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Portugal Agriculture Development Project
(PROCALFER)
USDA/USAID/MACP

"Quarterly Report" - Jan. 1-Aug.1, 1982"
To: Portugal Advisory Committee
From: Glen R.Purnell - OICD/Lisbon Portugal

1. Purpose of Report

It was agreed at the meeting of the Committee in Washington D.C. on May 12, 1982 that the OICD Team Leader in Portugal would provide a brief status report of the project on a quarterly basis. Since this agreement was made in mid-quarter and since there was no previous parallel report this first quarterly report is written to bring the committee up to date as of August 1, 1982. Subsequent reports should be of a quarterly nature. Copies of the reports will also be made available to the Coordinating Group of Procalfer, AID Lisbon and the OICD Administration in Washington.

The reports are not intended to be detailed or comprehensive, rather they should provide a birds-eye view of the general prc gress and status of the project. Those readers interested in details may obtain them form the attachments or from the vari ous consultants reports on specified areas. Questions or suggestions you may have could be directed to the OICD Team in Lisbon.

One form of information which should be useful in future reports will be the inclusion of a periodic newsletter which is being prepared for distibution within Portugal to various individuals and agencies interested in PROCALFER. This will go primarily to ministry staff and industry personnel.

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2. Findings of Evaluation Team and Approval of Work Plan

The combined Evaluation Team meeting in February 1982 reviewed the progress of the previous 12 months of the program and also enumerated some of the problems which seemed to be limiting progress. These items are listed below.

1. Geographic considerations indicated the need for a national program but with initial emphasis on several major components in the northern regions.

2. Scope of program should emphasize first the constraints of soil acidity, fertility and forages on agricultural productivity and production with subsequent concentration on other related constraints and improvement of the efforts of the institutions which will provide long range infrastructure for the government program of agricultural development.

3. The line of authority from the Minister to the Coordinating Group and the directives for implementation of PROCALFER through the Regional Directorates, General Directorates and the Coordinating Group should be clarified and strengthened.

4. The workload of the Coodinating Group under the present system is beyond the capacity of the existing group and consideration should be given to the early appointment of personnnel to assist with such matters as administration, management and training.

5. Regional Directorates have not come to realize the full significance and potential benefit of the PROCALFER program to their regional development efforts.

6. Budget approvals and funding for PROCALFER have been late and inadequate.

7. Forage components of the program have received insufficient attention.

8. The research and demonstration plot program for limestone was way below potential.

9. The extension services have not been sufficient to help farmers capitalize on the potential benefits of the program.

Generally the technical consultants and teams brought from the U.S. to assist in specific elements of Portuguese agriculture have been effective and useful. However, greater attention should be given in the future to coordinating the work of the teams with MACP agencies and the teams should be better prepared through advance orientation, reading and briefings.

Plan of Work

This plan developed by PROCALFER representatives and U.S. personnel was approved at the meeting of the combined Evaluation Team in Lisbon on February 17, 1982. Each of you has previously received a copy of the modified plan. However, we are including the Table of Contents, Foreword and Preface as attachment I to this report, as a means for you to quickly refresh your memory.

Major efforts for the program for 1982-83 are listed as such on page 54 of the Work Plan.

1. Full development and effective operation of PROCALFER management both central and regional.

2. (a) Implementation of plans to expand the limestone industry and use of limestone.

(b) Development and implementation of plans for fertilizer.

3. Comprehensive analysis of agricultural policies on the feed-livestock sector and comparative advantage studies respecting preparation of Portuguese agriculture to enter the E.E.C.

4. Developing training plans, identifying participants and implementing training horizontally and vertically within

the principles of manpower development in MACP.

5. Doing the necessary follow-up for institutional and infrastructure improvements, i.e., credit, soil labs, seed facilities.

6. Conducting studies which will contribute to improved design and operation of extension, research and governmental farm management advisory services.

7. Further studies to specify work to be done in marketing, animal production, and research organization and operation system.

The wide range of tasks, both program and advisory, for 1982 are included in the Program Bar Responsibility Chart which is attachment II to this report. You will recall that the tasks with two dots at the left indicated joint U.S./MACP action with one dot indicated prime responsibility of U.S. and with no dots the prime responsibility is MACP. As of August 1, 1982 the U.S. Team Leader and the Chairman of the Procalfer Coordinating Group have made a rough appraisal of action taken on eack task. The x at the left of the item was made by CG Chairman to indicate a degree of satisfaction on progress and the v mark was made by OICD Team Leader on items primarily pertaining to the U.S. involvement where significant progress has been made to August, 1982. There are some items which will receive attention later in the year and work so far this year suggests that some of the items will be better handled in 1983.

Close examination of the x and v marks reveal that the weakest part of the program and advisory activities so far relate to Agricultural Extension, Research, and Forage Seeds. Indeed it appears that it will be very difficult to move ahead very far in the first two areas (Extension and Research) because of organization uncertainties currently found in the MACP. This is discussed below in the section on Re-Organization of MACP.

The work on forages may yet progress in 1982 if the MACP task force currently proposed by the CG Chairman is supported by the Minister.

Basically you can see that there is significant progress in most of the areas listed. Further impressions of the status and progress is outlined below in various sections.

3. U.S. Consultants Activities

We have been moving pretty well on schedule. (The exceptions being Research and to a lesser degree Extension). We have had 13 teams here at various times from January to August. There have been 30 different consultants involved. Detailed information is provided as follows:

- Briefing Procedures for Consultants - Attachment III
- Chronogram of Advisory Action - Attachment IV
- Ag. Production Program Consultants Calendar - Attachment V
- Suggested Format for Consultants Reports - Attachment VI
- Reports Log, Reports Received and Distributed - Attachment VII
- Major Findings of Reports - Attachments VIII to XVIII (Executive Summaries, and Recommendations.)

From this point forward we will expand our efforts to correlate the work of various teams with one another. For example, we want to have U.S. subject matter specialist on small ruminants working in Portugal with the U.S. extension information specialist. On a training basis the U.S. subject matter (small ruminants) expert will work with the MACP subject matter man who in turn should work with the MACP extension information specialist. Likewise the crossover of management and training, policy and marketing and credit will also be encouraged as we move along. This type of pattern is very important but can be fairly complex and we know it will face scheduling difficulties to get relevant companion teams here at the same time. We also want

to encourage crossover discussions between teams before they leave the U.S.

4. Re-Organization of the Ministry of Agriculture, Commerce and Fisheries.

In August 1981, the new government appointed as Minister of Agriculture a man who had been Minister of Commerce. A resultant transfer of domestic Commerce to the Agriculture Ministry created the Ministry of Agriculture Commerce and Fisheries (MACP). This enlargement instigated a reorganization which has been discussed, planned, revised and debated over the past 11 months. However, on July 27, 1982 the new approved organization of MACP was published in the official government gazette (See attachments XIX and XX). This substantially reduces the number of people reporting to the minister, eliminates about 40 senior level positions and ends up with the Procalfer Coordinating Group having mixed links to the Minister, the Planning Cabinet, (Engr. Varela) and the new Director of Agriculture (Engr. Lourenço). It also combines Extension and Research at the national level under a single Director General (Dr. Ganhão from University of Lisbon). The impact of this major action is not yet clear on the principle of decentralization (H.Q. and Regions) or on the stature and linkages of Procalfer. Also, it will not be possible to sort these matters out for 30-60 days or so when the details of structure within the various sections of the Ministry have been proposed by their managers and officially approved by the government. You can thus see why our path for efforts in Research and Extension is still cloudy.

5. Areas of concentration Throughout 1982

Top priority will be placed on completing the design of a training plan. The most recent report on this subject prepared by Robert Ayling goes a long ways to identifying a system for

training and for assessing training needs. However, this time-table extends to February 1983. We are going to be selecting ideas from Ayling's report and combining them with a procedure to identifying roadblocks to Procalfer's progress which can be removed or reduced by training in various units of government in order that we can more quickly come up with a Training Plan for the project. Of course we will use recommendations for training contained in all of the consultants' reports which we have received. The C.G. of Procalfer is carefully considering Aylings' Recommendations to appoint a Training Coordinator in their staff.

Forage and livestock programs will also be given further attention. The C.G. Chairman is taking the lead on establishing a Portugal task force to work on forage seed production and distribution as recommended in consultant Rex Henry's report. U.S. efforts will run on a parallel track to combine the expertise of agronomy, animal science and economics.

Credit policies and procedures of IFADAP, the agency in Portugal with responsibility for agricultural credit will be evaluated and recommendations for improvement will be made by a team from the U.S. Farm Credit Administration.

