year 1987

- - - thousands of tonnes - - -

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	11	13	2,829	2,107
Compound Feed Mills	51	80	6,507	9,018
Maltsters	2	5	119	102
Brewers*	2	5	11	8,744
Oilseed Crushers	25	26	1,778	1,203

* Capacity and output in millions of hectolitres

9. Storage Import Throughput Capacity

Grain Import Capacity by Port - Year 1987

- - - thousands of tonnes - - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Inchon	724	11,040
Ulsan	80	3,600
Pusan	80	1,920
Total Capacity	884	16,560

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987/88 estimate:

- - thousands of tonnes - -

	2-Row		6-Row		Total**
	Winter	Spring	Winter	Spring	
All Barley					558 (A)
Suitable for malting	161				161 (B)

(A) No separate figures available for Winter and Spring barley

(B) Crude weight

2. Statistical Notes: 1987/88 est.

thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	102 (96)	0.4 (1)	--
Malting barley	161 (171)	- -	--

Import origination includes: Australia, UK

3. Additional Information

Total beer consumption in 1987 increased to 886 million litres from 807 million litres in 1986.

Total beer production capacity remained at 1,100 million litres (same as the last year), but is expected to expand to 1,300 million litres in 1989.

Total malting capacity also remained at 119,000 tonnes in 1987, but is expected to expand to approximately 131,000 tonnes in 1989.

Korea achieved self-sufficiency in malt and malting barley production. Therefore, there may be limited opportunities if brewers need to import higher quality malt for re-export purposes.

III. OILSEEDS

1. Trade Policy

Import Tariffs: Oilseeds: With the exception of 40% basic tariff on peanuts, sunflower, rapeseed, sesame and perilla seeds, 10% basic tariff applies to all other oilseeds. However, 3-10% reduced tariff applies to soybeans (990,000t), copra (72,000t) and canola (15,000t) in 1988 on a quota basis.

Crude Oil: With the exception of 40% basic tariff on peanuts, sunflower, rapeseed, sesame, perilla oils and 10% tariff on palm oil, 20% tariff applies to all other crude oils.

Oilseed meal: 10% tariff applies to all oilseed meals with the exception of 3% tariff applied to soybean meal up to 360,000 t in 1988.

Refined oil: Same as tariff rates on crude oils.

Soybeans are importable exclusively by NACF (for food process) and AFMC (for bean sprout) through tenders and by three soybean crushers (for soybean oil) through direct price negotiations. Private endusers are authorized to import other oilseeds also through price negotiations. NACF is exclusively authorized to import canola through tenders if a requirement exists.

2. Canola faces strong competition from the United States which has agreed to provide another U.S.\$52 million to purchase U.S. Soybeans in the next fiscal year under the CCC Program. Apart from the competition from the U.S., canola faces resistance from the domestic soybean crushers.

3. Supply of Oilseeds and Products by type, thousands of tonnes: - Year 1987

<u>Oilseed</u>	Domestic Production	Imports	Exports
Soybeans	203	1,115	
Rapeseed	8	-	
Sesame	43	5	
Others	61 (1)	68 (2)	
TOTAL	315	1,188	

(1) Includes peanuts, perilla and cotton seed.

(2) Includes peanuts, copra, flax, castor and peanuts

<u>Oil</u>	Production		Imports		Exports	
	Domestic	Imports	Crude	Refined	Crude	Refined
Soybeans	-	163	-	-	-	-
Rapeseed	2	4	-	-	-	-
Sesame	12	-	-	-	-	-
Others	26 (1)	37 (2)	198	-	7	-
TOTAL	40	204	198	-	7	-

(1) Includes rice, bran, and sesame oils

(2) Includes palm, copra and cottonseed oils

<u>Meal</u>	Production	Imports	Exports
Soybeans	698	247	
Rapeseed	8	170	
Cottonseed	-	50	
Others	137	12	
TOTAL	843	479	

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	4 (5)	100 (72)	4,121 (3,449)	4,225 (3,526)
Durum wheat	-	-	- (-)	- (-)
Flour/Semolina	-	24 (26)	-	24 (26)
TOTAL	4 (5)	124 (98)	4,121 (3,449)	4,249 (3,552)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>			<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Other (seed, waste)</u>					
Wheat	2,150 (2,071)	1,963 (1307)	5 (40)	8 (10)	-	-	100 (100)	4,226 (3,528)
Durum wheat	-	-	-	-	-	-	-	-
Flour Semolina	-	-	-	-	-	-	23 (24)	23 (24)
TOTAL	2,150 (2,071)	1,963 (1307)	5 (40)	8 (10)	-	-	123 (124)	4,249 (3,552)

Industrial use: Glue

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets.

ORIGIN

	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
<u>WHEAT</u> (including durum)							
Cash	1,442 (640)	377 (640)	464 (701)	68 (62)	239 (123)	71 (57)	2,661 (2,223)
Commercial credit	-	1,460 (1,226)	-	-	-	-	1,460 (1,226)
TOTAL	1,442 (640)	1,837 (1,866)	464 (701)	68 (62)	239 (123)	71 (57)	4,121 (3,449)

Principal Others:

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	Production		Carry-in, July 1		Imports		Total Supply	
Corn	127	(113)	289	(429)	4,566	(3,671)	4,982	(4,213)
Barley	719	(627)	38	(110)	-	-	757	(737)
Sorghum	2	(2)	-	(15)	3	(246)	5	(263)
Oats	-	-	-	-	6	(1)	6	1
Rye	1	(2)	8	-	26	(40)	35	(42)
TOTAL	849	(744)	355	(554)	4,601	(3,958)	5,785	(5,256)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	Human Consumption		Animal Feed	Industrial	Other (seed, waste)	Exports	Carry-out	Total						
Corn	40	(37)	3,325	(2,857)	1,010	(1,000)	40	(30)	-	-	567	(289)	4,982	(4,213)
Barley	412	(410)	-	(12)	250	(237)	55	(40)	-	-	40	(38)	757	(737)
Sorghum	1	(1)	3	(261)	-	-	1	(1)	-	-	-	(15)	5	(263)
Oats	-	-	6	(1)	-	-	-	-	-	-	-	-	6	(1)
Rye	-	-	32	(33)	-	-	3	(1)	-	-	-	-	35	(42)
TOTAL	453	(448)	3,366	(3,164)	1,237	(1,061)	99	(72)	-	-	607	(335)	5,785	(5,256)

Of which poultry: 32.0%. Industrial use: Starch, glucose, fructose, oil, syrup and brewery, etc.

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	ORIGIN					TOTAL IMPORTS							
	Canada	U.S.A.	Australia	Argentina	EEC		All Others						
Corn	-	(3)	4,072	(1,325)	-	1	(243)	6	(2)	487	(2,098)	4,566	(3,671)
Barley	-	-	-	-	-	-	-	-	-	-	-	-	-
Sorghum	-	-	-	-	(11)	-	(5)	-	-	3	(230)	3	(246)
Oats	4	(4)	1	(1)	-	-	-	-	-	1	-	6	(1)
Rye	2	(2)	1	(2)	-	-	-	23	(35)	-	(1)	26	(40)
TOTAL	6	(5)	4,074	(1,328)	-	(11)	1	29	(37)	491	(2,329)	4,601	(3,958)

Principal Others: Thailand, Kenya, Liberia

MALAYSIA

Economic classification: Middle Income economy		
Oil exporter or importer (net): Exporter		
Annual per capita GNP	US\$1,771	1987
Average annual growth	5.6%	1977-87
Annual inflation rate	5.08%	1977-87
Annual inflation rate	0.8	1988
Volume of imports	12.8 billion US\$	1987
Of which food	6.3%	1987
Of which fuels	1.5 %	1987
Principal foreign exchange earning export: Petroleum, palm oil		
Debt service as % of GNP	9.7 %	1987
Debt service as % of exports	15.2%	1987
Population	16.5 million	1987
Annual population growth	2.5%	1987
Annual Consumption:		
Flour	378,000 tonnes or 22.9 kg/capita	1987
** Meat	804,000 tonnes or 48.7 kg capita	1987
Vegetable oil	218,000 tonnes or 13.2 kg/capita	1987

* Exchange rate: US\$1.00 = M\$2.5

** Per capita Consumption, 1987: Beef: 3.6kg, Mutton: 3.56kg, Chicken: 12.6kg, Pork: 29kg.

I. GENERAL INFORMATION

1. Crop Situation and Outlook

A. RICE

Padi production dropped by 8.1% to 1.6 million tonnes in the 1986/87 crop year, due mainly to dry weather conditions in the north-western region. The total planted area increased by 2.5% to 642,000 hectares, although this is 3.2% lower than in the 1984/85 crop year reflecting the Government's decision to phase out padi cultivation outside of right specified granary areas.

As a result of the lower padi production, rice output also declined by 8.1% to 1 million tonnes. This is sufficient to meet 68% of total domestic consumption in 1987 compared to 74% in 1986. The balance of domestic consumption was met by imports (primarily from Thailand) and a drawdown of stocks. Rice production is projected to drop a further 2.5% in 1988.

B. PALM OIL

Area under oil palm increased by 5.4% in 1987 to 1,685,600 hectares. Mature hectareage increased by 7.1% to 1,458,400 hectares. Total palm oil production however declined by 0.3% in 1987 to 4,532,000 tonnes (after three consecutive years of increase) due to factors such as reduced fertilizer application, adverse weather conditions and tree stress.

Labour shortages continue to plague the industry and total crop loss was estimated at US\$2.8 million as a result. Increased efforts are now being directed towards cost reductions to make Malaysia more competitive with lower cost producers. With the mature hectareage increasing in 1988, it is projected that crude palm oil production will increase by 5.7% next year.

2. Foreign Exchange Situation

The net international reserves of the Central Bank of Malaysia increased by M\$2,893.1 million (\$1.15 billion U.S.) to M\$19,432.4 million (\$7.77 billion U.S.) at the end of 1987. This is sufficient to finance 7.4 months of retained imports. While no special priority is placed on food and agriculture inputs in the expenditure of foreign exchange earnings, imports of food and intermediate goods for the agriculture sector did account for 5.7% and 2.4% respectively of total gross imports in 1987. Malaysia is not a recipient of any significant level of international aid.

3. Fertilizer Situation

In 1987, the Bintulu Fertilizer plant located in the East Malaysia state of Sarawak produced 352,300 tonnes of ammonia (up 34% over 1986) and 558,700 tonnes of urea (up 53% over 1986). Both Sarawak and the neighboring state of Sabah have proposed increasing the local supply of fertilizers. One plant to produce 80,000 tonnes per year of compound fertilizers is now proposed for Sabah. The feasibility of a second plant, for Sarawak, is now being assessed.

In 1987, Malaysia imported 209,201 tonnes of crude fertilizers and 1,200,380 tonnes of manufactured fertilizers, valued at Cdn. \$23.4 million and Cdn. \$159.2 million respectively. These import levels were moderately higher than those in 1986.

The main types of manufactured fertilizers imported were:

Ammonium nitrate	8,700 tonnes
Ammonium sulphate	174,700 tonnes
Urea	209,390 tonnes
Potassium chloride	291,725 tonnes
Other pottastic fertilizers	310,160 tonnes
Other fertilizers, NES, containing nitrogen, phosphorous and potassium	119,840 tonnes

Canada directly exported 335,000 tonnes of fertilizers, virtually all of it potassium chloride and other potassic mineral or chemical fertilizers.

4. Import Mechanism

Rice can only be imported by the National Rice and Padi Board. Other grains such as wheat are imported by the privately owned flour mills and no government agency is involved. No change in import institutions or procedure i.e. no import permit is required for importing wheat.

5. Grain Industry Infrastructure

There are six (6) flour mills in operation. Most mills have increased their milling capacity to the following estimated levels: Malayan Flour Mill (1,000 t/d), United Malayan Flour Mills Bhd (600-700 t/d), Federal Flour Mill (1,000 t/d), Johore Flour Mill (700 t/d), Sabath Flour & Feed Mill (200 t/d) and Kuantan Flour Mills (400 t/d).

Excess capacity in the industry is estimated to be slightly in excess of 20%. No significant changes anticipated in the near future.

6. Government Policies Affecting Grain And Agriculture

The Malaysian Government continues to encourage the local production of corn (although with little success to date) to reduce its large import bill which averages US\$160-\$200 million annually. Malaysia has abandoned its goal of self-sufficiency in rice production in favour of cheaper imports to fill the gap left by a shortfall in domestic production. The Malaysian National Rice and Padi Board may have to carry a higher inventory to cushion the fluctuations in demand.

Malaysia is self-sufficient in poultry meat, pork and eggs (with surplus for export to Singapore and Japan) however, it continues to import 50% of its beef requirement and 85% of its mutton requirement. The Department of Veterinary Services has an ongoing priority for the genetic improvement of its livestock herd and works closely with industry to foster increased domestic livestock production.

Malaysia has always depended on imported feed ingredients for animal feed. Meat consumption is projected to increase over the next 5 to 10 years, especially poultry meat and pork and this will result in an increased need to import feed ingredients. This will expand opportunities for the sale of Canadian barley, canola meal, alfalfa, etc., although a considerable promotional effort will be required to break into this market: one recent positive development is the trial shipment of feed barley sold to Malaysia this year. With Malaysian economy on the upswing, wheat imports may also return to traditional annual growth level of 2% - 3%.

Since 1983, countertrade has been a requirement for certain categories of international government contracts. To date, countertrade has not been required for imports of food products. However, some scope exists for extending its reach into Government grain purchases, particularly since contractors will often include countertrade offers even when not obligatory, as a means to enhance their bids.

7. Market Prospects - Grains and Oilseeds

The projection for grain imports for 1992 based on an average compound growth rate of 2.5% is about 692.2 thousand tonnes for human consumption.

In order to increase the Canadian share of the market more systematic and tailored marketing initiatives are required. The Canadian livestock and feed industry must establish a presence in the Malaysian market through more frequent visits and the appointment of capable local agents and associates. Regular visits by the Canadian Wheat Board to meet with local milliers have been effective and should be continued. Trials of Canadian feed ingredients to convince local feedmillers of the suitability of their use in feed formulation would also facilitate market access. Consistent with the Malaysian government's priority on enhancing local capabilities, joint-venture and technology transfer ventures should be pursued as well.

Special crops generally have a very limited market in Malaysia except for soybeans and white pea beans. Canadian soybeans mainly for human consumption continue to sell very well, averaging Cdn \$5-\$6 million annually. Canadian white pea beans used in baked beans had a virtual monopoly of the Malaysian market about 10 years ago, however due to a switch by the canners to Northern or Garden beans, white pea bean imports gradually declined over the years to the current low level of 4-5 containers a year.