Base line data will be established and farm level budget analysis on limestone application, fertilizer use and forage production, will be developed. It may be possible to carry these activities out with the help of local consultants in Portugal.

The Procalfer program will be placing heavy emphasis on developing limestone demand through extension information methods and publicity in mass media, field demonstration plots and soil laboratorory activity to assure that the farmers will use the 90,000 tons of limestone and targeted this year. The Lauth reports indicate that the limestone production and distribution system is capable of meeting this level of demand in 1982.

We still need to do preparation work on fertilizers and forages. Emphasis must also be given to activities dealing with Research and Extension with across the board relevancy for PROCALFER.

The data obtained from extensive field work conducted by the large Policy and Economic Studies Team from the University of Arizona, Stanford University and the USDA's Economic Research Services will be analyzed and the 1982 report is scheduled for completion in December. This should provide some good solid policy recommendations for use by Portugal as it contemplates entry into the EEC. (See attachment XXI for a draft of the table of Contents of this planned report.) Preliminary plans are being made to hold a national agricultural development conference in early 1983 where the findings of the 1982 Policy Team work could be presented and the Portugal agricultural policy issues discussed. Jimmye Hillman of Arizona and the OICD Team Leader in Portugal will carry the initiative on this in conjunction with Eng. J.Varela of the MACP Planning Cabinet.

The work on small ruminants will focus on the testing, evaluation and selection of appropriate breeds of sheep and goats for expansion of the industry in Portugal. Implementation of the management improvement package developed by Foote and associates will also be pursued. Cooperation of the team on small ruminants with the extension information specialist has already been described. The extension information specialist will of course work more broadly with various units of the new Research and Extension Service and with Regional Directorates as needed.

The work of the Management consultants under Marcus Ingle with Moses Thompson on site in Portugal has been going very favorably. The establishment of a 3 member National Portugal Management Team for Portugal is well under way and the development of a managment system has taken place. It has been implemented in Regions 1 and 2 and in the Fall will be set up in Regions 3 and 4. These regions each have a regional management

team. The work of the National Team and the consultants will cover all 7 regions in 1982 on the subjects of planning and budgeting. These two activities are very practical standing programs of all the regions on PROCALFER and of course of the MACP Planning Cabinet which has requested this work to be done by the Management team. The Central Planning Commission of the Ministry of Finance has also endorsed this request. Approval has been given by the Procalfer C.G., USAID/Lisbon and the OICD Team.

A short consultancy is expected from Dr. Bill Dahnke this fall to follow-up on previous work pertaining to the installation and use of soil testing equipment and methods in the Soil labs throughout Portugal. He will also use existing data to set up a table of recommendations for limestone and fertilizer use.

The identification of priority marketing studies completed by Ray Seltzer's group in the Spring of 1982 will serve as a guideline for marketing work which can and should be done in the future. Initiation of follow-up action wil be determined by further requests from the Planning Cabinet or other units of the MACP. There are many important areas on forages, livestock, meats, and other commodities. Various functions such as assembly, processing, standardization and marketing information will also require work with the approach of EEC accession.

Training activities will be on-going even without the comprehensive training plan. Trainees in soils labs, research, extension service, veterinary services, regional services, limestone distribution, management, credit, policy, and senior officials are currently underway or in planning for immediate implementation.

The cooperation and support of the University, USDA, and private sector consulting groups have been very gratifying. The teams have always worked in a very cooperative manner and the MACP counterpart have always been very helpful and also appreciative of on the job training which they receive.

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Program and Project Work Plan

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1 - Foreword -

This work plan was prepared in accordance with agreements between the Ministry of Agriculture and Fisheries of Portugal and the USAID, and between the latter and the U. S. Department of Agriculture, Office of International Cooperation and Development. The Regional and National Plans of Work for Procalfer in Portugal have been utilized along with the reports of U.S. consultants which deal with needs and recommendations of special areas in improving agricultural development in Portugal.

The work plan is focused primarily on the program of limestone application, fertilizer use and forage production commonly known as Procalfer. It is not restricted to these three areas but is also concerned with interlocking elements of Portuguese agricultural development such as policy, marketing, forage seeds, credit, animal production and the institutions of extension, research and planning. All of these elements make up the program. The plan of work for the project of assistance by the U.S. is integrated in association with the goals and objectives of this overall program.

Joint efforts of Portuguese and U.S. representatives along with the regional inputs have culminated in this written plan which covers the 5 year period 1981-1985. Obviously greater detail can be provided for the current year and the year immediately following than for the last two years. Hence, an annual rolling work plan and/or a two year rolling work plan can be seen.

Annual iterations of the regional and national Portuguese Procalfer programs should not only provide greater detail for each succeeding year but should improve the quality of the plans as well. Hence, since planning is a dynamic process and development involves changes which may be unpredictable and unprogrammable experience and knowledge gained each year will enable participants in the program and the assistance project to modify and clarify the plan of work for the coming period.

Work plans enable management to measure achievements against objectives, to account for resource use, and to improve program management and allocation of resources to overcome constraints to progress. The greatest details are more important to managers with direct operations responsibility. While the higher level supervisory personnel do not require this detail, the fact that it is included becomes an indicator of effective management provided that the detail is a means rather than an end.

PROCALFER Coordinating Group

Eng. José de Almeida Alves - Director
Eng. A. Rosa Azevedo - Deputy
Eng. José de Oliveira
Eng. Carlos Santos Gonçalves
Eng. Louro Mendes

USDA Advisory Team

Dr. Glen R. Purnell - Team Leader
Mr. James A. Black - Administrative Coordinator

USAID/Lisbon

Mr. Donald Finberg - USAID Representative
Mr. Charles A. Buchanan, Jr. - General Development Officer
Dr. José Luís Pinheiro - Project Assistant

Preface

The following items on Scope of Program and Geographic considerations were agreed to at the joint session of the evaluation team on February 18, 1982. These were to be added as a Preface to the Work Plan. It should also be noted here that the team approved the Plan of Work with this cover statement and with some editing, clarification of discrepancies, addition of narrative information on Sections 4, 3, 5, 15 and 16, and with some modifications on subactivities in Sections 18.1.3, 18.4, 18.8, 18.9, and 18.10.

Scope of Program

It is important that the resources of the project be used to effectively initiate the main thrust of the program dealing with limestone, fertilizer and forages and other closely related fields of agricultural development. However, agriculture is a complex system of interlocking elements in a dynamic setting. At a given point in time development may be constrained by any one or a number of critical limiting factors. With removal of these constraints other elements will become [illegible]al to development.

The United States assistance to Portugal recognizes this system and supports the efforts of the Procalfer to improve soil conditions and forage production deemed essential to agricultural development in Portugal. Procalfer program administrators also recognize the agricultural system and the dynamics which show the interlocking of improved inputs, management, technology and markets to achieve significant improvements in production and productivity. As the program of liming, fertilizing and forage improvement progresses it will be necessary to make some efforts in other

interrelated elements of the system such as animal production, marketing, and farm management, to capitalize on the major investment in limestone, fertilizer and forage improvement. To sustain the capability to maintain development of agriculture it is also necessary to assure establishment of effective institutions such as planning, research and extension.

Over time attention will be required on the other limitations and to the institutions involved, but for the initial period it is expected that the sub-activities on extension and research will place emphasis on Procalfer related areas. Furthermore it is intended that before any extensive work under the project is undertaken in the animal production and marketing areas that initial analysis or diagnosis will be made of the relevant problems in these parts of the agricultural sector and a determination made of the relevance of further work which may be necessary to sustain priorities of the MACP in utilizing the increased production arising from the Procalfer program and preparing Portuguese agriculture for entry into the European Common Market.

The importance of improving the capability of Procalfer management and personnel to effectively coordinate the implementation of the program at the national and regional levels is recognized. It is intended to use Management Consultants to assist in developing this capability.

Emphasis will be placed on developing a competent Procalfer management team which can then carry the major responsibility for cooperating with the regions in development of a similar capability.

ATTACHMENT II

16. PROCALFER PROGRAM BAR/RESPONSIBILITY CHART 1982

ACTIVITIES	RESPONSIBLE ACTOR	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT	NOV.	DEC.
Coordinated Activities of PROCALFER													
Hold regular meetings of C.Gr.	C.Group members												
Meet Regional Coordinators													
Meet General Dir. and Reg. Directors													
Visit Regions	Coordinator												
Inform donors on credit and subsidies													
Prepare Program report	C.Group members												
Revise work plan													
Plan Functional and Continually Maintained													
Develop and approve 1982 workplan for PIMS	U.S. Consultant Coordinating Group												
Develop PIM System	U.S. Consultants												
Hire American Consultants	BPMC												
Draft Manual for PIMS	U.S. Consultants												
Select Trainer-Consultants	CG/NACP												
Hire Portuguese Consultants	USAID/Lisbon												
Design T/C Training Program and Develop Training Materials	U.S. Consultant												
Conduct Training for Trainer/Consultants	U.S. & Portuguese												
Conduct Executive Management Workshop for Top Directors	U.S. Consultant												
Organize Management Teams at National and Regional Levels	NACP/CG												
Develop Training and Workshop Materials for Management Teams	U.S. & Portuguese Consultants												
Conduct Workshops to Train Management Teams	U.S., Portuguese & T/C Consultants												
Conduct Workshops to Develop Regional Plans	T/C's/Regional Teams												
Formulate National Plan from Regional Plans	C.G.												
Conduct Management Improvement Workshops for IFADAP, CODICAL, etc.	T/C, U.S. & Portuguese												
Conduct Regional and National Monitoring Reviews on Trimester Schedule													
Evaluate Program	GCD, NACP												
Limestone Produced and Distributed by Cooperatives													
Complete Engineering Cost Study for Production Plants	Unknown at this time												
Make study of limestone needs, supplies and location (South)	Coordinating Group												
Complete production, transportation, distribution study (South)	Lauth, Tostaud & Ratzeler												
Implementation of Program in North	James Lauth												
Train Victor Oliveira in U.S.	Dr. Glen Purnell												
Approve/Modificate Consultant Recommendations	Coordinating Group												
Evaluate factories' request and make recommendations for credit	Coordinating Group												
Conduct site visits (factories)	Coordinating Group Victor Oliveira												
Evaluate warehouses' request and make recommendations for credit and subsidies	Coordinating Group												
Conduct site visits (warehouses)	Coordinating Group Victor Oliveira												
Complete Rent Subsidy Studies and make Recommendations	Coordinating Group V.Oliveira,Codical												
Review and get agreement of subsidy forms	NACP Representative at Codical, V.Oliveira												
Conduct inquiring on farm accessibility to limestone and advise cooperatives on action steps	Coordinating Group Reg. Services, Chiona												
Develop and implement limestone use monitoring system	Coordinating Group Regional Services												
Attending CODICAL meetings	Victor Oliveira												
Field Training Extension Services													
Conduct weekly liaison meetings with DGEB to PROCALFER	S.C.												
Conduct monthly coordination meetings with Regional Directorates	S.C.												
Conduct technical in service training for Extension trainees	S.C./DGEB Train. Dept.												
Conduct technical training courses	L.D.S./DGEB Train. Dept./SG												
Give lectures on PROCALFER orientation	S.C./DGEB Train. Dept.												
Prepare written materials for technical support	L.D.S./DADCA												
Prepare audio-visual material	DSCCA												
Send materials to the Regions	DSCCA												
Prepare publicity campaign	DSCCA												
Implement publicity campaign	DSCCA												
Plan demonstration plots	S.C./L.D.S.												
Monitor demonstration plots	S.C./L.D.S.												
Evaluate demonstration plots	S.C./L.D.S.												
Conduct training in the U.S.													
Conduct in-country training													
Order logistical commodities													
Provide audio-visual materials													
Provide technical assistance													
Agricultural Research Improved													

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	Provide instructional materials	
	Provide technical assistance	
	Agricultural Research Improved	
	Meet with Regional Coordinators	Eng° S.Azevedo
	Develop liming/fertilizer protocols	Eng. H.Carvalho
	Select Trial Sites	Eng.S.Marques
	Analyzing soil of plot trials	Eng.Several Dias
	Conduct trial site visits	Eng. S.Marques
	Conduct short courses on the implementation of protocols	Eng. H.Carvalho
	Protocol Implementation	
	Conduct observation visits	Eng. S.Marques
	Collect experimental dat and send to L.N.E.	Eng. H.Carvalho
	Statistic analysis of experimental data	Eng° Guilherme Magnai
	Meetings with INIA Direction aimed to set up research programs focused on PROCALFER major areas	Eng. H.Carvalho
		Eng. Rosa Azevedo
	Agricultural Credit Activity	
	Technical Training of Principal Regional Technicians (2 courses per year)	Eng. Oliveira
	Consultants on Capital Information and Credit Implementation System	(GICB)
	Coordinating Group Monitors Regional Groups (2 days per Region every 3 months)	Member of Planning Office
	Regions report to CG biannually on Progress and Problems	Regional Credit Chiefs
	Review of Progress Reports to identify corrective actions needed	1. Coordinating Group 2. IFADAP
	Formulate Budget	Coordinating Group
	Annual Report from Regions	1. Regional Credit Chief 2. Regional Coord.
	Final Report from National Level	Coordinating Group
	Self-Sufficient Provision of Improved Forage Seeds to Farmers	
	Conduct study to determine the forage seed situation	Ben Henry
	Make policy decision regarding corrective actions based on study and recommendations	Min. of Agriculture
	Develop action program to implement policy on seed production (hire consultant)	Min. of Agriculture
	Regulate the importation of breeder seed	Min. of Agriculture
	Conduct promotional program for farmers (hire consultant)	Estação de Ensaio
	Provide technical assistance program to farmers	Extension Services
	Produce forage seed	Farmers/private ent.
	Certify seeds	Min. of Agric. SEI
	Distribute improved forage seed	Commercial Channels
	Agricultural Research Improved	
	Studies for the simplification of soil testing methods in use	Eng. Several Dias
	Reception, installation and testing of new equipment	Eng. S.Dias e J.Sinch
	Observation visit to U.S. soil laboratories	
	Training on soil analysis and laboratory management	
	Micronutrients training in U.S.A.	Eng. Eduardo Ferreira Eng. Carlos Teixeira
	Prof. Dunkho's visit to Portuguese laboratories	Prof. Dunkho
	Meeting of the soil laboratory leaders	Eng. Several Dias
	Improved Livestock Production - Small Ruminants	
	Initiate training program Luis Gomo - Small Ruminants Luis Ferreira - Small Ruminants Antonio Paulo Fonseca - Small Ruminants	GICB
	Analyze past records for Sheep and Goats	Vet. Services/ISCI
	Survey current research to improve production	Vet. Services/INIA
	Conduct research to measure production capability by breed	Vet. Services/ISCI
	Establish demonstration flocks	Vet. Services/ISCI
	Prepare extension materials	Vet. Services/ISCI
	Complete training plan	Vet. Services/GICB DGIA/INIA
	Dairy, Beef, Swine and Poultry Sectors	
	Identify counterparts	Vet. Services
	Conduct Survey of Sectors using consultants Prepare training plan	
	Policy and Planning Capacity Improved	
	Study small scale farms to verify price, cost and returns data.	Contractor
	Study marketing margins at various market levels.	Univ. of Arij. and Staff.
	Study demand, prices and consumer subsidies	Univ. of Arie. and Staff.
	Comparative advantage of Portugal Ag. products vs. E.E.C.	Univ. of Arie. and Staff.
	Analysis of relation of Portugal prices to foreign prices.	Univ. of Arie. and Staff.
	Study MACP sy. marketing objectives and design marketing research to aid in achievement.	S.S.P.A. - Kansas
	Analyze management and planning system of MACP and outline strategy for improvement.	NMC
	Train selected personnel in policy studies, planning and management.	Planning Cabinet identifies candidates
	Integrate training for planning on national and appropriate regional basis.	

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UNITED STATES GOVERNMENT

memorandum

DATE: July 13, 1982

REPLY TO ATTN OF: Glen R. Purnell, Team Leader
OICD/USDA/Lisbon

ATTACHMENT III

SUBJECT: Proposed Procedures and Briefings for U.S. Consultants

TO: SEE DISTRIBUTION

The attached system was agreed upon by our Team and the Procalfer Coordinating Group. It draws on experience in the project over the past year. We hope to follow these guidelines and encourage all of you involved to adhere to them as much as possible. We will try to improve upon our procedures with further experience and with suggestions which you or the consultants may provide.

Thank you for your continued support and cooperation.