8. <u>Processing Facilities</u>	Year	1987	(most recent)	
			thousands of tonnes	
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	6	6	540 (est)	403
Compound Feed Mills	400 plus	400 plus	N/A	842
Maltsters	Nil	Nil	Nil	Nil
Brewers*	3	3	N/A	98.8
Oilseed Crushers (soybeans)	2	2	N/A	N/A
(palm oil)	N/A	263		

* Capacity and output in millions of litres

9. Storage and Throughput Capacity

<u>Grain Import Capacity by Port</u>		Year	1987	(most recent)
<u>Name of Port</u>	<u>Grain Storage Capacity</u>		<u>Annual Throughput Capacity</u>	
Lumut	N/A		N/A	
Penang Port	N/A		N/A	
Pasir Gudang	N/A		N/A	
Port Kelang	N/A		N/A	
Labuan Port	N/A		N/A	

II. MALT AND MALTING BARLEY

1. Statistical Notes: 1987/88 est. thousands of tonnes -
previous year in brackets

	<u>Production</u>		<u>Imports</u>		<u>Exports</u>
Malt	Nil	(Nil)	10.56	(18.58)	Nil (Nil)
Malting Barley	Nil	(Nil)	Nil	(Nil)	Nil (Nil)

Import Origination include: Australia, Denmark, France, Belgium, UK,

2. Additional Information

Annual per capita beer consumption: No reliable figures currently available, although this is indirectly reflected in beer production since the bulk of it is consumed locally. Beer production declined by 2.4% from 101,297,000 litres in 1986 to 98,841,000 litres in 1987.

Domestic Malting Capacity: Malaysia has no malting plants.

Canada's market share has always been small. In 1987, Canada did not export any malt to Malaysia. Exports are still dominated by Australia, Denmark, France, Belgium and U.K. which together account for 99% of the total malt import.

III. OILSEEDS

1. Trade Policy -

	<u>Import Duty</u>	<u>Surtax</u>	<u>Sales Tax</u>
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Import Tariffs:

Oilseeds:	Soybeans	Nil	Nil	Nil
	Rape or Colza	5%	Nil	5%
Crude oil:	Soybean	5%	Nil	5%
	Rape/Colza/Mustard	5%	Nil	5%
Oilseed Meal:	Soybean	13%	Nil	Nil
	Rape/Canola	Nil	Nil	Nil
Refined Oil:	Soybean	5%	Nil	5%
	Rape/Canola/Mustard	5%	Nil	5%

Certain agricultural exports, including vegetable oil products, are eligible for export credit refinancing, which provides exporters with credit at preferred rates (already 5% per annum) for a maximum period of 180 days (post shipment).

In addition, agricultural exporters are eligible for an export allowance, (calculated at 5% of export receipts) which can be applied as a deduction against taxable income.

The Government also has in place a range of incentives to promote agricultural investment which indirectly assist exports, including 10 years of tax holidays, investment tax allowances, and accelerated writeoffs for certain capital expenditures including workers housing.

The tariff on wheat, rye and oats is 2%. Barley attracts a rate of 5%, as does buckwheat, millet, canary seed and other cereals. No surtax applies in these cases. Cereal flours are assessed a 5% duty, except corn at 2%.

Rolled or flaked barley is taxed at 5% while rolled oats are assessed Cdn \$15.00 per tonne and 5% surtax.

No non-tariff barriers exist for import of the above-mentioned products. Other food products must meet the health and safety standards under the Food Regulations, 1985.

Import/export structure: Oilseed imports and exports are exclusively handled by private companies. The government or its agencies are not involved. Sales is by samples and quotations usually in US dollars, F.O.B.; C.I.F; or C&F.

Additional factors: Oilseeds can be freely imported and no licence is required. Oil palm seeds are prohibited from export, unless an export permit can be obtained from the Malaysian Federal Government.

2. Supply of oilseeds and products by type, thousands of tonnes -- Year: 1987

<u>Oilseed</u> (by type)	<u>Domestic Production</u>	<u>Imports</u>		<u>Exports</u>	
Soybean	Nil	279.6		3.8	
Rape or Colza seeds	Nil	137.7		Nil	
TOTAL	Nil	417.38		3.8	

<u>Oil</u> (by type)	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>(Crude)</u>	<u>(Refined)</u>	<u>(Crude)</u>	<u>(Refined)</u>
Soybean	N/A	72	Nil	95	Nil
Palm Oil (crude)	4,533	61	Nil	171	3,900
Coconut	27	Nil	Nil	39	7
TOTAL	4,560	133	Nil	305	3,907

<u>Meal</u> (by type)	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
Soybean	N/A	172		2	
Peanut	N/A	19		Nil	
Rapeseed	N/A	Nil		Nil	
TOTAL	N/A	191		2	

IV. STATISTICAL NOTES

MALAYSIA

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Wheat*	Nil	N/A	550.94 (434.38)	N/A
Durum wheat	Nil	N/A	67.97 (142.69)	N/A
Flour/Semolina	Nil	N/A	0.42 (0.03)	N/A
TOTAL	Nil	N/A	619.33 (577.7)	N/A

* of which spring wheat

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	Human Consumption			Other (seed, waste)		Total
	Consumption	Animal Feed	Industrial	Exports	Carry-out	
Wheat	N/A	N/A	N/A	0.91 (0.66)	N/A	N/A
Durum wheat	N/A	N/A	N/A	0.07 (0.06)	N/A	N/A
Flour Semolina	N/A	N/A	N/A	14.77 (26.05)	N/A	N/A
TOTAL	N/A	N/A	N/A	15.75 (26.77)	N/A	N/A

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	ORIGIN						TOTAL IMPORTS
	Canada	U.S.A.	Australia	Argentina	EEC	All Others	
Wheat (including durum)							
Cash	57.46 (10.83)	75.14 (72.08)	485.15 (396.44)	0.04 (97.36)	0 0	1.12 (0.36)	618.91 (577.07)
Commercial Credit Aid, concessional credit, etc	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Flour (including semolina)							
Cash/comm. credit Aid, concessional	0.00	0	0.00	0.00	0.12 (0)	0	0.42
Total	57.46 (10.83)	75.14 (72.08)	485.15 (396.44)	0.04 (97.36)	0.12 (0)	1.42	619.33 (577.10)

IV. STATISTICAL NOTES
(A) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous years in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Corn	N/A (N/A)	-	1,300.3 (1,203.53)	N/A
Barley	Nil (Nil)	-	3.4 (3.84)	N/A
Sorghum	Nil (Nil)	-	17.2 (0.1)	N/A
Oats	Nil (Nil)	-	8.8 (4.96)	N/A
Rye	Nil (Nil)	-	0.0 (0.0)	N/A
TOTAL	Nil	N/A	1,329.7 (1,212.43)	N/A

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	Human Consumption				Other (seed, waste)	Exports	Carry-out	Total
	Human Consumption	Animal Feed	Industrial	Other				
Corn	N/A	N/A	N/A	N/A	N/A	2.25 (0.28)	N/A	N/A
Barley	N/A	N/A	N/A	N/A	N/A	0.11 (0.25)	N/A	N/A
Sorghum	N/A	N/A	N/A	N/A	N/A	0.00 (0.0)	N/A	N/A
Oats	N/A	N/A	N/A	N/A	N/A	0.00 (0.0)	N/A	N/A
Rye	N/A	N/A	N/A	N/A	N/A	0.00 (0.0)	N/A	N/A
TOTAL	N/A	N/A	N/A	N/A	N/A	2.36 (0.53)	N/A	N/A

Export Destination: Singapore, Brunei, Indonesia

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	ORIGIN						TOTAL IMPORTS
	Canada	U.S.A.	Australia	Argentina	EEC	All Others	
Corn	0 (0)	15.91 (0.33)	10.59 (4.64)	159.1 (79.36)	0.15 (0.86)	971.45 (118.34)	1300.39 (1203.53)
Barley	0 (0)	0 (0.14)	0.08 (0.25)	0.0 (0)	1.6 (2.64)	1.72 (0.81)	3.4 (3.84)
Sorghum	0 (0)	0 (0)	0.05 (0)	0.0 (0)	0.0 (0)	0 (0.1)	0.05 (0.10)
Oats	0 (0)	0 (0)	8.8 (4.39)	0.0 (0)	0.0 (0.54)	0 (0.03)	8.8 (4.96)
Rye	0 (0)	0 (0)	0.0	0.0	0 (0)	0 (0)	0 (0)
TOTAL	0 (0)	15.91 (0.47)	19.52 (9.28)	159.1 (79.36)	1.75 (4.04)	973.17 (119.28)	1312.64 (1212.43)

Principal "Others": Thailand, Vietnam, Zimbabwe, China

PAKISTAN

Economic classification: Low Income economy		
Oil exporter or importer (net): Importer		
Annual per capita GNP	US\$394	1987-88
Average annual growth	6.5%	1977-87
Annual inflation rate	9.0%	1977-87
Annual inflation rate	7.0%	1988
Volume of imports	6.547 billion US\$	1987-88
Of which food	15.0%	1987-88
Of which fuels	14.0%	1987-88
*Principal foreign exchange earning export:		
cotton and cotton textiles		
Debt service as % of GNP	2.8%	1987-88
Debt service as % of exports	26.6%*	1987-88
Population	103.82 million	1987-88
Annual population growth	3.1%	1981-88
Annual Consumption:		
Flour	12,458,400 tonnes or 120.0 kg/capita	1987-88
Meat	1,245,840 tonnes or 12.0 kg/capita	1987-88
Vegetable Oil	934,380 tonnes or 9.0 kg/capita	1987-88

*18% of foreign exchange earnings (exports of goods + home remittances of Pakistanis working abroad).

I. GENERAL INFORMATION

1. Crop Situation and Outlook

The growth rate of agriculture sector during the financial year (July 01 to June 30) 1986-87 estimated at 5.9% had to be revised downwards to 2.2% due mainly to heavy rains at wheat harvest time (April 1987) which caused considerable damage. Post harvest losses of wheat alone were estimated at one million metric tonnes (MMT).

During 1987-88, prolonged drought conditions adversely affected South Asia including Pakistan. It has affected wheat, rice, gram and sugarcane crops. Overall growth in agricultural production is estimated at 4.5% over the depressed levels of 1986-87.

Pakistan was hit by unprecedented floods during September 1988. It has affected the prime agricultural area of Punjab causing damage to rice, gram and cotton crops. The extent of damage has not been assessed yet. However, post estimates 10-15% damage to standing crops. Wheat stocks have also been damaged.

Wheat

Area under wheat crop was reduced by 5.97% from 7.7 million hectares (MM HA) during 1986-87 to 7.24 MM HA during 1987-88. One of the reasons for this decrease was that the farmers prolonged cotton picking to take full advantage of the bumper crop and enhanced support prices of cotton and it overlapped to some extent with the wheat sowing period. Total wheat production stood at 12.94 (MMT) which was 0.47% higher than 1986-87 production of 12.88 [MMT] (It may be noted that net production during 1986-87 was 12.02 1 MMT after allowance was made for post harvest losses caused by heavy rains).

Crop Situation and Outlook (cont'd)

The recent floods are expected to affect the next crop in two ways. One, it has hit the farmers' financial position badly. Their properties including implements, tubewells, stocks of supplies and livestock have been adversely affected. Some lands have also been rendered unsuitable for immediate cultivation. On the other hand, most lands have now improved moisture content and the prospects for better germination have improved, particularly in the rain-fed areas. Notwithstanding any adverse changes in the weather during the growing and the harvesting months, production during 1988-89 is expected to surpass the output recorded during 1987-88.

Rice

According to revised estimates, rice was planted over 2.06 MM HA during 1986-87 which decreased by 4.8% to 1.96% MM HA during 1987-88 due to poor availability of water at the time of plantation. Production also declined by 6.9% from 3.48 MM MT during 1986-87 to 3.24 MM MT during 1987-88. This year, the area under rice was estimated to have slightly exceeded 2 MM HA and production was expected around 3.5 MM MT. However, the floods in September/October 1988 caused considerable damage which is being assessed as the crop is being harvested. Post expect the outputs in the range of 3.0 MM MT.

Coarse Grains

Barley registered 19.2% decrease in area from 182,000 HA during 1986-87 to 147,000 HA during 1987-88. Output decreased by 19.4% from 134,000 MT to 108,000 MT during the same period. Sorghum cultivated area decreased by 7.31% from 399,200 HA during 1986-87 to 370,000 HA during 1987-88. Production decreased by 20.85% from 235,000 MT to 186,000 MT during the same period. Oats showed a similar trend. Area decreased by 42.6% from 508,800 HA to 292,000 HA and output declined by 41.98% from 232,000 MT to 135,000 MT. Corn (maize) registered slight improvement. Area under the crop increased by 4.53% from 816,000 HA during 1986-87 to 853,000 HA during 1987-88 and output rose by 1.35% from 1,111,000 MT to 1,126,000 MT during the same period.

Since the Government is making all out efforts to achieve self-sufficiency in wheat and sugar and to increase production of exportable surpluses of cotton and rice, coarse grains are suffering from neglect. They are cultivated in such lands which are unsuitable for the above mentioned four major crops. Most of the output is consumed by domestic livestock and draft animals and a very small portion ever reaches the market, where it is channelled to livestock farms and poultry feed mills.

Oilseeds

Area under cotton crop increased by 2.49% from 1986-87 level to 2.563 MM HA during 1987-88. As the yield per hectare also improved, total production of cottonseed reached 2,540 which shows an improvement of nearly 14.7% over 1986-87. The oil producing capacity of cottonseed is rather limited. However, it accounted for over 70% of the total edible oil produced locally due to an all time record cotton crop harvested during 1987-88.

Sunflower and soybean are more or less at the experimental stage and have not yet acquired their rightful place in the cropping pattern. The production of rapeseed and mustard is almost constant for several years now.

Existing farming practices, current price levels of agricultural produce and the import policy related to edible oils is not conducive to the development of local oilseed crops. A major portion of the edible oil requirements of the country will have to be improved in the foreseeable future.

Seeded Acreage: Thousands of hectares

<u>Commodity</u>	<u>1988/89 (Forecast)</u>	<u>1987/88 (Actual)</u>	<u>1986/87 (Actual)</u>
Wheat	7,800	7,240	7,700
Durum	-	-	-
Barley	190	147	182
Corn (maize)	860	853	816
Sorghum	400	370	399.2
Oats	-	-	-
Rye	-	-	-
Soybeans	10	7.5*	6.5
Rapeseed	370	270*	361.6
Sunflower	100	60*	45.5

*Estimated

2. Foreign Exchange Situation

Pakistan being a developing country, requires large investments in infrastructure, basic materials and capital goods producing industries are required. Capital goods, machinery, fuel oil, edible oil and some other consumer goods are imported from abroad. It pushes the import bill beyond the country's export earnings. The resultant gap is bridged through foreign aid and loans.

At the time of the budget formulation for the financial year 1987-88, current account deficit was expected to be US\$1,057 million and was planned to be met by US\$940 million from long term borrowings and US\$79 million from short term borrowings, leaving an overall balance of payments deficit of US\$38 million.