DISTRIBUTION:

Eng. Almeida Alves, Procalfer C.G.
Eng. Rosa Azevedo, Procalfer C.G.
Eng. José Oliveira, Procalfer C.G.
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Dr. William Hoofnagle, OICD/Washington
Dr. John Steele, OICD/Washington
Dr. Corey Edwards, OICD/Washington
Mr. Donald Finberg, AID/Lisbon
Mr. Charles A. Buchanan, Jr., AID/Lisbon
Mr. J.L.Pinheiro, AID/Lisbon

Attachment:a/s

OPTIONAL FORM NO. 10
(REV. 1-80)
GSA FPMR (41 CFR) 101-11.6
5010-114

OICD/USDA/Lisbon, Portugal

U.S. Consultants to Procalfer and
MACP in Portugal
Proposed Procedure of Briefings and Operations

June 1982

1. Scope of work for consultant(s) is written by or reviewed by:

   a) Representative of OICD/Portugal Team

   b) Representative of Procalfer Coordinating Group

   c) Representative of appropriate agency of MACP

2. Telephone request is made by OICD/Lisbon to OICD/Washington with cable follow-up.

   A copy of the cable requesting consultant is submitted to AID/Lisbon.

3. OICD/W selects candidates and submits C.V.'s on proposal to OICD/L who clears with AID/L and MACP.

4. Approved consultants reach contract agreement with OICD/W.

5. Briefings are carried out by OICD/W:

   - Verbal

   - Written reports

   - Contacts with previous teams on this subject

   - Contacts with other teams in U.S. on related subjects

6. Before arrival of consultatnt in Lisbon OICD representative meets with Procalfer Coordinating Group appropriate MACP agency officials on plans for consultants in Portugal.

7. Briefings by OICD/USDA team upon arrival in Lisbon

   - General program of U.S. assistance

   - Scope of work to be done

- Outline of MACP Organization, Personnel and Program
- Project Plan of Work
- Reference reports on OICD library shelf
- Understanding on our expectations of procedures and reporting

8. Discussions with OICD and USAID.
   - USAID expectations

9. Within 1 or 2 days of arrival consultants and representative of OICD and Coordinating Group meet with MACP officials.
   - Review scope of work
   - Discuss program, contacts and schedule or work
   - Introduce Ministry counterpart to spend "full time" with consultants
   - Discuss support services
     - Office and desk space, telephone
     - Secretary and typing
     - Translation
     - Transportation

10. Consultants report weekly on progress and status to OICD team.

11. A few days before work is completed:
   - Meet with MACP and OICD to review status
   - Complete draft report
   - Meet with OICD/USAID on debriefings
   - Where appropriate meet with U.S., Procalfer Coordinating Group and MACP reps for debriefings

12. Revise report and return completed copies (3) to OICD/Lisbon at a time agreed upon with OICD/L.

13. Present de-briefing report to OICD/W in D.C. and provide 12 additional copies of final report.

Available Do

14. OICD/Lisbon will arrange for official submissions of reports to Procalfer Coordinating Group and other MACP agencies in appropriate language at an early date. AID/L will be provided with 3 copies of the final report in English and with a copy in Portuguese as required.

memorandum

DATE July 13, 1982

FROM Glen R. Purnell, Team Leader
OICD/USDA/Lisbon

SUBJECT Suggested Format for Reports

TO U.S. Consultants on Procalfer and Agricultural Development in Portugal

ATTACHMENT VI

There are many ways to prepare consultants reports. They will vary by subject matter, nature of the work and in accordance with personal style and preference. The attached outline may be useful in the preparation of your written report. Regardless of the format which you finally use we would appreciate it if you would take note of items 4-5-9-10 and 15. We really want to emphasize items 9 and 10.

Thank you for your cooperation.

Attachment

OPTIONAL FORM NO. 10
(REV. 1-80)
GSA FPMR (41 CFR) 101-11.6
5010-114

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Proposed Format for Reports
U.S. Consultants
Portugal Agricultural Production Program

1. Title page
2. Table of Contents
3. Acknowledgements
4. Preface - Scope of Work and Time Frame
5. Executive Summary
6. Introduction
7. Description of Activities
8. Analysis of Situation and Problems
9. Findings of Work relative to Scope of Work
10. Recommendations - including details on:
    - What to do, who to do it, when to be done, sequencing or calendarization of actions, specific equipment needed, estimated resources and costs, training proposal.

    a) Program action by Portugal-MACP and others
    b) Advisory action by U.S. - follow-up needed, including statement on scope of work
    c) Priority of recommendations

11. Attachments
12. Addenda
13. Appendices
14. List of People and Agencies contacted
15. Note: Draft reports should be completed before leaving Portugal.
    - Final reports should be completed and returned on basis of agreement with USDA/Lisbon.
    - Reports are officially made to USDA/Lisbon and USDA/W - who are responsible for official submission to USAID, Gogernment of Portugal, and others.
    - Prefer final reports to be single spaced on both sides of page where feasible.

AGRICULTURE PRODUCTION PROGRAM

REPORT's LOG

REPORTS	RECEIVING DATES		DISTRIBUTION DATES					Date of Response	FOLLOW-UP
	Draft Report	Final Report	USAID/L	FAS/L	USDA/W	Coord. Group	MACP		
Small Ruminants - (Drs. Foote/Call/ Butcher) Oct.81		10/30/81	12/?/81	12/09/81		12/?/81	11/19/81		
Farm System Research (Drs. Hilderbrand/ Harris/Clough) (Oct.81)	11/16/81	01/05/82	01/07/82		01/?/82	01/07/82	01/07/82		
Demonstration Plots (Dr. Fuchs) Nov. 81	11/19/81	11/30/81	11/30/81	12/09/81	11/30/81	12/09/81	11/30/81		
Ag. Credit in Portugal - (Drs. Grawunder and Saupe) - Nov.81		11/30/81	12/02/81	12/09/81	12/14/81	12/09/81	01/?/82		
Limestone Production and Distribution - (Dr. Jim Lauth) Nov. 1983		11/23/81	11/24/81	12/09/81	12/ ?/82	12/11/81			
Planning & Impl. Strategy for Procalfer's Training Activities (Drs. Werge and Doerr) - December 1981	12/18/81	01/07/82	01/07/82		01/07/82	01/07/82	01/07/82		
Policy Team Report (Drs. Fox, Josling, Finan et al)		01/05/82	01/07/82	01/?/82	01/?/82	01/06/82	01/06/82 03/16/82 (Portug.)		Meeting held 1/14/82 (Procalfer's Office) and on 1/15/82 at MACP

ATTACHMENT VII

AGRICULTURE PRODUCTION PROGRAM

REPORT's LOG

REPORTS	RECEIVING DATES		DISTRIBUTION DATES					Date of Response	FOLLOW-UP
	Draft Report	Final Report	USAID/L	FAS/L	USDA/W	Coord. Group	MACP		
Man.Dev. Consultants Report - (Drs. Rizzo/ Thompson) - Feb. 82		02/05/82	02/05/82		02/?/82	02/?/82	02/?/82		
Forage Seed Assessment - (Mr. Rex Henry) - March 82		03/31/82	04/01/82		04/01/82	04/01/82			
Extension/Information/ Communication - (Dr. Christmas) - April 82	04/02/82	05/?/82	05/?/82		04/02/82	05/?/82	05/?/82		
Ag. Marketing - (Drs. R.Seltzer and R.Reed) - April 82	04/15/82	05/24/82	04/16/82	05/?/82	05/?/82	05/?/82	05/?/82		
Report on Prod.of Limestone in Southern Portugal -Dr. J.Smith - June 1982	06/28/82	07/?/82	07/?/82		08/?/82	07/?/82			
Ag.Limestone Distr. Study for South.Port. (J.Lauth/Drs.K.Casavant/E.Reinsel)Jul82	07/28/82	08/02/82	08/02/82		08/?/82	08/02/82			
North.Port.Ag.Limest. Distr. Program (J. Lauth) Aug.82	08/04/82	08/04/82	08/04/82		08/?/82	08/04/82			

AGRICULTURE PRODUCTION PROGRAM

REPORT's LOG

REPORTS	RECEIVING DATES		DISTRIBUTION DATES					Date of Response	FOLLOW-UP
	Draft Report	Final Report	USAID/L	FAS/L	USDA/W	Coord. Group	MACP		
Scope of Work for Train.Coord.Train.Pr. and Gen.Train. Rec. Dr. Robert I.Ayling July 82									
Portugal Agric.Credit System Review - Frank D.Aigner July 82									
Soil Testing in Port. - Status and Recom. July 82									
Foote									

For internal use of PROCALFER only.

ATTACHMENT VIII

PHASE I REPORT

Policy and Economic Studies Subproject Team

Part I - Executive Summary

Part II - Price and Subsidy Programs for the Feed Grain-Livestock Sector of Portugal

Part III - Future Policy and Prices in Portuguese Agriculture: The Influence of the CAP and of Macroeconomic Developments

December 1981

Submitted by the University of Arizona and Stanford University to USDA/OICD in accordance with Contract No. 53-319R-1-263. Participation also provided by USDA/ERS.

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PART I

EXECUTIVE SUMMARY

A. Introduction

Portuguese agricultural policy is presently in a state of change. The challenges arising from potential membership in the European Community and the consequent adoption of the Common Agricultural Policy (CAP) come at a time when policy makers are attempting to reverse the disappointing trends in agricultural output in recent years. A reformulated strategy for this important sector must therefore be based on stimulating production in those activities where economic and social conditions suggest the potential for growth and on making modifications to policies and prices as a consequence of accession to the Community.

The PROCALFER project as a whole addresses this process of change. It is based on the notion that a significant effort is required to improve both soil conditions and farming methods in order to obtain better yields, in particular in the grain-livestock sector. The Policy and Economic Studies (PES) component of PROCALFER has as its major task the identification of products and of production systems which will best attain these goals. Though other parts of Portuguese agriculture are important to the overall development of the sector, the role of the grain-livestock sub-sector is clearly central. The initial phase of the PES component is therefore focused on this sub-sector.

The Phase I Report of the PES team, hereafter called the Report, addresses two aspects of the development of a constructive policy for

Portuguese agriculture. First, the network of subsidies and institutions that define government involvement in the feed grain-livestock sector is explored. This is necessary as a backdrop to the continuing work on the policy options for the future. Second, the possible impact of the adoption of CAP prices over the course of the decade is analysed to give a set of possible scenarios on the future opportunities for Portuguese agriculture. It should be pointed out that neither of the two major sections of the Report should be taken as conclusive: both represent an interim stage in the ongoing work of the PES team.

The examination of the subsidy system in feed grains is necessary to determine the incidence of present policies as it provides incentives and disincentives for grain and livestock production. Complementary work in 1982 on the system of consumer prices and subsidies will provide a fuller picture of present policy. Similarly, the development of CAP price levels is just the first stage in developing a more detailed picture of future price levels in Portugal. It will be integrated with other work on market balance and on the pattern of production to provide more precise estimates.

B. Research Activities and Policy Issues

The relationships among policy issues and the work of the PES team can be clarified by means of the following tableau. The policy issues involve the choices of various instruments of policy to achieve growth, stability and social equity in Portuguese agriculture. These choices include the use of price policy, of subsidies at the input, producer or consumer levels, of trade policy and institutions, and of investment

Tableau - Phases of Work of the Policy and Economic Studies Component, PROCALFER, and their Relationship to Portuguese Policy Issues

Policy Issues	1981	1982	1983-85*
1. Price policy 2. Producer subsidies 3. Input subsidies	Work started and interim results given in this report.	Results to be refined and used in 1982 study on comparative advantage.	No work presently planned in 1983-85 but possible extension to include other products.
4. Consumer subsidies 5. Trade policy	-	Work planned as part of the 1982 study on comparative advantage.	"
6. Investment policy 7. Structural policy		-	Possible focus of 1983-85 work

*tentative

and structural policies. The present report deals with price policy, both in the pre-entry period and in the transition to full EC price levels, and with producer and input subsidies in the feed grain-livestock sector. These results form the basis for the study of the comparative advantage of particular production systems which is the focus for the 1982 work. Furthermore, the work planned for 1982 includes a fuller analysis of consumer subsidies and trade policy than was possible during the first phase. This also is necessary for the comparative advantage calculations.

It is possible that this work could be extended to other commodities and issues in 1983 and beyond as interesting and relevant questions arise in the context of PROCALFER and EC accession. The 1982 study of comparative advantage, besides assisting in the specific problems of price and subsidy policy, will also help to indicate areas of investment and structural policy that need to be further explored. This extension into questions of specific types of government investment and particular structural policies would be a logical topic for work in 1983.

The Portuguese government has to make certain decisions in the near future regarding the conditions of accession to the Community. Other issues, such as the modification of trading institutions and of the present consumer subsidy system, will also be resolved in the next few years within the context of accession. Structural and investment questions are of ongoing concern, but will become more important as access to new resources from the Community opens up the possibilities of significant departure from present policies. The timing of the work of the PES team reflects the immediacy of those policy issues as well as the timetable of research needs.

C. Policy Research Completed During 1981

The major findings of the policy research conducted during 1981 are summarized below. Separate, more detailed summaries are included in Parts II and III of the Report.

1. Price and Subsidy Programs for the Feed Grain-Livestock Sector

Part Two of the Report contains a review of the major price and subsidy programs for different segments of the feed grain-livestock sector in Portugal. A portrayal of the operation and complexity of these programs is presented. The complexity of the system is illustrated by the multitude of direct and indirect subsidies involved. Much of the available information on the system, however, is either incomplete or inconsistent. In many instances, annual subsidy expenditures for a particular program have not been verified by strict accounting practices; for example, subsidies that accrue in one year might not be paid until the following year.

Study of the production and trade patterns for the various inputs, intermediate products, and final products leads to a number of observations about interrelationships within the system. The most important aspects of the system are: (1) less than 20 percent of the one million tons of fertilizer used annually by Portuguese agriculture is applied to feed grains and oilseeds, most of which is applied to corn; (2) elimination of the subsidies on fertilizer would increase prices to farmers by about 100 percent; (3) domestically produced feed grains and oilseeds are a minor item in the production of livestock in Portugal, especially for poultry and confined hog production; (4) feed grain production in Portugal declined rapidly after 1974, but has since recovered to about 90 percent of pre-1974 levels;

(5) feed grains that are produced in Portugal do not enter the mixed feed industry to any significant extent, but are instead fed to livestock direct by producers or sold in local markets; (6) imported feed grains, oilseeds, and oilseed meals sustain the mixed feed industry and far exceed domestic production; (7) elimination of subsidies on feed grains, oilseeds, and oilseed meals would increase the average price of mixed feed by about 15 percent; (8) wholesale and retail markets for poultry, beef and pork are relatively free although producers benefit from subsidized feeds; (9) wholesale and retail markets for milk and milk products are tightly controlled through price fixing and subsidization; (10) Portugal is basically self-sufficient in milk, poultry, beef and pork, although imports of beef and pork are used to stabilize prices; and (11) the total estimated value of direct subsidies to the feed grain-livestock sector in 1980/81 was 11.22 billion escudos (about $223 million), of which 45 percent went to the mixed feed industry and 36 percent to milk producers.

Changes in domestic feed grain and oilseed production will have only a minor impact on the mixed feed industry, until significant increases in domestic production are attained. The more important impacts on the mixed feed industry and consequently on livestock production will thus occur as a result of changes in prices and availabilities of feed grains and oilseeds on the international market. Under current conditions of abundant supplies, prices are likely to remain at relatively low levels. Under these conditions the removal of subsidies on imported feed grains and oilseeds becomes a relevant question. This is also an important issue as Portugal prepares for EC membership, because the current system of subsidies will almost surely have to be altered. However, the question of adjusting to EC

regulations is complicated by the large and simultaneous changes that will occur in domestic as well as import prices, a topic addressed in Part III of the Report.

2. Future Policy Prices in Portuguese Agriculture

As documented in Part III of the Report, the present structure of Portuguese institutional prices for cereals is broadly in line with those in the Community. Wheat and rice could be favored by accession relative to barley and corn, but this effect is unlikely to be great. The anticipated trend in real (deflated) prices for all cereals, except durum and rice, is downwards—indicating no incentive for further production. On the other hand, livestock prices, at least the floor prices set by policy, could increase significantly. This change in the relative position of grains and livestock prices could have considerable importance for the profitability of particular farming systems. A fall in the price of skim milk powder, useful as an animal feed, could also assist the livestock industry. By contrast, butter prices will probably rise sharply over the decade as a result of accession.

Of the various policy and other variables examined in the study, the most significant were the level of CAP prices, the development of real exchange rates, and the level of inflation. By contrast, the date of entry, the length of the transition period and the "green rate" policy have little effect on the rate of growth of real prices and on price ratios among commodities. The projections given in the Report are fairly robust as to the assumptions used for the process of harmonization with CAP prices. However, the relative inflation performance of the Portuguese economy has a major effect on nominal prices; the real dollar/ECU exchange rate

influences price relationships appreciably; and the status of the reform of the CAP has a significant impact on the rate of change of prices in Portugal over the next decade.