The above scenario was based on assuming US\$4,125 million exports, US\$6,370 million imports and US\$2,070 million remitted by Pakistanis working abroad (in the Middle East, Western Europe and North America). Current trend of the above variables indicate that current account deficit would be limited to US\$985 million which is about 7% less than estimated but 37% higher than US\$719 million in 1987-88.

The Aid-to-Pakistan Consortium is the largest source of assistance providing 79% of the total foreign resource inflow. The remaining 21% comes from non-consortium sources.

As of June 30, 1988, Pakistan has commitments to receive US\$33.4 billion of which 24.7 billion has been disbursed.

3. Fertilizer Situation

Fertilizer use has been increasing continuously for the past two years. It grew by 20.8% to 1.51 million nutrient tonnes (MM NT) during 1985-86 over the 1984-85 level of 1.25 MM NT and again by 18.15% to 1.784 MM NT during 1986-87. Consequently, the target for 1987-88 was set at 1.975 MM NT. However, drought conditions at the time of sowing of both summer and winter crops have resulted in about a 4.4% short-fall in demand compared to 1986-87.

Domestic production of fertilizer was 1.211 MM NT while 1.018 MM NT was imported during 1986-87. The local fertilizer industry was decontrolled by the Government in 1986. However, imports are still handled and subsidized by the Government in order to protect the farmers from price fluctuations in the international market. Fertilizer subsidy amounted to US\$115 million (Rs. 2.03 billion) during 1986-87 and is expected to be US\$90 million (Rs. 1.6 billion) during 1987-88.

4. Import Mechanism

Wheat is purchased by the Ministry of Food, Agriculture and Cooperatives and imports are handled by the Trading Corporation of Pakistan which is a Government organization working under the Ministry of Commerce. Private importers are allowed to import vegetable oils but a major portion is still being imported by the Ghee Corporation of Pakistan (GCP). GCP is owned by the Government and works under the Ministry of Industries. It has 24 refining and/or hydrogenation factories and about 50% of the market share.

5. Grain Industry Infrastructure

The country's existing grain storage and handling facilities are inadequate and primitive and increases in production in recent years require introduction of modern technology to upgrade and expand the existing facilities.

6. Government Policies Affecting Grain and Agriculture

The government supports the development of agriculture and agro-based industries on modern and scientific lines. It is committed to make the country self-sufficient in food and to increase its exports of agriculture commodities, mainly rice, cotton and cotton based manufactures.

After the import liberalization of edible oil in 1986, commercial imports by private traders and ghee (hydrogenated oil) manufacturers have increased. Since Canola has gained free access to this market, Canada is now in a position to expand its trade in this commodity. However, since the prices of the end product are more or less controlled, the local importers are primarily guided by the price of the oil. Canola oil prices have remained higher compared to Palmoil and non-U.S. soybean oil. U.S. soybean oil, although expensive, is imported by the Government under PL-480 arrangements.

Countertrade

Pakistan has imported some wheat in the past under countertrade agreements with Eastern block countries. The Government's import policy announced in July 1987 for a period of three years (July 1988 to June 1990) has placed increased emphasis on reducing trade deficits with major trading partners. As a result, Malaysia which is a major supplier of palm oil to Pakistan has increased its imports of engineering goods and other products from Pakistan, to protect its share in this market. The Government has also signed several countertrade agreements with Eastern block and third world countries. It might be receptive to importing some canola oil under countertrade.

7. Market Prospects - Grains and Oilseeds

Pakistan is likely to import about one million tonnes of edible oil per year up to 1992 and beyond. This is a very attractive market shared by competitively priced Malaysian palm oil and U.S. soybean oil supported by PL-480. A shipment of 28,850 MT canola oil which arrived in Pakistan in April 1987 under CIDA Commodity Aid Program was well-received by the local industry. It generated several import inquiries which could not be converted into import orders due to (i) higher prices (ii) non-availability of credit and (iii) longer (3 months) waiting time.

Although the cattle feed industry has yet to develop, the poultry feed industry is comparatively well-developed and imports soybean meal as an important ingredient. A feed mission to Pakistan would be highly desirable. It should have two aims (a) collection of information about the market for dissemination to potential Canadian exporters of canola meal and (b) to introduce and promote canola meal in Pakistan.

Pakistan imports whole and split yellow peas (40,000 MT per year), red kidney beans (40,000 MT per year) and lentils (7,500 MT per year) on regular basis. A Pulses Mission composed of experienced Canadian exporters of the above-mentioned Pulses may be organized to visit Pakistan. Post will be pleased to suggest appropriate time for the mission and set up itinerary.

8. Processing Facilities

There are numerous small and medium sized flour mills which can adequately meet the flour requirements of the country. Pakistan does not import any flour and is not likely to import any in the future.

Edible oil is imported in semi-finished form. Oilseeds are not imported for crushing. There are a few crushing plants which extract oil from locally produced rapeseed, soybean, sunflower and cottonseed. The plants are mostly old, inefficient and remain idle for considerable periods during they year because oilseed production is less than the crushing capacity.

9. Storage and Throughput Capacity

The country has two ports, both located at Karachi. The Karachi Port has the capacity to handle 6 million ton dry cargo and 10 million ton liquid cargo. The Port Bin Qasim is situated 53 kilometers South-East of Karachi Port. During 1986-87 it handled 30 million ton dry bulk crop.

II. MALT AND MALTING BARLEY

Being a Muslim country, beer production and consumption is negligible.

III. OILSEEDS

1. Trade Policy

	<u>Import Duty</u>	<u>Sales Tax</u>	<u>Surcharge</u>
i) Groundnut, Cottonseed, Linseed and Rapeseed	40%	12.5%	6%
Palm Nuts & Kernels, Soybeans, Sunflower and Safflower Seed	NIL	NIL	6%
ii) Crude or refined oil Palmoil	Rs. 3,250/tonne (C\$216 approx.)		
Soybean, Sunflower Groundnut & Canola Oil	Rs. 3,000/tonne (C\$200 approx.)		
iii) Tariff on meal	NIL	NIL	6%

Import Structure

All refineries, whether belonging to the Ghee Corporation of Pakistan (GCP) or to the private sector, are allowed to import oil according to their requirements. In practice, however, the bulk of Palmoil is imported by the GCP to meet the requirements of its refineries. Some private refineries also buy from the GCP while others import it directly.

Soybean oil requirements of the country are adequately met from imports made under bilateral arrangements between Pakistan and the United States. U.S. provides 50% of estimated market requirements under PL-480 scheme which obligates Pakistan to buy the remaining 50% on commercial credit. These imports are handled by the Trading Corporation of Pakistan.

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	13,000 (12,940)	2,310 (3,220)	2,000 (470)	17,310 (16,630)
Durum wheat				
Flour/Semolina				
TOTAL	13,000 (12,940)	2,310 (3,220)	2,000 (470)	17,310 (16,630)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	12,000 (12,020)	1,000 (800)		1,850 (1,500)		2,510 (2,310)	17,310 (16,630)
Durum wheat							
Flour Semolina							
TOTAL	12,000 (12,020)	1,000 (800)		1,850 (1,500)		2,510 (2,310)	17,310 (16,630)

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IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>Total Imports</u>
WHEAT (including durum)							
Cash							
Commercial Credit							
Aid, concessional	50 (50)	1,000 (167)	500 (20)		250 (119)	200 (114)	2,000 (470)
Credit, etc.							

IV. STATISTICAL NOTES
(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	1,200 (1,126)	270 (222)		1,470 (1,348)
Barley	200 (147)	36 (36)		236 (183)
Sorghum	250 (186)	52 (80)		302 (266)
Oats (Others)	300 (300)	72 (60)		372 (360)
TOTAL	1,950 (1,759)	430 (398)		2,380 (2,157)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Human</u>		<u>Industrial</u>	<u>Other</u> (seed, waste)	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
	<u>Consumption</u>	<u>Animal Feed</u>					
Corn	294 (270)	735 (674)		147 (134)		294 (270)	1,470 (1,348)
Barley	47 (37)	118 (90)		24 (20)		47 (36)	236 (183)
Sorghum		212 (188)		30 (26)		60 (52)	302 (266)
Oats (Others)	30 (30)	230 (222)		37 (36)		75 (72)	372 (360)
TOTAL	371 (337)	1,295 (1,174)		238 (216)		476 (430)	2,380 (2,157)

PEOPLE'S REPUBLIC OF CHINA

Economic classification:	Low Income	economy
Oil exporter or importer (net):	3.7 billion	(exports 87)
Annual per capita income:	US\$	1987
Annual per capita GNP:	US\$375	1987
Average annual growth	9.4%	1977-87
Annual inflation rate:	5.10%	1977-87
Annual inflation rate (current)	18.5%	1987
Volume of imports	36.31 billion US\$	1987
	year Jan-Sep	1988
Of which food	1.6%	
Of which fertilizer	1.2%	
Debt service as % of GNP	10.2%	1988
Debt service as % of exports	9.7%	1988
Population	1.1 billion	(projtd) 1989
Annual population growth	1.44%	1988-89
Annual Consumption:		
Flour	75 million tonnes or 75 kg/capita	1988
Meat	21 million tonnes or 21 kg/capita	1988
Vegetable Oil	13 million tonnes or 13 kg/capita	1988

I. GENERAL INFORMATION

1. Crop Situation and Outlook

The Chinese Government is determined to increase grain production in 1988/89. Incentives promised to farmers including increase in procurement prices (18% increase in 1988), and guaranteed stable fertilizer prices should result in some increase in production. The Government target for 1988-89 is 402 million tonnes (compared with 392.5 reached in 1987/88). However, this target may not be reached and production is likely to remain below 400 million tonne.

Seeded Acreage: thousands of hectares

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	29,500	28,798	
Durum			
Barley	3,350	3,370	
Corn	20,212	19,800	
Sorghum	1,880	1,864	
Oats			
Rye			
Soybeans	8,500	8,445	
Rapeseed			
Sunflower			
Rice	32,000	32,193	

2. Foreign Exchange Situation

As a result of growing trade deficit of (\$3.42 billion in 1987), the Government is restricting imports to essential products/commodities required to meet development objectives. New joint venture enterprises are encouraged only if the enterprise proves that it is capable of earning foreign forex. Imports of Luxury products (stereos, T.V.'s cars, etc.) are discouraged through very high tariffs. Although food and agriculture are given high priority, foreign exchange allocations given are very small compared to other sectors (i.e. energy, chemicals, etc). China is presently a major aid recipient from Canada (CIDA), the World Bank and the Asian Development Bank (ADB). Recently the Government announced that it expects to allocate \$150 million provided through foreign loans to develop non-staple food and grain and cotton production in Central and Northeastern provinces. Minister of Agriculture already indicated that it will seek to obtain foreign funds from bilateral government for agriculture development.

Fertilizer Situation

China is a net importer of fertilizer. Extensive use of chemical fertilizer is observed in recent years. This trend is expected to continue as to demand for greater agriculture production increases. Canada is the principle supplier of potash with exports totalling more than \$103 million in 1988 (mainly from Saskatchewan). Canada is preferred supplier of Potash to China. The opening of the bulk blending plant in Guangzhou and the extensive extension work by Canpotex/Fertilizer Institute should strengthen Canada's position in this market.

4. Import Mechanism

CEROILS Foods is the principle importer of grains into China. Distribution of imported grains is the responsibility of the Ministry of Commerce. CEROILS negotiates directly with Central selling agencies (CWB, AWB) as well as with private exporters (U.S.A.).

5. Grain Industry Infrastructure

Ministry of Commerce is responsible for domestic distribution of imported (and domestic) grains. There are indications that small quantities of imported malting barley are purchased by end-users (malting houses) in Coastal provinces (i.e. Guangdong) as part of joint venture arrangements with foreign firms. CEROILS continues to determine overall requirements for the country however.

6. Government Policies Affecting Grain and Agriculture

The development of agriculture is now a top priority with both Central and local authorities. The Government announced Yuan 400 million (Cdn \$110 million) as a source for developing better agriculture production techniques, improve infrastructure in rural grain production areas and improve grain yields. The government also announced formation of a foundation for agricultural development which will be funded from special purpose taxes. The purchasing price of grain will be raised by 18% while the prices of fertilizer will be maintained at current levels.

6. Government Policies Affecting Grain and Agriculture (contd)

These policies will have little impact or long-term implications for Canadian grains, particularly wheat; since grain consumption will continue to increase the pressure on limited supply. The population growth together with the gradual change in consumer preference (for wheat products) in major metropolitan centres should keep the demand for wheat at high level. Beer consumption, long considered a nutritious drink in China, is increasing rapidly and the limited domestic supplies of quality malt could not possibly meet the rising demand.

Government continues to purchase grain on cash basis from major exporters (Canada, Australia, U.S.A., E.E.C. and Argentina). Counter-trade/barter is not pursued directly.

7. Market Prospects - Grains and Oilseeds

There are no official projections of national grain import needs. However, most foreign observers note that China's grain production levels already had peaked and any additional pressure on the land will not have significant impact on import demand. Thus one reasonable projection would be that China's grain (wheat/barley) imports will increase by at least 5% every year.

8. Processing Facilities

	Year	1988	(most recent)
			thousands of tonnes
	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>
			<u>Actual Output</u>
Flour (and durum) Mills		1600	35,000
Compound Feed Mills		2400	
Malsters			840
Brewers*		400	7,000
Oilseed Crushers			

*Capacity and output in millions of hectolitres

9. STORAGE AND THROUGHPUT CAPACITY

Name of Port	Year	
	<u>1988</u>	(most recent)
<u>Grain Import Capacity by Port</u>	- - thousands of tonnes - -	
	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Tianjin	35,000	
Dalian	35,000	
Shanghai	35,000	
Total Capacity	105,000	

II. MALTING AND MALTING BARLEY

1. Domestic Production of barley by type, 1988/89 estimate:
 - - thousands of tonnes - -

	2-Row		6-Row		Total
	Winter	Spring	Winter	Spring	
All barley Suitable for malting	7,000	(Winter & spring)			

2. Statistical Notes: 1988/89 est. thousands of tonnes
 (previous year in brackets)

	Production	Imports	Exports
Malt	840		

3. Additional Information:

Annual per capita beer consumption: Due to the steady increase in per capita income, the increase in migration to urban centers, and the generally low beer prices, there is a significant increase in beer consumption in China.

Beer production capacity: Beer Production capacity is increasing significantly since beer is not only considered as alcoholic beverage but a nutritious drink as well. Population increase and increased urbanization has resulted in greater demand for beer. As well, the scarcity of other liquors (Maotai) has affected the demand for beer.

Domestic malting capacity: Domestic malting capacity is increasing . This increase is mostly a result of expanding production capacity of existing plants rather than construction of new malt houses.

Market potential for Canadian malt: Finished malt is not imported into China.

Canadian malting barley is increasingly recognized as a high quality product for beer production. CEROILS Foods purchases malting barley from Canada on a regular basis. Interest has been expressed by some malting houses in South East China in purchasing Canadian malting barley directly from CWB Agents.

II. OILSEEDS

1. Trade Policy

Import tariffs: Oilseeds:

Crude oil: All veg. oil is imported as crude.
Tariffs vary:
rapeseed (canola) oil = 9%
soybeans oil = 6%

Oilseed meal: N/A

Refined oil: 100% applied only to very small quantities
imported for use by foreign residents in China.

Government policy protects domestic rapeseed production, thus every effort is made to control import of canola oil (China imported 10,000 tons in 1987).

Import/export structure: Government (CEROILS Foods) controls imports of veg oils in China

2. Additional factors:

Soybean oil clearly enjoys preferential treatment over any other veg/oil source. Demand can be controlled by government rationing policies. Therefore, sudden surges in oilseed/oils demand are not likely to happen frequently. Government cannot fulfil all consumption needs for veg oil, and this situation is expected to continue in the foreseeable future.

Canola oil, if priced competitively, could replace some of soybean oil imports. CEROILS could become an important client in the future if the canola industry develops an effective strategy to penetrate market.

IV. STATISTICAL NOTES(A) WHEAT AND DURUMSUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat*	88,000 (87,700)		14,089 (13,200)	102,089 (100,900)
Durum wheat				
Flour/Semolina	62,000 (61,600)			

* of which spring wheat

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IMPORT TRADE 1987/88 est. - thousands of m/tonnes - previous year in brackets
(breakout not available)

	<u>ORIGIN</u>					<u>TOTAL IMPORTS</u>
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	
<u>WHEAT</u> (including durum)	7,586	1,563	3,800	810	330	14,089

China

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	76,000		1,000	
Barley	7,700		300	
Sorghum	5,800		Nil	
Oats				
Rye	N/A			

PHILIPPINES

Economic classification:	Middle Income economy	
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$414	1986
Annual per capita GNP	US\$427	1986
Average annual growth	3.01%	1977-87
Annual inflation rate	14.8%	1977-87
Annual inflation rate	4.5%	1988
Volume of imports	5.043 billion US\$	1986
Of which food	3%	1986
Of which fuels	1.7%	1986
Principal foreign exchange earning export:	Copra, sugar and banana	
Debt service as % of GNP	42%	1988
Debt service as % of exports	42%	1986
Population	57.5 million	1986
Annual population growth	2.71%	1980-85
Annual Consumption:		
Flour	775,800 tonnes or 13.5 kg/capita	1987
Meat	635,240 tonnes or 11.14 kg/capita	1986
Vegetable Oil	203,310 tonnes or 3.6 kg/capita	1986

I. GENERAL INFORMATION

1. Crop Situation and Outlook

<u>Commodity</u>	<u>Seeded Acreage</u>		<u>Thousands of hectares</u>		<u>PRODUCTION: (000 tonnes)</u>	
	AREA: (000 hectares)					
	CY 86-87	CY 87-88			CY 86-87	CY 87-88
Rice	3,529	3,387 (4%)			9,097	8,369 (8%)
Corn	4,188	4,400 (5%)			4,279	4,700 (10%)

* Preliminary

2. Foreign Exchange Situation

Gross official reserves declined in the last half of 1987 finishing the year at just under two billion dollars, below official target and the 1986 year end figure of \$2.46 billion. The peso followed the dollar down during the year, then held its level when the dollar began its recovery. Beginning the year at 20.5:1, the present exchange rate is 21.3:1. Phil. is recipient of ODA in the form of food and agricultural inputs (P.L. 480-rice USA, UREA/CANADA/AMONIA-JAPAN, LIVESTOCK-ITALY).

3. Fertilizer Situation

Fertilizer imports grew by 11% in 1987 primarily due to increased local useage by the corn, pineapple and tobacco sectors, among others. Importers also increased forward purchases especially of urea and potash in anticipation of the rise in fertilizer world prices. Domestic consumption on all fertilizer grades increased by 14% during 1987 - primarily to the price reduction of all fertilizer grades by 5% due to the Canadian and Netherland grants. For 1988 consumption is expected to drop 3% as result of expected price increase.

4. Import Mechanism

Grains are imported by private millers, livestock raisers and traders. As requirements arise, these private firms call on suppliers or agents to bid on requirements. Except for feed grains (feed wheats, barley, etc.) grain imports are no longer controlled. Imports of all feed grains require an import permit issued by the Department of Agriculture/National Food Authority (NFA).

5. Grain Industry Infrastructure

There are 8 existing flour millers contolling 92% of the flour market (8% in grants and aid). These 8 private flour millers have banded as a group, PHILIPPINE ASSOCIATION OF FLOUR MILLERS (PAFMIL), and regulate themselves in their production, quality, prices and wheat importation. PAFMIL has a total of 159 storage silos and bins with a capacity of 172,965 tonnes.

6. Government Policies Affecting Grains and Agriculture

In 1986, the Philippine government adopted a policy of privatization of government controlled trade.

1. Import liberalization;
2. Lifting of government controlled price ceiling on rice, corn, sugar, pork, chicken, and cooking oil;
3. Import restriction on feed grains;
4. Privatization of sugar trading and coconut exports;
5. Senate proposal that wheat trade be returned to NFA/Department of Agriculture;
6. Comprehensive land reform program will stunt growth in the agri sector.

Import restrictions on feed grain does effect sales of Canadian corn, feedwheat and barley.

Should wheat importation be given back to government, then politics come into play similar to 1973 to 1986 wherein NFA only bought U.S. wheat without bidding.

There are no set government guidelines or policies for counter trade or barter for grain and oilseed imports. Any potential deals would be dealt with on a case to case basis.

7. Market Prospects - Grains and Oilseeds

No such projections available, but we see no reason for major changes in current consumption, i.e.) approximately 1 million tonnes annually of milling wheat and 100,000-200,000 MT of feed grains.

Phillipines has for the first time imported a total of 10,000 MT of Canola meal but this is just restricted to 3 companies. A follow up informative seminar to various feedmillers, academic group, livestock growers is needed to increase awareness of canola meal and its qualities.

Philippine imports of green peas (garbansos and chicharo) and bean (red and white kidney) were approximately 1,300 and 1,400 tonnes respectively. They were imported from the US and Thailand. Market is minimal for other special crops.

8. Processing Facilities

Year: 1988 (most recent)
thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	8	8	1,655	1,200
Compound Feed Mills	10	15		
Maltsters				
Brewers*	2	5	14	7
Oilseed Crushers				

* Capacity and output in millions of hectolitres.

9. Storage and Throughput Capacity

Grain Import Capacity by Port Year 1988 (most recent)
-- thousands of tonnes --

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Manila	106	
Hondagua	20	
Iligan	16	
Lapu-Lapu	30	
Batangas	16	
Total Capacity	188	

II. MALT AND MALTING BARLEY

1. Domestic Production of barley (1988/89) estimate: Not grown.

2. Statistical Notes: 1987/88 est. thousands of tonnes -
Previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt		71.73	
Malting barley			

Import Origination include: USA, Europe, Australia

3. Additional Information

Annual per capita beer consumption: Beer consumption increased by 15% for 1987 because of economic activity and the ongoing beer war between Asia Brewery Industries (ASI) and San Miguel Corporation (SMC).

Beer production capacity: Beer production is increasing with the ongoing Beer war between the 2 breweries. The reduction of retail prices by ABI followed by SMC increased domestic consumption.

Domestic malting capacity: Philippines do not have malting plants.

Market potential for Canadian malt: Canadian malt exports to the Philippines is maintained at 1,000 MT for 1987. An increase in sales is possible for 1988 due to increase in consumption and market demand.

III. OILSEEDS

1. Trade Policy

Import Tariffs: Oilseeds - Soybean 10%; all others 20%
 Crude oil - Soybean, linseed, tung oil and oticica 10%;
 Oilseed meal - Soybean, groundnut, corn seeds, sunflower seed
 and rapeseed 10%; all others 50%

Import/export structure: The country's oilseeds, oils and meals are produced, exported and imported by private firms.

Additional factors: The following factors may cause changes in the oilseed market:

1. Drought in North America may cause speculation and drive prices up.
2. Presence of cheap Chinese and Indian rapeseed meal.
3. Comprehensive land reform may stunt growth in the agri sector.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oilseed</u>	<u>Domestic Production</u>	<u>Imports</u>		<u>Exports</u>	
		(Crude)	(Refined)	(Crude)	(Refined)
Copra	2,300			121	
Soybean	28	10			
Palm Kernel	5			1	
TOTAL	2,333	10		122	

<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		(Crude)	(Refined)	(Crude)	(Refined)
Coconut	1,519			1,054	210
Soybean	14	10	5		
Palm Kernel	2				
TOTAL	1,530	10	5	1,054	210

<u>Meal</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Coconut	803		752
Soybean	3	401	
Palm Kernel	2		
TOTAL	808	401	752

Philippines

IV. STATISTICAL NOTES
(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, Jan. 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat*				
Durum wheat	150 (292)	1,150 (852)		1,300 (1,144)
Flour/Semolina		50 (98)		50 (98)
TOTAL	150 (292)	1,200 (950)		1,350 (1,242)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	1,160 (873)						
Durum wheat							
Flour/Semolina	50 (98)						
TOTAL	2,210 (985)						

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

<u>Wheat (including durum)</u>	<u>ORIGIN</u>						<u>TOTAL IMPORTS</u>
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	
Cash	7.4 (55)	942.5 (611)	(48)		(3)	(6)	949.9
Commerical Credit							
Flour (including semolina)		(45)	16		25.6 (58)	2.5 (16)	44
Cash/comm. credit							
Aid, concessional							
TOTAL	7.4	942.5 (876)	16 (48)		25.6 (58)	2.5 (16)	993.9

Principal "Others":

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, July 1	Imports	Total Supply
Corn	4,350 (3,922)	125 (230)	200 (36)	4,675 (4,188)
Barley				
Sorghum				
Oats				
Rye				
TOTAL	4,350 (3,922)	125 (230)	200 (36)	4,675 (4,188)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	Human Consumption			Industrial	Other (seed, waste)	Exports	Carry-out	Total
	Consumption	Animal Feed	Other					
Corn	2,300 (1,838)	2,175 (2,070)	100 (115)	(37)	135 (128)	4,700 (4,188)		
Barley								
Sorghum								
Oats								
Rye								
TOTAL	2,300	2,175	100		135	4,700 (4,188)		342

INDUSTRIAL use: Corn starch

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets.

	ORIGIN					TOTAL IMPORTS
	Canada	U.S.A.	Australia	Argentina	EEC	
Corn		25 (120)			50 (113)	75 (233)
Barley						
Sorghum						
Oats						
Rye						
TOTAL		25 (120)			50 (113)	75 (233)

Principal "Others" (Specify countries): Thailand and China

SINGAPORE

Economic classification:	High Income Economy	
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$6,658	1987
Annual per capita GNP	US\$7,486	1987
Average annual growth	8.4%	1977-87
Annual inflation rate	3.1%	1977-87
Annual inflation rate	0.5%	1988
Volume of imports	32.6 billion US\$	1987
Of which food	7.8%	1987
Of which fuels	18.3%	1987
Principal foreign exchange earning export:		
	Manufacturing, Transport & Communications, Commerce, Financial, & Business services	
Debt service as % of GNP	0.0%	1987
Debt service as % of exports	2.4%	1987
Population	2.6 million	1987
Annual population growth	1.2%	1987
Annual Consumption:		
Flour	103,982 tonnes or 40 kg/capita	1987
Meat	122,023 tonnes or 47 kg/capita	1987
Vegetable oil	106,714 tonnes or 41 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Singapore is a non-agricultural country which is almost entirely dependent on the importation of agricultural commodities.

2. Foreign Exchange Situation

Singapore currency remains strong and stable. The present exchange rate of US\$1.00 = S\$2.10 has been in existence since 1980.

Foreign exchange reserves stood at US\$14.496 billion at end of 1987 which is sufficient to finance about 5.3 months of merchandise imports.

Singapore, considered as a developed country, is presently not receiving aid from other countries.

3. Fertilizer Situation

Singapore is not a grain producing country. Majority of the imported fertilizers are re-exported to neighbouring countries; Malaysia, Indonesia, Thailand, Burma and Sri Lanka.

4. Import Mechanism

All imports into Singapore are handled by private grain trading companies and grain millers. Prior to 1985, rice imports were conducted on a government to government basis.

5. Government Policies Affecting Grain and Agriculture

Owing to the recent government's intention to phase out all livestock farms due to pollution and economic factors, the government encourages its people to consume imported frozen meats. Thus resulting perhaps in the decline of imported coarse feed grains.

6. Market Prospects - Grains and Oilseeds

No locally obtainable grain and oilseed projections to 1990. However, it is important to note the large amounts of imported Australian malt barley and the high per capita consumption of vegetable oil.

Possible market exists for Canadian special crops.

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987/88 estimate: Nil

2. Statistical Notes: 1986/87 est. - in tonnes -
previous year in brackets:

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	Nil (Nil)	16,000 (2)	1.2 (1.6)
Malting barley	- - -(- - -)	- - - (- - -)	- - - (- - -)

Export Destination include: Malaysia and Sri Lanka

Import Origination include: Australia, China and The Netherlands

3. Additional Information

Here are the 1985/1986/1987 import and export statistics on beer:

	<u>1985</u>	<u>1986</u>	<u>1987</u>
Import:	13,275,158 litres	11,199,047 litres	11,419,008 litres
Export:	13,124,905 litres	14,570,035 litres	18,510,497 litres

There was a decrease in consumption of imported beer because locally produced beer was cheaper.

Domestic production capacity is increasing due to higher consumption of local beer.

Malt is not produced locally.

There is a market potential for malt provided that Canadian price is competitive.

III. Oilseeds

1. Trade Policy

Import tariffs:	Oilseeds:	Nil)	
	Crude oil:	Nil)	
	Oilseed meal:	Nil)	No import Tariffs
	Refined oil:	Nil)	

Import/export structure: Oilseeds are imported/exported by private firms.