The Portuguese government, in framing its agricultural policy, has a basic choice to either speed up or slow down the rate of adjustment to EC prices. It can do this through the setting of prices in the pre-accession period, through the negotiating of the length of transition, and through the attitude taken toward green rate changes. Nevertheless, exercising these options is unlikely to materially affect the rate of change of real prices over the decade. The best strategy needs to take into account some factors not explicitly considered in the Report, such as the structure of consumer prices and subsidies. The rate of change of consumer prices for food could well constrain otherwise desirable farm price changes, unless other instruments were introduced to allow farmers to benefit from higher returns without excessive burdens on low income urban families.

ATTACHMENT IX

MEASURING AGRICULTURAL PRICE INTERVENTION EFFECTS IN PORTUGAL DURING 1977-80

THAM V. TRUONG
Western Europe Branch
International Economics Division
Economic Research Service
U.S. Department of Agriculture
May 1982

Prepared under the auspices of OICD/USDA's Participating-Agency-Service Agreement POR-0023-P-AG-1028-00 with USAID.

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EXECUTIVE SUMMARY

During the period 1977-80, government guaranteed prices were, on the average, Esc. .68/Kg to Esc. 2.24/Kg higher than CIF import prices for corn, feed barley, oats and sunflower seeds. As a consequence, the Government of Portugal (GOP) paid approximately Esc. 304,280,000 in subsidies to producers of the commodities under consideration in an attempt to stimulate production and to support farmers' income. It is estimated that high government guaranteed prices to producers induced expanded output which amounted to annual averages of only 370 metric tons for corn, 140 metric tons for feed barley, 40 metric tons for oats and 100 metric tons for sunflower seeds during the 1977-80 period. Government supports constituted, on an average annual basis for the 1977-80 period, 22.07 percent of corn producers' total gross receipts. Comparable figures for feed barley, oats and sunflower seeds producers are 16.23 percent, 11.13 percent and 1.82 percent respectively.

The mixed feed, milling and vegetable oil refining industries' purchase prices for those products were fixed by the GOP at levels which were usually lower than either producer prices or CIF import prices. The costs incurred by the GOP to maintain that price intervention program amounted approximately to Esc. 7,565,240,000 for the 1977-80 period. However, as consequence of that policy, industries' savings in terms of lower input costs constituted 10.12 percent for corn, 34.26 percent for feed barley, 54.09 percent for oats and 14.07 percent for sunflower seeds. These savings to the mixed feed, milling and vegetable oil refining industries would be passed on to producers and final consumers of livestock products and sunflower oil in terms of lower input costs and consumer prices, respectively.

The total financial cost to the GOP for maintaining high guaranteed producer prices and low subsidized industry prices amounted to approximately Esc. 7,869,520,000 during the entire 1977-80 period. Furthermore, government price interventions stimulate production and consumption and,thus, have impacts on the balance of trade and on the allocation of resources. The net impacts of government price interven-

tion programs on the balance of trade were additional imports which reached annual averages of 73,130 metric tons for corn, 180 metric tons for feed barley, 3,110 metric tons for oats and 9,880 metric tons for sunflower seeds during the 1977-80 period. Government price interventions give rise to economic costs associated with resource misallocations. These economic costs amounted to annual averages of Esc. 33,800,000 for corn, Esc. 12,030,000 for sunflower seeds, Esc. 6,930,000 for oats and Esc. 600,000 for feed barley during the 1977-80 period.

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tion programs on the balance of trade were additional imports which reached annual averages of 73,130 metric tons for corn, 180 metric tons for feed barley, 3,110 metric tons for oats and 9,880 metric tons for sunflower seeds during the 1977-80 period. Government price interventions give rise to economic costs associated with resource misallocations. These economic costs amounted to annual averages of Esc. 33,800,000 for corn, Esc. 12,030,000 for sunflower seeds, Esc. 6,930,000 for oats and Esc. 600,000 for feed barley during the 1977-80 period.

REPORT TO PROCALFER COORDINATING COMMITTEE

ATTACHMENT X

FORAGE SEED ASSESSMENT IN PORTUGAL

Including such interlinking factors as seed cleaning equipment, warehouses, transport and manpower training needs.

REX L. HENRY

Private Consultant

for

PROCALFER

March 1982

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II. Summary

A. Forage Seed

The quantity of corn, oats, barley and rye seed in Portugal could be considered adequate to meet the nations'present needs, if quality were not a factor, but a considerable amount of oats, barley rye and vetch seed is not certified, and consequently is sometimes of inferior quality.

About one-half the nations' seed needs of vetches, and a small amount of alfalfa, berseen clovers, persian clover, sarradella, lathyrus and orchardgrass is also being produced.

Almost one hundred percent of the other forage and pasture seed species are imported. Tables that appear later in this report give figures of production and shortages.

The planting projection for the period 1982-86, obtained from the Regional MACP Offices indicates that the number of hectares that will be planted to forages will increase at a rate of 12 to 15 percent per year, and that pasture planting will increase at about 75 percent per year for the same period.

This planting increase will require a significantly larger amount of forage and pasture seed, but it is believed that all or most of this seed can and should be produced in Portugal.

B. Seed Cleaning Equipment

Quimigal and the private seed companies have adequate seed cleaning equipment for corn, and EPAC has sufficient equipment to clean the oats, barley, rye, vetcher and lathyrus.

There is a shortage of equipment to clean small seed, in particular, seed of the pasture grasses and legume species. Private companies may expand their operations to clean and handle some of the small seeds, but it is believed that EPAC is the logical organization to resolve this problem - at least for the immediate and short term basis. EPAC has a functioning organization with technicians, warehouses and seed cleaning equipment for cereals, vetches and lathyrus throughout the country, and they are willing to install this addition seed cleaning equipment. This equipment would be for service to any individual or company on a Custom (payment) basis.

The seed cleaning equipment at the Government forage plant breeding and testing stations of EES, Tapada da Ajuda and EMP, Elvas was surveyed, and the needs of these two stations were discussed with representatives of the two stations respectively. For the most part, the seed cleaning equipment is old but functional. A small amount of additional equipment has been recommended in this report for these two stations and the one at Vairão in Northern Portugal. For details please refer to Table 5.

C. Warehouses

Warehouses and storage is not a problem. Storage space is inadequate in a few locations, but it is being rectified.

D. Transport

Means of transport via trucks, railroads, air, and even by barge to some areas, is adequate.

E. Manpower

There are very capable Agronomists (Engr. level) in the top posts or positions in Government and Private industry, but there is very little depth in terms of trained and experienced Agronomists to replace retiring Agronomists or fill new positions that will come about, as a result of an expanded forage programs. This is a major and perhaps the number one problem to face up to.

ATTACHMENT XI

EXTENSION INFORMATION AND COMMUNICATION

By

Dr. Ellsworth Christmas

Purdue University

March 1982

ATTACHMENT XVII

REPORT

ON

NORTHERN PORTUGAL AGRICULTURAL LIMESTONE

DISTRIBUTION PROGRAM

1982

PREPARED FOR: US. Department of Agriculture
Office of International Cooperation and Development

and

U.S. Agency for International Development

and

PROCALFER Coordinating Committee
Ministry of Agriculture, Portugal

PREPARED BY: JAMES H. LAUTH, SR.
Consultant,
Bowie, Maryland

August 4, 1982

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I - INTRODUCTION

The consultant was requested to provide technical assistance to the Ministry of Agricultural, Portugal (MACP) and the industry in the implementation of the limestone distribution program in Northern Portugal (Region 1, 2, 3 and 4). This technical assistance follows that given in 1981 (see Report on Northern Portugal Agricultural Limestone Distribution Program, Spring, 1981, Lauth, April 3, 1981; Report on Northern Portugal Agricultural Limestone Distribution program Spring, 1981, Lauth, July 6, 1981; and Report on Northern Portugal Agricultural Limestone Distribution Proqam, 1981, Lauth, November 23, 1981).

Specifically the consultant was requested to: 1) review and analyse current operations and plans for production, warehousing, distribution, and pricing with limestone producers, PROCALFER Coordinating Group, Unions of cooperatives, Codical, and U.S. PROCALFER officials; 2) recommend modifications and actions to achieve planned goals for 1982 and 1983; 3) review and analyze transport costs and prices, production prices, uniform farm prices, and subsidy amounts; 4) review and analyze actual trucking charges paid each Union to establish a base for determination of the trucking factor used in paying the subsidy; 5) provide on-the-job training to the MACP transportation and distribution employee; and 6) prepare a final report, with recommendations, and conduct briefing sessions with MACP, PROCALFER, USDA and US Aid officials.