Additional factors: Majority of the imported oilseeds are re-exported to neighbouring countries.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oilseed (by type)</u>	<u>Domestic Production</u>	<u>Imports</u>		<u>Exports</u>	
Soybeans	-----	42		21	
Sesame Seeds	-----	12		6	
Sunflower Seeds	-----	4		1	
Other Seeds	-----	56		18	
TOTAL	-----	114		46	

<u>Oil (by type)</u>	<u>Production</u> - thousand of tonnes -	<u>Imports of Oils</u> (Crude) (Refined)		<u>Exports of Oils</u> (Crude) (Refined)	
Soybean	-----	-----	(123.0)	---	(98.8)
Groundnut	-----	-----	(5.6)	---	(3.7)
Mustard seed	-----	-----	(69.1)	---	(54.5)
Linseed oil	-----	-----	(1.3)	---	(0.6)
Palm	-----	8.5	(49.5)	29.2	(78.9)
Coconut Oil	-----	19.5	(4.5)	22.5	(17.7)
Palm kernel	-----	-----	(22.2)	---	(8.6)
Corn Oil	-----	-----	(29.1)	---	(25.1)
Sunflower seed oil	-----	-----	(3.8)	---	(1.3)
Other Vegetable Oil	-----	-----	(0.8)	---	(0.4)
TOTALS	-----	28.0	(308.9)	51.7	(289.6)

<u>Meal (by type)</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
Fishmeal	-----	42.1		15.6	
Meatmeal	-----	4.0		1.0	
Vegetable meal	-----	1.0		1.0	
TOTAL	-----	47.1		17.6	

III. STATISTICAL NOTES(A) WHEAT AND DURUMSUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat		132 (131)	132 (131)	132 (131)
Durum wheat		70 (71)	70 (71)	70 (71)
TOTAL		202 (202)	202 (202)	202 (202)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat					46 (55)		
Durum/Wheat							
Flour Semolina							
TOTAL					46 (55)		

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Export Destination MalaysiaIMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
<u>WHEAT</u> (including durum)							
Cash	20	33 (29)	79 (92)		(5)	66 (63)	198 (199)
Commercial Credit							
Aid, concessional							
credit, etc.							
<u>FLOUR</u> (including semolina)							
Cash/comm. credit		4 (3)					4 (3)
Aid, concessional							
TOTAL		4 (3)					202 (202)

S R I L A N K A

Economic classification:	Low Income economy	
Oil exporter or importer (net):	Importer	
Annual per capita income	US\$360	1987
Average annual GNP	US\$360	1987
Average annual growth	5.0%	1977-87
Volume of imports	Rs 60,517 million	US\$ 1987
Of which food	Rs 13,804 million	1987
Of which fuels	Rs 8.716	1987
Principal foreign exchange earning export:	Textiles/Garments	
Population	16.4 million	1987
Annual population growth	1.5%	1987
Annual Consumption:		
Flour	158,000 tonnes	
Meat	44,000 tonnes	
Vegetable Oil	59,000 tonnes	

I GENERAL INFORMATION

1. Foreign Exchange Situation

Sri Lanka's foreign exchange reserves are badly depleted. Drought conditions in recent years, depressed commodity prices and the escalating military expenditure since July 1983 have diverted scarce resources. The Indo-Sri Lanka Peace Accord of July 1987 bringing at least a temporary end to Sri Lankan military involvement in anti-military activity in the northern and eastern parts of the country was expected to reduce military expenditures, but a revival of fighting elsewhere in the country dissipated these savings. However, we do not foresee wheat imports being adversely affected until 1992 at least.

2. Fertilizer Situation

The country's requirements of fertilizer which include muriate of urea, muriate of potash, sulphate of ammonia, triple super phosphate, NPK are procured on international tender by the Ceylon Fertilizer Corporation, Colombo, Colombo Commercial Company and the Janatha Estates Development Board. In 1987, urea accounted for the highest share of 38% in total fertilizer (somewhat less than the 43% recorded the previous year mainly due to a disruption in overseas supplies). Muriate of potash (MOP) accounted for 19% (compared to 16% in 1987) as well as sulphate of ammonia 19%. Since CIDA's program of assistance for potash purchases as early as 1974, Canada has become the leading supplier of potash to Sri Lanka because of its high quality and guaranteed supply. MOP which is used by all crop sectors to satisfy potash requirements registered a 7% increase in useage from 85,300 mt in 1986 to 90,600 mts in 1987, the leading users being paddy and tea sectors. Canadian suppliers have been almost entirely through Canpotex Ltd. but in the past two years Potacan has also entered the market.

3. Import Mechanism

Sri Lanka's requirements of wheat are imported. The Food Commissioner's Department is solely responsible for procurement and obtains its requirements under commercial tender, credit financing and outright gifts.

Except for occasional shipments to meet unexpected shortages, flour has generally not been imported into the country since 1980 when the Prima Mill in Trincomalee (a Sri Lanka-Singapore joint venture) was commissioned. The entire supply of wheat imported into the country is processed into wheat flour at this mill which has a storage capacity of 110,000 mt of wheat. This facility enables a buffer stock of approximately 100,000 mt of wheat to be maintained in the country at any time.

Rice, the staple food of the country, continues to be imported. High priority has been given to attain national self sufficiency in rice. However, despite optimistic announcements from time to time, factors such as drought, flood, civil disturbances, have necessitated continued procurements from abroad.

4. Government Policies Affecting Grain and Agriculture

In a bid to reduce the country's food bill and its dependence on food imports, the cultivation of subsidiary food crops such as maize, kurakkan, sorghum and grain legumes such as cowpea, green gram, black gram and soybean is encouraged by the state. Measures adopted towards this end are the extension of credit facilities, dissemination of knowledge on the correct application of fertilizer, pesticides, weedicides and a prohibitive tariff on imports in this field, e.g. yellow/chick peas, beans etc. With these measures and the opening of new cultivation areas under the Mahaweli Program, the production of black/green gram, cow pea, ground nuts and soya bean have registered an overall increase. In the case of maize and soya, traditionally imported for animal feed, the authorities are encouraging local production as import substitutes.

Increasing attention is being paid by the state to livestock development in Sri Lanka in an effort towards increased production of meat, milk and other dairy products to meet the growing domestic market.

Tariffs

Wheat and Meslin (mixed wheat and rye)

A. Durum Wheat	25%
B. Other	20%

Maize -

(i) as having been imported for animal feeds	5%
(ii) Other	60%

Buckwheat, millet, canary seed and grain sorghum; other cereals

A. (i) Millet: as having been imported for animal feeds	5%
(ii) Other	60%
B. Sorghum	35%
C. Other	35%

Tariffs (cont'd)

Oilseed and olaginous fruit ground-nuts, copra, palm nuts and kernels, soya beans, linseed, cotton seeds, castor oil seeds, sunflower seeds, sesanum seeds, rape or colz seeds, other	60%
(i) Mustard seed	60%
(ii) Other	60%

THAILAND

Economic classification: Middle Income economy		
Oil exporter or importer (net): Importer		
Annual per capita income:	US\$615	1987
Annual per capita GNP	US\$850	1987
Average annual growth	6.7%	1977-87
Annual inflation rate	6.9%	1977-87
Annual inflation rate (current)	2.0%	1988
Volume of imports	14.0 billion US\$	1987
Of which food	12.0%	1987
Of which fuels	28.0%	1987
Debt service as % of GNP	2.0%	1987
Debt service as % of exports	21.0%	1987
Population	53.0 million	1987
Annual population growth	2.3%	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Agricultural production in 1987 decreased slightly. Rice production amounted to a record low of 17.2 million tons.

2. Foreign Exchange Situation

International reserve for October 1987 stood at US \$2.829 billion. Major imports are capital goods, machinery and mineral fuel.

3. Fertilizer Situation

Demand for NPK fertilizer is between 1.5-2.0 million tonnes per year. Thailand still has no local production of fertilizer, therefore, she relies completely on the importation of fertilizer.

4. Import Mechanism

All flour mills are privately owned and normal import procedures apply.

5. Grain Industry Infrastructure

Storage facilities are owned by millers. Import handling and storage facilities remain unchanged.

6. Government Policies Affecting Grain and Agriculture

Irrigation and price supporting measures are still major government policies in paddy production in Thailand.

There is no local production of wheat in Thailand. Importation of wheat still continues.

Countertrade is no longer active in Thailand.

7. Market Prospects - Grains and Oilseeds

Oilseeds have import restriction, only crude palm and soybean oils are allowed to be imported on a quota basis.

8. Processing Facilities

	Year 1987			
	Number of <u>Companies</u>	Number of <u>Plants</u>	Annual <u>Capacity</u>	Actual <u>Output</u>
Flour (and durum) Mills	4	4	220	200
Compound Feed Mills	-	-	-	-
Maltsters	-	-	-	-
Brewers*	3	-	200	120*
Oilseed Crushers	14		190	130

* Capacity and output in million of litres.

9. Storage and Throughput Capacity: (1987) - No grain storage available at Port of Bangkok.

II. MALT AND MALTING BARLEY

1. Domestic Production of barley: none

2. Statistical Notes: 1987/88 est.

	thousands of tonnes (previous year in brackets)		
	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt		12.0 (12.7)	
Malting barley			

Import origination includes: Germany, Denmark, U.K., Australia

3. Additional Information:

Per capita beer consumption is approximately 2.5 litres.

Beer production in 1987 (Jan-Sept.) was 69.6 million litres. It is expected that beer production will slightly increase.

Domestic malting capacity: Unchanged

There is a market potential for Canadian malt in Thailand provided it is price competitive.

III. OILSEEDS

1. Trade Policy

Import tariffs: Oilseeds: Soybean 6%, others 60%
Crude oil: 30%
Oilseed meal: Soybean cake 6%, others 10%
Refined oil: 30%

Non-tariff import barriers/export assistance measures: The government has initiated an import quota on oilseeds to try and assist their farmers.

Import/export structure: Oilseeds are totally controlled by government. Edible oil manufacturers are encouraged to utilize more of local raw materials, i.e. rice bran.

2. Supply of oilseeds and products by type, thousands of tonnes

Year 1987

<u>Oilseed</u>	Production	Imports	Exports
Soybean	360		
Coconut	870		
Palm	450		
Rice Bran	1,700		
TOTAL	3,380		

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	2,300 (5,350)			2,300 (5,350)
Barley			12.0 (12.8)	12 (12.8)
Sorghum	400 (450)			400 (450)
Oats				
Rye				
TOTAL	2,700 (5,800)		12.0 (12.8)	2,712 (5,812.8)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Corn		1,300 (1,369)			1,000 (3,981)		2,300 (5,350)
Barley	12.0 (12.8)						12 (12.8)
Sorghum		180 (183)			220 (267)		400 (450)
Oats							
Rye							
TOTAL	12.0 (12.8)	1,480 (1,552)			1,220 (4,248)		2,712 (5,812.8)

PART VIII

AFRICA



Algeria

	<u>Area</u> (1000 HA)		<u>Production</u> (1000 MT)	
	<u>1987</u>	<u>1988</u>	<u>1987</u>	<u>1988</u>
Durum Wheat	1290	1250	776	701
Soft Wheat	625	650	398	450
Barley	1613	1500	821	556
Oats	184	175	68	58

Supply and Disposition: 1988/89, 1987/88 (in Brackets)
- In (000 MT) -

	<u>Beg Stock</u>	<u>Production</u>	<u>Imports</u>	<u>Feed</u>	<u>Non Feed</u>	<u>End Stocks</u>
Wheat	130 (200)	1065 (1152)	4600 (4193)	27 (25)	5568 (5389)	200 (130)
Durum	100 (150)	680 (702)	2820 (2549)	2 (0)	3440 (3301)	150 (100)
Soft	30 (50)	385 (450)	1780 (1644)	27 (25)	2120 (2089)	50 (30)
Corn	0 (0)	1 (1)	1224 (1143)	1200(1119)	25 (25)	0 (0)
Barley	30 (50)	650 (556)	675 (561)	1275(1107)	30 (30)	50 (30)
Oats	0 (3)	55 (58)	0 0	55 (61)	0 (0)	3 (0)
Total	160 (253)	1776 (1767)	6499 (5897)	2557(2312)	5623 (5444)	253 (160)

Source: Algerian Ministry of Agriculture, ATO estimates.

E G Y P T

Economic classification:	Low Income economy	
Oil exporter or importer (net):	Exporter (US\$1300 million)	
Annual per capita income	LE. 734	1987
Annual per capita GDP	LE. 870	1987
Average annual growth	3.5%	1977-87
Annual inflation rate	21.0%	1977-87
Annual inflation rate	24.0%	1987
Volume of imports	8.0 billion US\$	1987
Of which food	50.0%	1987
Principal foreign exchange	earning export: workers remittances & Suez Canal revenue	
Debt service as % of GNP	28.0%	1987
Debt service as % of exports	56.0%	1987
Population	55.5 million	1987-88
Annual population growth	2.7%	1987
Annual Consumption:		
Wheat	9,879,000 tonnes or 178 kg/capita	1987
Meat	527,000 tonnes or 10.43 kg/capita	1986-87
Vegetable Oil	613,000 tonnes or 11.07 kg/capita	1987-88

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Total area of grains/pulses (wheat, corn, rice, beans, soybeans, lentils, sorghum, barley) is 5.28 million feddans with an increase of 1.3% and with an average total production of 9.79 million tons.

Wheat: Planted area for 1987 was 1.373 million feddans with an average production of 1.98 metric tons per feddan.

Rice: Total planted area for 1987 was 0.981 million feddans with an average production of 2.45 metric tons per feddan.

Corn: Total planted area for 1987 was 1.353 million feddans with an average yield of 2.16 metric tons per feddan.

Seeded Acreage: Thousands of feddans (1 Fed = 0.42 Hectares; 0.96 Acres)

<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	1,373	1,426	1,206
Barley	130.11	130	130.109
Corn	1,352	1,800	1,807
Sorghum	400	400	400
Soybeans	119.05	119	119

2. Foreign Exchange Situation

1. In 1987/88 Egypt continued to face an acute shortage of foreign currency which led to a freeze in a majority of five-year-plan projects. Specially Egypt could not reach an agreement with the International Monetary Fund (IMF) on the way that the GOE was implementing its economic reform program. IMF is now freezing a large portion of Western foreign donors funds and stopping Egypt from proceeding to a Paris Club second rescheduling of US \$12 billion.

2. The four basic food commodities that are given priority in the expenditure of foreign currency earnings are: wheat flour, sugar and oil, which are sold at a subsidized price by the Government.

3. Foreign exchange revenues are obtained from 4 key activities: petroleum exports, tourism, Suez Canal traffic fees, remittances from Egyptians working abroad.

4. High priority is given to food security with increased investment in agriculture. Plans are to increase productivity on old lands, bring new lands under shifting resources to production of high value crops.

5. Egypt is an international food aid recipient and is receiving food aid from the U.S.A. and E.E.C.

3. Fertilizer Situation

	Fertilizer Supply			
	Production		Imports	
	1985/86	1986/87	1985/86	1986/87
	(000 tonnes)			
Ammonium Nitrate (15.5%)	315	234	-	N/A
Ammonium Nitrate (31%)	530	400	87	N/A
Ammonium Nitrate (33%)	-	-	-	N/A
Urea (46%)	894	923	82	N/A
Ammonium Sulphate	89	77	360	N/A
Potassium Phosphate	-	N/A	50	N/A
Triple Super Phosphate	-	N/A	-	N/A
Single Super Phosphate	961	966	-	N/A

4. Import Mechanism

The General Authority for Supply Commodities (Government Sector, Ministry of Supply) is responsible for all wheat flour and sugar imports. In 1986 the Government issued a law allowing private sector to import grains and pulses in order to increase the availability of these products and minimize government subsidies. Imports of vegetable oils were shifted to the Ministry of Industry.

5. Grain Industry Infrastructure

Egypt has reached self sufficiency storing capacity in major ports: Alexandria, Port Said, Adabia, Damietta and Safaga with total capacity of approx 4.5 million metric tons. Projects are underway to have silos in Ismailia, Beni Suef, Zagazig, Mansourah and Shebin El Kom, and Upper Egypt. The Canadian International Development Agency (CIDA) is building 3 silos at Mansourah, Shebin El Kom, Zagazig with capacity of 10,000 tons each.

Nine flour mill companies exist in Egypt as follows:

North Alexandria Flour Mills	Northern Cairo Flour Mills
South Alexandria Flour Mills	Southern Cairo Flour Mills
Cairo Flour Mills	Central Egypt Flour Mills
Center Delta Flour Mills	Upper Egypt Flour Mills
East Delta Flour Mills	

6. Government Policies Affecting Grain and Agriculture

- a) Wheat: Increase in planted area, improvement in yields, introduction of Mexican wheat. Wheat imports will continue to increase to meet with population explosion.
- b) Coarse grains: Increase in production by adopting hybrid seeds. Corn imports will continue to increase in order to meet with increased utilization of poultry feed.
- c) Increase in grain consumption for both human and livestock.

7. Market Prospects - Grains and Oilseeds

Credit facilities and prices offered will continue to be the main factor affecting the choice of grain and wheat origin.

Interest exists re corn, Eston lentils, and canola if finance and competitive prices are offered.

8. Processing Facilities

Year 1987

- thousands of tonnes -

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	9	1.0		
Compound Feed Mills				
Maltsters	1	3.0		
Brewers*				
Oilseed Crushers	6	6.0		200

* Capacity and output in hectolitres

9. STORAGE AND THROUGHPUT CAPACITY

Grain Import Capacity by Port

Year 1987/88

- thousands of tonnes -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Alexandria	2,527	23,210
Damietta	1,350	3,765
Total Capacity	4,600	32,750

III. OILSEEDS

1. Trade Policy

Import tariffs for oilseeds and products: exempted

Import/export structure: Regular tenders issued by the Public Sector Authority for Food Industries "Oils Import Committee", Ministry of Industry is now in charge of imports of oil and seeds for processing.

Additional factors: EEC has offered Egypt 4,000 tons of calza seed as food aid from France.

3. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987

<u>Oilseed by type</u>	<u>Domestic Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>Crude</u>	<u>Refined</u>	<u>Crude</u>	<u>Refined</u>
Cotton seeds	308				
Soybean	123				
Sunflower	17				
Peanut	36				
TOTAL	484				
<u>Oil by type</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>Crude</u>	<u>Refined</u>	<u>Crude</u>	<u>Refined</u>
Cotton seed	101	234			
Soybean	27		45		
Sunflower	30	250			
Others	£		53		
TOTAL	161	484	98		

<u>Meal by type</u>	<u>Production*</u>	<u>Imports</u>	<u>Exports</u>
Cotton	750		
Soybean	65	289	
Peanut	90		
TOTAL	905	289	

III. STATISTICAL NOTES
(A) WHEAT AND DURUM

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	2,718 (2,018)		5,574 (5,162)	8,292 (7,180)
Durum wheat				
Flour/Semolina			1,479 (1,378)	1,378 (1,378)
TOTAL				9,771 (8,558)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	8,292 (7,180)						8,292 (7,180)
Durum/Wheat							
Flour Semolina	1,479 (1,378)						1,479 (1,378)
TOTAL	9,771 (8,558)						9,771 (8,558)

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>EEC</u>	<u>- All Others</u>	<u>TOTAL IMPORTS</u>
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>			
<u>WHEAT</u> (including durum)							
Cash							
Commercial Credit	(288)	1,500 (1,520)	1,750 (1,246)			200 ()	3,250 (3,054)
Aid, concessional credit, etc.	(129)	600 (900)			108		800 (1,021)
<u>FLOUR</u> (including semolina)				<u>Italy</u>			
Cash/comm. credit	400	(402)	476 (301)	(88)	143 (118)	160 ()	1,179 (1,078)
Aid, concessional	300	(305)					300 (305)
TOTAL							1,479 (1,378)

(B) COARSE GRAINS

SUPPLY 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	2,921 (3,900)			
Barley	153.8 (152)		2,200 (2,080)	5,121 (5,928)
Sorghum	590 (600)			
Oats				
Rye				
TOTAL				

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Corn	85 (78)	4,346 (5,150)	700 (750)				5,121 (5,928)
Barley							
Sorghum							
Oats							
Rye							
TOTAL							

Of which poultry:

IMPORT TRADE 1988/89 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>					<u>Total</u>
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>Thailand</u>
Corn		2,050 (1,649)		150 (330)		50
Barley	100 ()					
Sorghum						
Oats						
Rye						
TOTAL						2,200 (2,028)

K E N Y A

Economic classification:	Low Income economy	
Oil exporter or importer (net):	Importer	
Annual per capita income:	US\$394	1987
Annual per capita GNP	US\$336	1987
Average annual growth	4.8%	1985-87
Annual inflation rate	11%	1977-87
Annual inflation rate (current)	7.1%	1988
Volume of imports	1.739 billion US\$	1987
Of which food	6.8%	1987
Of which fuels	19.7%	1987
Principal foreign exchange earning export:	Coffee	
Debt service as % of exports	40%	1987
Population	22.6 million	1988
Annual population growth	3.8%	1988

I. GENERAL INFORMATION

1. Crop Situation and Outlook

Maize

After a record harvest in the 1986/87 period, production decreased during 1987/88. The combined effect of late and unevenly distributed rains, followed by below normal rains led to a drop in maize production from 2,700,000 tonnes to 2,160,000 tonnes. The outlook for 1988/89 looks favourable and already the estimated production estimates have reached 2,864,930 tonnes. Seeded acreage is increasing substantially and approximately 484,980 hectares has been put under maize, although exact figures are difficult to gauge due to the amount of smallholder activity in this subsector.

Wheat

In 1987, wheat production is estimated to have declined from 258,000 tonnes produced in 1986 to about 234,000 tonnes in 1987. This decrease in production is due to inadequate and erratic rainfall in 1987. In addition, it appears that wheat growing activity lost its competitiveness in some areas to other products such as barley owing to delayed and irregular payments to producing, (a familiar problem in this region). The shortfall in production was however compensated by additional wheat imports. Wheat acreage has increased marginally over the last few years and is now approximately 149,700 hectares.

Oilseeds

Increase in acreage of oil crops is difficult to estimate as it is mainly grown by smallholders.

<u>Seeded Acreage:</u>	<u>Thousands of hectares</u>		
<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	149.7	138.6	127
Durum			
Barley			1,300
Corn	489.9		
Sorghum			
Oats			
Rye			
Soybeans			
Rapeseed			
Sunflower			

2. Foreign Exchange Situation

The continued fall in coffee and tea prices (Kenya's main foreign exchange earners) contributed to the deteriorating balance of payment situation. As a consequence, import restrictions have continued except those items considered essential to the well being of the economy which do receive priority. This includes food grains, agricultural machinery and inputs. In time of drought (as in 1984) the country is likely to become an international aid recipient.

3. Fertilizer Situation

Kenya is able to consume up to 400,000 tons of various fertilizers each year. The fertilizers consumed are usually those classified as: DAP, CAN, MAP, TSP, ASN, UREA, NPK, 20:10:10, 25:5:5 + 5S, 20:20:0 and others. The main sources of these fertilizers include USA, Japan, Western and Eastern European countries, Far East, Middle East. Fertilizer in Kenya is received on concessional and commercial terms. Although importation is done by certain specialized importers and distributors, import allocations are applied for through the Minister of Agriculture. This year availability can be affected by high prevailing world prices due to the fact that the Government recently announced price increases on all types of fertilizers. Importers and end users tend to feel their profit margins have been eroded.

4. Import Mechanism

The majority of grain imports are officially through the "National Cereals and Produce Board" (NCPB), a parastatal body of the Government of Kenya and under the umbrella of the recently formed Ministry of Supplies and Marketing. Imports are granted high priority but require approval from the Ministry of Supplies and Marketing prior to granting a license.

5. Grain Industry Infrastructure

National Cereals and Produce Board (NCPB) has bulk handling facilities in the major towns as well as numerous conventional stores in the producing and consuming areas. Many private "go-downs" are also available to the Board for leasing. The GOK has increased storage capacity substantially over the year with the commissioning recently of three storage complexes in Kisumu, Nakuru and Bungoma. These were financed by the Japanese OECF. The three complexes have a capacity of 110,000 tons therefore developing conventional storage capacity to 250,000 tons nationwide.

6. Government Policies Affecting Grain and Agriculture

The Minister for Finance announced in this year's budget speech that the Government had embarked on a process of decontrolling the marketing of maize and that small traders, cooperatives and Kenya Grain Growers Coop Union (KGGCU) would be allowed to buy directly from farmers 20 percent of maize marketed in the country. However despite this seemingly positive action, the Ministry of Supplies and Marketing then ruled that only the NCPB and KGGCU would be allowed to purchase maize from farmers. The ruling once again demonstrated the indecision with which the GOK continues to handle the issue of liberalising grain marketing despite the recommendation of the World Bank and more recently the EEC.

The policies will not pose implications for Canadian Supplies as short-falls in production of wheat will be met by imports on concessional and commercial terms through GOK tender.

Kenya, while still inexperienced in terms of countertrade, is becoming more receptive to the idea, particularly as the foreign exchange situation worsens. There is no official Government policy on countertrade and barter, but deals did take place earlier in the year with the USA when wheat was swapped for maize which was then sent to Mozambique.

7. Market Prospects - Grains and Oilseeds

In times of severe food shortage, there is potential for grain sales on a commercial basis and the NCPB will issue tenders directly to the Canadian Wheat Board. However, the majority of the necessary food imports will be on an intergovernmental basis through concessionary financing.

8. Processing Facilities

Year: 1986/87 (most recent)
thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	8	13	432	
Compound Feed Mills	8		216	
Maltsters	1			36
Brewers*	3			
Oilseed Crushers	20		42	

* Capacity and output in hectolitres

9. Storage and Throughput Capacity

Grain Import Capacity by Port

Year: 1987/88 (most recent)
 - - thousand of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Mombasa	200	1,000

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987/88 estimate:
 - - thousands of tonnes - -

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley Suitable for malting					38.5

2. Statistical Notes: 1987/88 est. thousands of tonnes
 Previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	28.5		13
Malting barley	33.5		

Export Destination include: Tanzania
 Import Origination include:

3. Additional Information

Annual per capita beer consumption: Despite increased pricing structure, overall beer consumption continues to rise.

Beer production capacity: Since beer consumption continues to increase, production capacity is being expanded.

Domestic malting capacity: There are plans to expand malting capacity by 8,500 tonnes at existing plant in Nairobi. In addition, there are plans on the drawing board to build an additional malting plant in Nakuru town. This will become operational by 1991.

Market potential for Canadian malt and/or malting barley: None.

III. OILSEEDS

1. Trade Policy

Import Tariffs:	Oilseeds:	35% except sunflower - which is free
	Crude oil:	35% except palm oil which is nil
	Oilseed meal:	35%
	Refined oil:	40% (15% palm oil)

Import/export structure: Oil Crop Development (OCD) subsidiary of EA Industries and Ufuta Ltd., subsidiary of Unga Ltd. were formed with two key objectives in mind; to save foreign exchange on imports, and secure local raw material supplies for their manufacturing processes. They both have oil crops development projects - sunflower, rapeseed, and sim sim, respectively. They are self financed and based on a contract system with local small scale farmers. Their schemes fulfill 10% of the national vegetable oil requirements in the country.

Additional Factors: The oilseed market in Kenya is promoted and controlled by private companies i.e. East Africa Industries (sunflower, rapeseed) a subsidiary of Unilever Crop and Ufuta Ltd. (Sim Sim).

2. Supply of oilseeds and products by type, thousands of tonnes: - Year 1987

<u>Oilseed</u> (by type)	<u>Domestic Production</u>	<u>Imports</u>	<u>Exports</u>
Rapeseed	20		
Sunflower	15		
Cotton	3		
TOTAL	38		

<u>Oil</u> (by type)	<u>Production</u>	<u>Imports of Oils</u> (Crude) (Refined)	<u>Exports of Oils</u> (Crude) (Refined)
Palm oil		104	
Corn	3		
Sunflower	7		
Coconut	2		
Other	1		
TOTAL	13	104	

IV. STATISTICAL NOTES

(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat	234 (258)	40 (40)	293.8 (216.3)	567.8 (620.4)
Durum wheat				
Flour/Semolina				
TOTAL	234 (258)	40 (40)	293.8 (216.3)	567.8 (620.4)

DISPOSITION 1988/89 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
Wheat	515.8 (567.4)			12 (13)		40 (40)	567.8 (620.4)
Durum wheat							
Flour Semolina							
TOTAL	515.8 (567.4)			12 (13)		40 (40)	567.4 (620.4)

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>ALL Others</u>	<u>TOTAL IMPORTS</u>
WHEAT (including durum)							
Cash		18.5					18.5
Commercial credit			27.7				147.3
Aid, concessional credit, etc.		112.7 (68.1)	(84.3)	4.4	10.9	(99.5)	128 (216.3)

Kenya

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	2,160 (2,700)	729 (857.5)		2,889 (3,557.5)
Barley	38.5 (53.5)			38.5 (53.5)
Sorghum	86			86
Oats				
Rye				
TOTAL	2,284.5 (2,753.5)	729.5 (857.5)		3,013.5 (3,611)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	Human				Exports	Carry-out	Total
	<u>Consumption</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>(seed, waste)</u>			
Corn	2,160 (2,682.5)			117 (146)	275	337 (729)	2,889 (3,557.5)
Barley	38.5 (53.5)						38.5 (53.5)
Sorghum	86						86
Oats							
Rye							
TOTAL	2,284.5 (2,736)			117 (146)	275	337 (729)	3,013.5 (3,557.5)

M O R O C C O

Economic classification:	Middle Income economy	
Oil exporter or importer (net):	Importer	
Annual per capita GNP	US\$695	1987
Average annual growth	3.1%	1977-1987
Annual inflation rate	9.1%	1977-1987
Annual inflation rate	2.8%	1988
Volume of imports	3.5 billion US\$	1987
Of which food	11.1%	1987
Of which fuels	17.4%	1987
Principal foreign exchange earning export:		
	Phosphate, Workers Remittance	
Debt service as % of GNP	8.7%	1985
Debt service as % of exports	40.8%	1986
Population	23.29 million	1987
Annual population growth	2.7%	1987
Annual Consumption:		
Flour	3,792,000 tonnes or 162 kg/capita	1985
Meat	374,400 tonnes or 16 kg/capita	1985
Vegetable Oil	288,000 tonnes or 12 kg/capita	1987

I. GENERAL INFORMATION

1. Crop Situation and Outlook

The 1988 cereal crop (1987 figures between brackets) has reached the record level of 8 million tons (1987: 4 million, 1986: 7.7 million). This increase is due to good weather conditions in 87/88 i.e. sufficient rainfall and good distribution.