Available to the consultant was the work of James Smith in regard to limestone production and technology 1/ and a

1/ Report on Production of Agricultural Limestone in Southern Portugal, Smith, June 1982.

study of agricultural limestone distribution for Regions 5, 6 and 7 [2/]. The consultant participated in both of those works and has used the findings and recommendations in his review and recommendations for the Northern program. Work by the consultant for this report took place from May 17 through June 1, 1982 and during the last week in July 1982 and the first week in August, 1982.

This report reviews the limestone distribution program in the North from January 1982 through July 1982, presents recommendations for changes in 1982 and subsequent years, and reviews the training provided the MACP transportation and distribution specialist.

II - The 1981 LIMESTONE DISTRIBUTION PROGRAM

Final data was available to the consultant to calculate plant prices, transport cost, delivered prices and subsidy amounts, by each Union of cooperatives, for the 1981 program.

Table 1 is a summary of these costs and prices. The quantity of limestone delivered to the four northern regions in 1981 was 52,500 tons, of which 36,089 were delivered under the subsidy program. The average delivered price was 1763 esc/ton, ranging from 1411 esc/ton in Region 3 to 1996 esc/ton in Region 2. Limestone plant prices averaged 758 esc/ton, or 42% of the delivered price. Transport costs averaged 1005 esc/ton, or 55 percent of the delivered price.

2/ Agricultural Limestone Distribution Study for Southern Portugal, Lauth, Casavant and Reinsel, July, 1982.

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NEW GENERAL DIRECTORS OF M.A.P

A list of the names for the new general directors were forwarded by the Ministry of Agriculture, Commerce & Fisheries, to the newspaper "Diário da República" to be published accordingly. In sequence of the publishing organic law and decreet law Nº. 293/82 of July 27. The new Head of Departments are:

Director General for the Planning Office - Engº.Agrº. Santos Marcela
Director General for Administration and Budgeting - Dr. Vitor Vieira
Director General for Organization and Human support - Dr. Marino Coelho
Director General for Agriculture - Engº Agrº. Ilídio Lourenço
Director General for Farming - Dr. Carlos Fontes
Director General of Forestrys - Engº.- Silviculturist, Quita Quita.
Inspector General - Engº.Agrº. Dionisio Leitão.
Director General for Fisheries - Naval Engº. Teixeira Quina
Director General for Commerce - Dr. Alberto Teixeira Dinis
Director General for price and concourse - Engº Chaves Rosa
President of the National Investigation Institute for Farming and Rural Extension - Prof. Pinto Ganhão
President of the Institute to Support the Modifications and Commerce of the Agrarium and Feed Products - Dr. Duarte Ivo Cruz
Director General for the Hydraulic and Agricultural Engineering - Engº.Agrº. Joaquim Gusmão.

The new General Directors will assume their duties on Tuesday, the 3rd August.

Final Report - PES/PROCALFER Phase II

Title: Comparative Advantage and Policy Choice in Portuguese Agriculture

Outline

Part	Chapter	Drafter	Pages
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	7. Macroeconomic and External Forces	SP	10
	8. Input and Factor markets	EM	10
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IV	Commodity Systems and Comparative Costs		
	10. Grains production and distribution	TF/EM	15
	11. Oilseeds and compound feed	RF/TT	15
	12. Dairy production and processing	RF/ML	15
	13. Meat production and slaughtering	TF/ML	15
	14. Changes in costs until 1990	EM/SP	10
V	Policy Choices		
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	17. Policy choices in an EC context	TJ	10
	18.		
Summary		CH	5
		Total	220

TABLE 1.

COSTS PER TON OF THE DISTRIBUTION OF AGRICULTURAL LIMESTONE TO REGION 1, 2, 3 AND 4 UNDER THE SUBSIDY PROGRAM - 1981

(Esc./Ton)

REGION	UNION 1981	TONS	PLANT PRICE	TRANSPORT COST 1/	DELIVERED COST 2/	ADMINISTRATIVE COST	DELIVERED COST WITH ADMIN. COST	SUBSIDY WITH ADM. COSTS	SUBSIDY WITHOUT ADM. COSTS	AVERAGE PRICE PAID BY THE LOCAL COOPERATIVE
Reg.1	UCANORTE	21 490	760	998	1 758	44.30	1 802	742	698	1 059
Reg.2	CORCOOP	5 572	772	1 224	1 996	60.00	2 056	990	930	1 066
Reg.3,4	AGROSCOOP	5 288	770	1 017	1 787	60.13	1 847	777	717	1 070
Reg.3,4	UNICENTRO	3 739	705	706	1 411	104.16	1 515	495	391	1 019
	WEIGHTED AVERAGE	36 089	758 (42%)	1 005 (55%)	1 763	54.38 (3%)	1 817 (100%)	759	705	1 057

1/ Calculated at 3.87 per ton/km

Transport costs averaged 1005 esc/ton, or 55 percent of the delivered price. Administrative costs added another 54 esc/ton to the delivered price making a total average delivered price of 1817 esc/ton. The average subsidy was then 759 esc/ton, or 41% of the total delivered price, and ranged from 495 esc/ton for Region 3 and 990 esc/ton for Region 2.

III - REVIEW OF THE 1982 LIMESTONE DISTRIBUTION PROGRAM

56,000

1. Quantity Distributed. 27,125 tons of agricultural limestone were distributed under the subsidy program to the four northern regions from Jan 1 through July 31, 1982 3/. (See Table 2). This compares to 18,576 tons ~~shipped in~~ 1981 through July 31 although in 1981 shipments did not begin until March 1.

Distribution of 1982 shipments to the four Unions has shifted as shown below in percentage of total shipments.

	1981	1982 (through July)
Ucanorte (Reg.1)	63.88	59.20
Agroscoop (Reg. 3 and 4) 4/	14.14	10.96
Unicentro (Reg. 3 and 4) 4/	9.14	16.89
Corcoop (Reg.2)	12.84	12.96

3/ Shipments for July were obtained by the consultant from estimates made by the Unions on July 19-21, 1982 and verified at the Codical meeting held in Viseu on July 26, 1982.

4/ A general estimate of the division between Region 3 and 4 shipments supplied by Unicentro and Agroscoop can be calculated by using the survey done by the consultant in 1981. This survey found that Unicentro's shipments to Region 3 and 4 were 82% and 18%, respectively. Agroscoop's shipments to Region 3 and 4 were 43% and 57%, respectively. Also Eng. Victor Oliveira has identified the location of local cooperatives in Regions 3 and 4 which operate under either Agroscoop or Unicentro.

TABLE 2

SHIPMENTS OF AGRICULTURAL LIMESTONE TO REGIONS 1, 2, 3 e 4

JAN - JULY, 1982

(Tons)

		UCANORTE Reg.1	AGROSCOOP Reg.3 e 4	UNICENTRO Reg.3 e 4	CORCOOP Reg.2	MONTHLY TOTAL	TOTAL
JAN	SITROL	888	278	600	1121	2887	2887
	CIMPOR	645	30	-	75	750	750
		1533	308	600	1196	3637	3637
FEV	SITROL	1203	239	311	875	2628	5515
	CIMPOR	872	105	467.5	140	1584.5	2334.5
		2075	344	778.5	1015	4212.5	7849.5
MAR	SITROL	1601	689.5	560	610	3460.5	8975.5
	CIMPOR	1090	150	653.5	65	1958.5	4293
		2691	839.5	1213.5	675	5419	13268.5
APR	SITROL	3092	740	661	365	4858	13833.5
	CIMPOR	1140	-	501	-	1641	5934
	TUDIPEDRA	752.5	-	-	-	752.5	752.5
		4984.5	740	1162	365	7251.5	20520
MAY	SITROL	2278	316	140	232	2966	16799.5
	CIMPOR	770	260	413.5	-	1443.5	7377.5
	TUDIPEDRA	846.5	-	-	-	846.5	846.5
		3894.5	576	553.5	232	5392	25776

	UCANORTE Reg.1	AGROSCOOP Reg.3 e 4	UNICENTRO Reg.3 e 4	CORCOOP Reg.2	MONTHLY TOTAL	TOTAL
JUNE	450	105	187	0	737	26513
JULY	430	60	87	35	612	27125
TOTALS	16058	2972.5	4581.5	3518	27125	
PERCENT OF TOTAL	59.20	10.96	16.89	12.96		

Shipments to Ucanorte and Agroscoop declined on a percentage of total shipments basis while shipments to Corcoop remained at about the same percentage and shipments to Unicentro increased significantly. The increase in shipments to Unicentro is significant for two reasons: 1) demand has been low in Region 3 although its need for agricultural limestone, based on the number of hectares needed to receive limestone 5/, is second only to Region 1 ; and 2) since Unicentro's area is close to the production plants its transport costs are substantially lower than other areas and thus its subsidy per ton is much lower, making the total average subsidy per ton for all Unions less as shipments to Unicentro increase.