<u>Seeded Acreage</u>	Thousands of hectares		
	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat		1,230.9	1,130.1
Durum		1,117.9	1,090.5
Barley		2,491.9	2,311.3
Corn		396.4	369.2
Soybeans		3.5	3.5
Rapeseed		2.3	2.3
Sunflower		3.2	3.2

Breakdown by crop (millions of tons)

<u>Commodity</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat	2.98	1.12
Durum	1.61	1.30
Barley	3.45	1.54
Corn	.30	.24
Shorgo	.015	.014
Oats	.035	.033
Olives	.35	.35

1988/89 Moroccan imports of wheat should reach some 1 to 1.5 million tons. (87/88 2.06 millions tons).

CIDA will be giving \$5 million worth of Canadian wheat to Morocco during this current year and also proposed Moroccan participation in some Canadian International Grains Institute courses (CIGI).

As for vegetable oil, the situation has not improved. Morocco has to import almost 80% of its vegetable requirements (184,340 tons in 1987). Consumption of vegetable oil passed from 95,000 tons to 200,000 tons between 1970 and 1980, and it is still increasing. Morocco is a vast untapped market for Canadian canola oil. The Moroccan government has also requested Canadian assistance in developing the culture of canola and CIDA (technological transfer program) organized four courses in 1988 for Moroccan experts.

2. Foreign Exchange Situation

Phosphate exports, rising tourism revenues and workers remittances coupled with the rescheduling of 1987/88 Moroccan debt have substantially eased the foreign exchange situation which however continues to require careful management.

(1987: import 35,271 M DH, Export 23,390 M DH).

Balance of trade and Exports/Imports ratio has seen a small amelioration in 1987. Exports/1987: 66.3%; Imports/1986: 69.9%.

the USA begins to provide financial assistance under PL-480 for the purchase of vegetable oil.

Basic food commodities (flour, vegetable oil and sugar) are on the priority list for allocation of foreign exchange. The wheat war between France and USA will probably continue while the USA continues to provide financial assistance for purchase of wheat and vegetable oil.

3. Fertilizer Situation

Importation: 297,449 DH / 347,695 tons.

Morocco owns 75% of the world phosphate reserves. While it is still mainly a producer and exporter of phosphate, it has invested in fertilizer plants (TSP, ASP and NPK 14-28-14) and it is now able to satisfy some 45% of Morocco's demand with the new complex of Jork Lasfar. Morocco will be able to increase this percentage over the next year.

4. Import Mechanism

ONICL (Office National Interprofessionnel des Céréales et Légumineuses) is the state agency responsible for all imports of cereals. It calls all tenders and it determines quantities, quality, delivery dates and destinations. ONICL receives offers through local representatives of international traders. In the current circumstances, tenders specify the country of origin, reflecting financial requirements.

5. Grain Industry Infrastructure

Grains are delivered at the ports of Casablanca, Tanger, Mohammedia, Safi, Agadir and Nador. It is either stored in silos owned by SOSIPO (government entity) for future delivery to the mills, or to silos located in Casablanca, Nador and Safi. The storage capacity is only 110,000 tons (15 days of National Securities needs) and it is estimated that Morocco loses some 15% of its total crop because of storage waste. In regard to record crops of 1987/88, the storage capacity is very insufficient. ONICL has begun a project of building three silos (Saft, Tanger, Agadir) with 400,000 tons of total capacity.

6. Government Policies Affecting Grain and Agriculture

The last five years have clearly shown how vulnerable Morocco can be to drought. In order to minimize the effects of adverse weather conditions, Morocco has embarked on a vast program aimed at developing underground water resources while it continues to increase the number of irrigation dams and the surface of irrigated land. Efforts are also being made to improve grain storage facilities and to introduce modern agricultural techniques (including a greater use of fertilizers) through programs funded by the World Bank.

In the short and medium term, Morocco will continue to be a large importer of vegetable oil while it should be able to maintain at more manageable levels (1.0 to 1.2 million tons) its total imports of cereals.

Morocco is opened to barter deals but it prefers concessional financing in support of direct sales.

7. Market Prospects - Grains and Oilseeds

Given the direct effect of the unpredictable level of rainfall on Morocco's grain crop, it is almost impossible to make any precise forecast. We would only venture to say that wheat imports over the next two to three years should not exceed 1.2 to 1.4 million tons.

The HY-320 is the only variety of Canadian wheat which matches grades currently imported by Morocco. However, it is only with reduced (subsidized) prices and concessional financing of the kind offered by the USA and France that we could market wheat here. There is a very large market here for Canadian canola oil and Canadian canola seed crushing technology. The industry must become more aggressive in this market. There is also a market for Canadian corn. Moroccan imports in 1987 of 260,000 tons principally came from USA, France and Italy.

Marketing possibilities for Canadian "special crops"? There are regular tenders for the supply of lentils and beans which we pass regularly to the industry.

8. Processing Facilities Year: 1987 (most recent)
thousands of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills	80	80	2,800	
Compound Feed Mills	30	30	535	
Maltsters	1	3	5	
Brewers*	1	3	500	
Oilseed Crushers	2	2	180	

* capacity and output in thousands of hectolitres.

9. Storage and Throughput Capacity

Grain Import Capacity by Port Year 1987
 - - thousands of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Casablanca	70	3,000
Safi	24	300
Nador	16	200
Kenitra	12	0
Tanger	-	500
Agadir	-	200
Total Capacity	122	4,200

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1988/89 estimate:
 thousand of tonnes.

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley					2,492
Suitable for malting					0

2. Statistical Notes: 1987 est. thousands of tonnes -
 previous year in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	0 (0)	0.32 (0)	0
Malting barley	0 (0)	4.709 (9.98)	0

Export Destination include:
 Import Origination include: France

3. Additional Information

Annual per capita beer consumption: Annual beer consumption is increasing mainly because of the increase in the number of tourists that visit Morocco each year. Consumption is currently 400,000 hectolitres per year.

Beer production capacity: The main brewer Brasseries du Maroc, plans to close down its Casablanca plant (300,000 hl) to open a new one at Tit-Mellil with a capacity of 500,000 hl.

Domestic malting capacity: Stable.

Market potential for Canadian malt: The total market is currently some 5,000 tons.

III. OILSEEDS

1. Trade Policy

Import Tariffs:	Oilseeds:	2.5%
	Crude oil:	12.5%
	Oilseed meal:	12.5%
	Refined oil:	32.5%

Non-tariff import barriers/export assistance measures: An import permit must be obtained for refined oil. It is seldom granted since the local refining capacity is sufficient to meet the local demand.

Import/export structure: Crude degummed vegetable oil is imported by the Burapro (office representing all oil refiners). The Ministry of Commerce and Industry calls all tenders on behalf of the industry some 8-10 months prior to delivery. Oilseeds are imported by the Ministry of Commerce and Industry on behalf of the local crushers.

Additional Factors: The market for oilseeds is limited but Morocco wishes to increase its crushing capacity and this opens the door to substantial Canadian participation in the supply of new crushing plants and in the supply of seeds that these would require. At the moment, the market is open for Canadian crude degummed canola oil (230,000 tons annually).

2. Supply of oilseeds and products by type, thousands of tonnes: - Year 1987

<u>Oilseed</u>	<u>Domestic Production</u>	<u>Imports</u>		<u>Exports</u>	
Colza	0.85				
Soya	1.6	39.1			
Sunflower	32.4				
Olives	350.0				
TOTAL	384.85	39.1			0
<u>Oil</u>	<u>Production</u>	<u>Imports</u>		<u>Exports</u>	
		<u>(Crude)</u>	<u>(Refined)</u>	<u>(Crude)</u>	<u>(Refined)</u>
Colza	0.3	159.3			
Soya	0.3	16.6			
Sunflower	13.6	N/A			
Olives	35.0	0.9	0.93		
TOTAL	49.2	236.8	0.93	0	0

IV. STATISTICAL NOTES
(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Wheat*	2,080 (1,120)	100 (100)	1,500 (1,968)	2,800 (3,188)
Durum wheat	1,610 (1,800)	700 (100)	0 (0)	2,310 (1,900)
Flour/Semolina				
TOTAL	3,690 (2,920)	800 (200)	1,400 (700)	5,990 (5,088)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Human Consumption</u>				<u>Industrial</u>	<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
	<u>Human</u>	<u>Animal Feed</u>	<u>Industrial</u>	<u>Other (seed, waste)</u>					
Wheat	3,580 (3,088)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)	3,680 (3,188)	
Durum wheat	1,110 (1,300)	0 (0)	500 (500)				700 (100)	2,310 (1,900)	
Flour Semolina									
TOTAL	4,690 (4,388)	100 (100)	500 (500)				800 (200)	5,990 (5,088)	

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

<u>ORIGIN</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	<u>EEC</u>	<u>All Others</u>	<u>TOTAL IMPORTS</u>
Canada						

WHEAT (including durum)

Cash						
Commercial Credit	17 (24)	1,500 (1,500)				1,517 (1,968)
Aid, concessional credit, etc.	17 (24)	1,500 (1,500)				1,517 (1,968)

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	300 (240)	5 (15)	256 (215)	561 (460)
Barley	3,450 (1,500)	966 (1,486)		4,416 (2,986)
Sorghum			129	144 (14)
Oats				35 (35)
Rye				
TOTAL	3,800 (1,787)	971 (1,491)	349 (215)	5,120 (3,493)

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Consumption</u>			<u>Exports</u>	<u>Carry-out</u>	<u>Total</u>
	<u>Human</u>	<u>Animal Feed</u>	<u>Other (seed, waste)</u>			
Corn	170 (170)	381 (285)		260 (200)	10 (5)	561 (460)
Barley	700 (700)	1,000 (1,000)	120 (120)		2,336 (966)	4,416 (2,986)
Sorghum		144 (14)				144 (14)
Oats		35 (33)				35 (33)
Rye						
TOTAL	870 (870)	1,560 (1,332)	120 (120)	260 (200)	2,346 (971)	5,120 (3,493)

Export Destination? Tunisia, Saudi Arabia

IMPORT TRADE 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>ORIGIN</u>				<u>TOTAL IMPORTS</u>
	<u>Canada</u>	<u>U.S.A.</u>	<u>Australia</u>	<u>Argentina</u>	
Corn	(44)	186 (87)		(60)	256 (215)
Barley					
Sorghum					
Oats					
Rye					
TOTAL	(44)	186 (87)	(60)	60 (11)	256 (215)

SOUTH AFRICA

BASIC INDICATORS (ECONOMIC/DEMOGRAPHIC/CONSUMPTION)

Economic classification: Middle Income economy			
Oil exporter or importer (net): Importer			
Annual per capita income:	US\$	*	*
Annual per capita GNP	US\$	*	*
Average annual growth		1.7%	
Annual inflation rate		13.5%	
Annual inflation rate		13.0%	
Volume of imports		* billion US\$	*
Principal foreign exchange earning export:			
Gold, coal, diamonds, platinum			
Debt service as % of exports		10.7%	1986
Population		35 million	1986 (EST)

* Annual per capita income: S.A. Rand 2251 in 1986, Annual per capita GDP: S.A. Rand 3968 in 1986; S.A. Imports 1987 in thousands S.A. Rand 28,735,700. S.A. Exports 1987 in thousand; S.A. Rand 42,716,900; Current Exchange Rate R1 = US\$ 0.42

I. GENERAL INFORMATION

1. Crop Situation and Outlook

<u>Seeded Acreage</u>	Thousands of hectares		
<u>Commodity</u>	<u>1988/89</u>	<u>1987/88</u>	<u>1986/87</u>
Wheat and Durum	1,985	1,729	1,926
Barley	104	123	105
Corn	3,400	3,620	4,014
Sorghum	350	313	314
Oats	568	503	449
Rye	36	26	28
Soybeans	40	40	33
Rapeseed			
Sunflower	500	462	383

2. Foreign Exchange Situation

Despite a heavy debt burden and having minimum recourse to foreign investment capital, foreign exchange continues to be made available for normal trade purposes. Imports of grains over coming year are unlikely. South Africa is not a recipient of international aid.

3. Fertilizer Situation

According to Fertilizer Society of S.A. sales have increased for the first time since 1984. During first six months of 1988 sales were higher than for same period of 87.

	<u>Jan-June 88</u>	<u>Jan-June 87(Tons)</u>	<u>Increase%</u>
Nitrogen	137,033	123,273	11
Phosphate	55,357	47,834	16
Potash	37,208	30,375	22
TOTAL	<u>229,598</u>	<u>201,482</u>	<u>14</u>

Total cultivated area in S.A. is approx. 7.2 million hectares. Plant food sales in 87 were 540,000 tons and 626,000 in 86 giving an application per hectare of 75Kg and 87kg respectively.

4. Import Mechanism

Importation of grain is only undertaken with the sanction of the Wheat Board, Maize Board or the Oil Seeds Control Board. No changes are anticipated.

5. Grain Industry Infrastructure

No changes have occurred since the last report.

8. Processing Facilities

Year: 1988 (Most Recent)
thousand of tonnes

	<u>Number of Companies</u>	<u>Number of Plants</u>	<u>Annual Capacity</u>	<u>Actual Output</u>
Flour (and durum) Mills)	27	54	2,912	2,001
Compound Feed Mills	30	53	-	213
Malsters	1	2	-	120
Brewers*	3	7	-	-
Oilseed Crushers	N/A	N/A	N/A	N/A

* Capacity and output in hectolitres

9. Storage and Throughput Capacity

Grain Import Capacity by Port

Year: 1988 (most recent)
- - thousands of tonnes - -

<u>Name of Port</u>	<u>Grain Storage Capacity</u>	<u>Annual Throughput Capacity</u>
Durban	38	1,045
Cape Town	27	410
East London	76	2,831
Total Capacity	141	4,286

II. MALT AND MALTING BARLEY

1. Domestic Production of barley by type, 1987/88 estimate:
 -- thousands of tonnes --

	<u>2-Row</u>		<u>6-Row</u>		<u>Total</u>
	<u>Winter</u>	<u>Spring</u>	<u>Winter</u>	<u>Spring</u>	
All Barley	117	-	-	-	117
Suitable for malting	113	-	-	-	113

2. Statistical Notes: 1987/88 est. thousands of tonnes -
 Previous season in brackets

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>
Malt	150 (140)	140 (144)	- (-)
Malting Barley	113 (241)	43 (-)	- (12)

* Grain equivalent

Export Destination include: Not known

Import Origination include: Not known

3. Additional Information

Annual per capita beer consumption : Actual statistics are not available but judged on sales of barley for malting and imports of barley malt an increase in beer consumption is being experienced.

Beer production capacity: Increasing through establishment of new breweries. No statistical information is available at present.

Market potential: Malsters and brewers are responsible for information of barley and barley malt., By far largest importer is South African Breweries Ltd which is aware of Canada as a potential supplier. However, bulk of supply is currently being obtained from Europe.

III. OILSEEDS

1. Trade Policy

Import Tariffs?

Oilseeds	(Groundnuts: Free (Soya: 65 cents/kg (Sunflower: 10%
Crude oil:	(Groundnut and sunflower 25% or 180 cents/100 kg. (Soya 25% or 3000 cents/100 kg.
Oilseed meal:	20%
Refined oil:	Same as for crude oil.

All imports subject to import permits being granted.

Non-tariff barriers/export assistance measures: All importations subject to permit granted on recommendation of the Oilseeds Board.

Import/export structure: The Board is the sole buyer and seller. The availability of import permits is made known to the trade which then buys at best through international trading houses.

2. Supply of oilseeds and products by type, thousands of tonnes:

Year: 1987/88

<u>Oilseed (by type)</u>	<u>Domestic Production</u>	<u>Imports</u>	<u>Exports</u>
Sunflower seed	506		
Groundnuts	152	N/A	N/A
Soyabeans	64		
TOTAL	722		

Oil (by type) : Not provided

Meal : Not provided

IV. STATISTICAL NOTES
(A) WHEAT AND DURUM

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	Production	Carry-in, October 1	Imports	Total Supply
Wheat	3,441 (3,028)	560 (473)	Nil (Nil)	4,001 (3,501)
Durum wheat	27 (3)		Nil (6)	27 (9)
Flour/Semolina	2,373 (2,478)	30 (21)		2,403 (2,499)
TOTAL	5,841 (5,509)	590 (494)	Nil (6)	6,431 (6,009)

*Of which spring wheat NIL NIL

DISPOSITION 1986/87 est. - thousands of tonnes - previous year in brackets.

	Human Consumption		Industrial	Other (seed, waste)	Exports	Carry-out	Total
	Animal Feed	Human					
Wheat	2,205 (2,364)	340 (263)		60 (55)	622 (259)	774 (560)	4,001 (3,501)
Durum/Wheat	12 (9)				15 (Nil)		27 (9)
Flour Semolina	2,328 (2,434)				45 (40)	30 (25)	2,403 (2,499)
TOTAL	4,545 (4,807)	340 (263)		60 (55)	682 (299)	804 (585)	6,431 (6,009)

Export Destination: Various African Countries

IMPORT TRADE - 1988/89 est. - thousands of tonnes - previous year in brackets.

ORIGIN	U.S.A.	Australia	Argentina	EEC	All Others	TOTAL IMPORTS
Canada						

WHEAT (including durum)

Cash
Commercial Credit
Aid, concessional
Credit, etc.

NIL

Total 33 (55) (162) (96)

33 (313)

Flour (including semolina) all nil

(B) COARSE GRAINS

SUPPLY 1987/88 est. - thousands of tonnes - previous year in brackets

	<u>Production</u>	<u>Carry-in, July 1</u>	<u>Imports</u>	<u>Total Supply</u>
Corn	6,914 (7,068)	910 (1,289)	N/A (31)	7,824 (8,388)
Barley	117 (249)	3 (Nil)	4 (Nil)	163 (249)
Sorghum	32 (33)	10 (Nil)	Nil	42 (33)
Oats				
Rye				

TOTAL

Marketing Season May- April

DISPOSITION 1987/88 est. - thousands of tonnes - previous year in brackets.

	<u>Consumption</u>		<u>Other (seed, waste)</u>	<u>Exports</u>	<u>Carry-out April 30</u>	<u>Total</u>	
	<u>Human</u>	<u>Animal Feed</u>					<u>Industrial</u>
Corn	3,000 (2,425)	2,200 (2,557)	150 (196)	20 (14)	N.A. (2,357)	900 (910)	6,270 (8,459)*t
Barley	150 (134)	Nil (83)	13 (17)	13 (17)	(12)	3	163 (249)
Sorghum	Nil (Nil)	8 (6)	4 (4)	4 (4)	30 (13)	10	42 (33)
Oats							
Rye							

TOTAL

Export Destination:

* Figures for corn (maize) will not necessarily balance out with supply due to unavailability of export statistics.

TUNISIA

Economic classification: Average Income economy		
Oil exporter or importer (net):	Exporter	
Annual per capita income:	US\$1,600	1988
Annual per capita GNP	US\$1,500	1988
Average annual growth	5.0%	1977-87
Annual inflation rate	7.1%	1977-87
Annual inflation rate	6.7%	1988
Volume of imports	2,567.3 million dinars	1988
Of which food	3,073 million dinars	1988
Principal foreign exchange earning export: oil-agro-food, tourism, textiles,		
Population	7.650 million	1988
Annual population growth	3.2%	1988

I. GENERAL INFORMATION

1. Crop Situation and Outlook: Characteristics of the 1987-88 crop year

The crop year had been characterized by:

- delayed rainfall early in the season;
- an overall deficit in rainfall;
- poor distribution of the precipitation recorded;
- finally, excessive heat and violent winds in the grain ripening phase.

The beginning of the 1987-88 crop year was marked by a fairly long delay in rainfall, for the first substantial amount of rain did not come until January. This dry autumn was felt in the north, south and centre of the country.

The total volume of rain recorded from the beginning of the crop year until the end of April was no more than half the normal amount for that period. The shortfall was greater in central Tunisia. In Sidi Bouzid, Kairouan and Kasserine, 30%, 47% and 53% respectively of the normal rainfall was recorded, as shown in the table appendix.

In time as well as space, the rainfall distribution (from the beginning of the season to the end of April) was very unfavourable. The soil preparation and planting season (October, November and December) was practically dry. The tillering and shooting periods were also characterized by low precipitation in producing regions.

There was also great variation in rainfall between and within regions. For example, the governorates of Kef, Siliana and Bizerta received only 40%, 54% and 46% of the normal precipitation for the period (early September to late April), while the governorates of Béjà and Jendouba received nearly 70% of the normal precipitation for the same period.

The rainfall deficit was more marked in the south than the north of some governorates (such as Kef and Siliana).

High temperatures and strong winds in late April and early May were also noteworthy, occurring in nearly all producing regions.

Foreign Exchange Situation (contd)

have to go without wheat bread. But the cost to the government is very high. In 1986, consumer subsidies, including those for grain used in producing milk or meat, amounted to some 165 million dinars, or about 10% of budgetary revenue; in other words, nearly 120 dinars per household per year.

This is a very high cost. In fact, it is the equivalent of 60% of the VIth Plan's annual investment in agriculture! The present economic situation makes this burden harder and harder for the budget to absorb. What of coming years, since if nothing else changes, the support required should increase at the same rate as consumption? This means that in about fifteen years, some 300 million dinars will have to be spent, or nearly one fifth of the current budget!

The government is thus faced with a twofold problem. For reasons of food security and the balance of payments, it must increase its grain production substantially. At the same time, because of severe budget constraints, it must reduce the cost of supporting grain product consumption.

3. Fertilizer Situation

Because of the persistence of difficult climatic conditions, the solution adopted was massive use of fertilizers. Twice as much as last year was applied. Among the fertilizers used were super triple, super simple, ammonia nitrate and manure.

4. Import Mechanism

Needless to say, the drought that beset Tunisia had very negative repercussions on the 1987-88 crop year. Despite the government's precautions, the 87-88 crop was smaller, and the results were far below expectations. Thus the first step to be taken was to import grain, the only solution. The Grain Board also stopped all marketing of local grains to guarantee seed. The Department of Agriculture launched a series of international calls for tender (wheat, barley and oilcake). As stated, the international tender mechanism is still in effect in Tunisia. The Grain Board (an agency controlled by the Department of Agriculture) has kept a monopoly over grain imports, exports and marketing.

5. Grain Industry Infrastructure

There is a storage problem in terms of capacity, cost of handling and loss reduction. There no longer appear to be major problems with capacity, for the existing or planned storage facilities are capable of responding to the changing demand over the coming years. The main problem remains the location of the facilities that should be optimized. As for the other two points, handling and loss, the preferred solution is to replace bagging with bulk systems.

6. Government Policies Affecting Grains and Agriculture

The VIIth Plan has made boosting grain production one of its priority objectives. It proposes a real qualitative leap by the early nineties. To achieve this, the VIIth Plan provides for implementing an action program that will give concrete shape to long-term grain strategy orientations.

2.3 In the country as a whole, the area seeded to grain has been as follows:

<u>Past and present acreages seeded to grain</u> (thousands of hectares)		
	<u>1987</u>	<u>1988</u>
North	859	800
Central and south	851	390
<u>TOTAL</u>	1,710	1,190

The acreage seeded to durum wheat declined by about 31%, from 867,000 ha in 1987 to 598,000 ha in 1988. Acreage seeded to soft wheat shrank by 33% and that seeded to barley and triticale by 29% in comparison to the previous crop year, as the next table show.

<u>Acreages seed to main grains</u> (thousands of ha)		
	<u>1987</u>	<u>1988</u>
Durum	867	518
Soft wheat	153	102
Barley & Triticale	690	490
<u>TOTAL</u>	1,710	1,190

2. Foreign Exchange Situation

When a Tunisian family consumes two kilograms of grain, one comes from local wheat, the other from imported wheat. Unless production increases much more than it has done since 1960, in a few years out of every three kilograms consumed only one will be produced locally. Moreover, every time an urban family eats a chicken, it consumes the 4.5 kg of corn, most of it imported, that was fed to the chicken. Tunisia thus imports about 10 million quintals of grain yearly, of which 2.5 million is corn. Twenty years ago, nothing was imported. It is also true, however, that the population was much smaller and per capita grain consumption was lower because the standard of living was lower.

This imbalance weighs heavily on the balance of trade. Tunisia spends 10% of its export revenue on grain, which means that much less for importing equipment and manufactured goods. Within a decade, the cost of imports will have practically doubled. At the same time, the increase in export revenue is liable to be severely curtailed by the decline in petroleum sales and the restrictions imposed by the EEC. This situation causes great concern. On the one hand it absorbs far too much hard currency, and on the other hand it makes the country more vulnerable, and thus jeopardizes its national sovereignty, for it is liable to become even more dependent on external grain supplies. Need we recall the importance of grain, which account for 60% of the population's calorie intake?

This is not the only problem, however. When a Tunisian family buys a loaf of bread, it pays only half the actual cost of producing, buying or marketing the grain and processing it into flour and bread. The other half is covered by government subsidies. This support has meant that low-income Tunisians do not

Government Policies Affecting Grain and Agriculture (contd)

Most of the planned activities are already known. When dealing with grains, we must begin by making good use of our experience, and Tunisia already has considerable experience. The action program will be novel in one important respect, however: the proposed action and measures will all be articulated in a coherent whole, clearly directed as a central objective, which is to increase grain output. This coherence will be strengthened further by an orientation statute that will make developing grain production in suitable areas a national priority.

All the planned activities have been covered by an initial feasibility study, and most of the financing required to implement them has been provided by the VII Plan. Thus the program is "ready to use" and can be set in motion as early as 1987-88 season. The activities are grouped in four sub-programs:

- improving the socio-economic environment and stimulating production;
- developing production technically;
- improving the path downstream from the grain sector;
- adapting institutional support.

As for animal husbandry, the new farm investment code has provided supplementary benefits for priority activities aimed at food self-sufficiency in milk and red meat.

During the 1987-88 crop year, the cattle sector will be consolidated by implementing new, integrated private projects. However, it is important to note the delay in importing purebred cows in 1987 and 1988. The program in the VIIth Plan (6,000 cows) is far from having been achieved. The 4,000 Holstein cows scheduled to have been imported from the United States in 1987 will not arrive until this year (1988). This delay is liable to have adverse effects on the operators participating in the program who had already prepared all the infrastructure for these cattle.

Moreover, despite the encouragement offered for developing this sector, problems persist with both milk and meat price policies.

The countertrade or barter system was introduced by the Tunisian government about four years ago in order to cope with the economic crisis the country was going through. Since 1987, some degree of flexibility has been observed, and there is a gradual move toward finally eliminating this system.

7. Market Prospects - Grains and Oilseeds

The grain program presented jointly by the Department of Agriculture and the Department of Farm Production and Food was introduced with the VIIth Plan. The measures planned and the funding provided should make possible a real qualitative leap.

Average annual production over the period 1987-91 may thus be about 13.5 million quintals, as compared to 11.7 in the preceding five-year period. Yield may rise from 13 to 16 quintals per hectare for soft wheat and 8 to 10 quintals per hectare for durum wheat. In 1991, national production should cover 67% of requirements for these two grains.

Market Prospects - Grains and Oilseeds (contd)

All this is possible. The good years 1984-85 and 1986-87 demonstrated that the growth potential was realistic, and what is most needed now is to regularize production and obtain good harvest even when rainfall is less good. To achieve this, we need input at the right time, appropriate mechanization, better farming practices, supplementary irrigation and so forth. These are precisely the objectives of the proposed action program.

Government projections (statistics)

We have succeeded in obtaining the following projections:

POSSIBLE PROGRESSION OF GRAIN PRODUCTION

(thousands of quintals)

VARIATIONS 1986 base 1987/91 average 1992/96 average 2000

	<u>VARIATIONS</u>	<u>1986 base</u>	<u>1987/91</u>	<u>1992/96</u>	<u>2000</u>
VARIATION 1 no growth in soft wheat	Durum wheat (3.45%/year)	7,310	8,100	9,500	11,750
	Soft wheat (0%)	2,160	2,160	2,160	2,160
	Barley (3.45%)	4,040	4,480	5,300	6,490
	TOTAL	13,510	14,740	16,960	20,400
VARIATION 2 slight growth in soft wheat	Durum wheat (3.32%)	7,310	8,070	9,500	11,550
	Soft wheat (1%)	2,160	2,225	2,340	2,480
	Barley (3.32%)	4,040	4,460	5,250	6,390
	TOTAL	13,510	14,755	17,090	20,420
VARIATION 3 same growth in each grain	Durum wheat (3%)	7,310	7,995	9,270	11,050
	Soft wheat (3%)	2,160	2,360	2,740	3,270
	Barley (3%)	4,040	4,420	5,120	6,110
	TOTAL	13,510	14,755	17,130	20,430

Market initiatives: Tunisians prefer to keep the international tenders system, looking for grants and refusing to enter into bilateral agreements (the Americans subsidize tenders at very low prices). We suggest that Canada consider the possibility of grain exports that cannot be covered by US or other (EEC) credits.



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