Shipments totaled 27, 127 tons through July despite lack of subsidy funds to the Unions in April, May and the first three weeks of June. The Unions advanced their own funds to pay the total costs of shipments allowing the farmer to continue paying 1200 esc/ton. Subsidy funds to the Unions were made available during the third week in June in the amount of 40,000 contos. While the low level of subsidy funds available to the Unions was made known to the Ministry in late March and early April by the Coordinating Group and the Unions, funds did not arrive until June 21. Also, credit for purchase of limestone by the Unions, requested by the Unions and the Coordinating Group to alleviate the lack of subsidy funds, were not received by the Unions although approval had been granted. Lack of subsidy funds and credit likely reduced the amount of limestone the Unions would have purchased in April and May, the high season for application, and affected the Unions confidence in purchasing more limestone during the low months of June and July.

5/ See November 23, 1981 Report on Northern Portugal Agricultural Limestone Distribution Program, page 7.

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V RECOMMENDATIONS

The recommendations offered are contingent upon the need and demand for agricultural limestone in the 4 Northern Regions. Recent reports of consultants suggest that more work needs to be done in establishing the amount of limestone needed per application on various crops and various soils, determining yield responses and cost/benefit to farmers, and increased use of extension workers to inform and educate farmers in the need for and use of agricultural limestone.

1. Inventory and evaluate limestone crushing plants producing highway and construction aggregate in the area around Cantanhede, Leiria, Tomar and Fátima as potential producers of agricultural limestone from Pó de Pedra, either processed or unprocessed. Collect samples and obtain chemical and physical properties and use equivalency table to determine the factor to judge economic feasibility. Involve Unions of Cooperatives in evaluation of these plants. Production from these plants seems essential to the success of the Northern program by lowering plant prices and assuring large supplies. Knowledge of the availability of limestone from these plants and possible prices would aid Codical in responding to needs in the North and would also help to maintain a competitive price in the South.

2. Caution should be taken by the Coordinating Group and Codical in reducing Sitrol as a supplier to the Northern program unless there is an assured supply from Solcalina, Quisselgur, Cimpor and Tudipedra to meet immediate needs. The availability in the "Coimbra-Leiria" area of agricultural limestone produced from residual products of limestone crushing operations could be an extremely attractive supply and price source for the Northern program if encouraged by Codical and

the Coordinating Group.

3. Approval for IFADAP credit (13.5%) is recommended for the Quisselgur plant at Fátima for shipments to the North. This recommendation was also made in the Distribution Study for Southern Portugal for production of agricultural limestone, in bags, to small farms in Region 5. For the northern program this plant is the first one expanding to produce agricultural limestone from its residual product. Credit would be for equipment and facilities needed to process residual product into limestone meeting government standards, with an annual production capacity of 105,000 tons.

4. Approval for IFADAP credit (13.5%) is recommended for construction of the Corcoop plant near Vila Real to serve the farm area in parts of Region 2, particularly the central and northeastern areas. Corcoop's stated price is 850 esc/ton at the plant. With this price plus transportation charges for up to 100 kilometers from the plant no other plant currently producing agricultural limestone could deliver at a competitive price. If plants in the Coimbra area begin production and distribution of agricultural limestone produced from the residual material plant prices would be in the 600-650 esc/ton range for bagged limestone and added transport prices would make delivered prices to Region 2 still not competitive with the Corcoop plant. There are no limestone rock crushing plants north of Cantanhede and no limestone quarries in Region 1 or 2 except in the small area where the Corcoop plant is proposed. This recommendation does not go to the proposed cost of the Corcoop plant which should be looked at carefully if unnecessary costs are planned.

5. Approval of the credit proposed to expand the Tudipedra plant production from 9000 tons to 26,000-30,000 tons annually should be conditioned on the need for this amount of limestone to meet the Northern demand. This will depend c the status of Sitrol as a supplier, when Quisselgur begins its expanded operation, the financial status of Solcalina, and the production of residual material as an agricultural limestone. Because of these contingencies, lag time, and the relatively small amount of credit involved, immediate approval may be justified.

6. Truck costs have increased since the last change in the truck factor used to calculate subsidy payments. Truck prices have risen significantly since July 1 when overweight laws were strictly enforced. Based on an average 22 ton cargo weight carried in a 32 ton GVW truck and an average backhaul frequency of 25 percent a truck factor of 4.5 esc/ton/km seems reasonable, effective July 1, 1982. It does not seem necessary to make the factor of 4.5 ecs/ton/km retroactive to January 1, 1982.

7. The recommendation for an increase in the truck factor to 4.5 esc/ton/km is based on the consultants' estimate of truck costs and the relationship of costs to prices. The only prices made available to the consultant and to the Coordinating Group was a sample of Ucanorte's freight bills, although requests were made to Codical by Eng. Victor Oliveira for an opportunity to review samples of freight bills from all Unions. Actual paid trucking charges of each Union (a sample) must be reviewed by the Coordinating Group (Eng. Victor Oliveira) periodically to establish a base upon which to determine the truck factor. Then a judgment can be made on what the factor should be, which will cover actual truck charges and consider long run variable truck costs but allow sufficient margin for negotiation.

8. Based on shipments to date and projected quantities for the rest of the year and the estimated subsidy per ton, including expected increases in transportation, the amount of subsidy funds deposited will fall short of the Unions' needs. The Coordinating Committee should evaluate these estimates and request additional subsidy funds as soon as possible so that the Unions will not have to curtail purchases in the heavy application season in the Fall.

9. Interactions between the Northern program and the production and distribution of limestone expected in the South will occur and result in distortions of farmer prices between the areas because of the substantial differences in delivered prices and a subsidized price in the North. It is recommended that consultants, working with Eng. Victor Oliveira evaluate and analyze these interactions and policy implications in the Spring, 1983 and recommend necessary changes. At the same time evaluation would be made of the suggested Southern system and the Northern program would be reviewed.

10. Improve the timliness and regularity of reports from Codical and the Unions to Eng. Victor Oliveira so that necessary data and analysis of the limestone program can be distributed to the Coordinating Group, Regional Services Coordinators and PROCALFER officials. Some improvement can be made by a strong request to the Unions. Telephone calls to the Unions by Eng. Victor Oliveira on a regular basis at the end of the month can provide estimated data on major items without waiting for precise information. Computerization of accounting and data information by Codical and the Unions would substantially speed-up these reports.

11. Provide training in the U.S. for Eng. Victor Oliveira, transportation and distribution specialist for MACP. Proposed training is described in Part IV to this report and a tentative itinerary and course outline is included in Appendix 2 and 3.

12. Consider training in U.S. for Union executives operating the limestone program in the North. Training would consist of exposure to limestone plants, delivery systems, spreading operations and cooperative operations.

13. Determine if there is a problem with farmer accessability to local cooperatives for subsidized limestone, where the problem exists, and develop a solution without demaging the overall structure of the program of operation by the Unions and delivery to local Cooperatives. Have Regional Services check out each identified problem locally. Once the areas have been firmly identified a solution can be worked out with Codical, the Unions and the local cooperative. Recommend that Eng. Victor Oliveira coordinate this effort and work closely with the PROCALFER Regional Coordinators.

ATTACHMENT XVIII

PORTUGAL

AGRICULTURAL CREDIT SYSTEM

REVIEW

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July 15, 1982

Best Available Document

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INTRODUCTION

The Farm Credit Administration has been asked by the Institute for Finance and Development of Agriculture and Fisheries (IFADAP) of Portugal and the U.S. Department of Agriculture, Office of International Cooperation and Development to undertake a policy, organizational, and operational review of the agricultural finance system of Portugal.

This report provides the background and setting for the current agricultural finance system, some general observations on IFADAP, and the recommendation and scope of work for a team review in Portugal beginning in September 1982.

The Portuguese Financing System for Agriculture and Fisheries (SIFAP) is a process that brings together the joint efforts of the Ministry of Finance and Planning, Ministry of Agriculture and Fisheries, commercial banks and agricultural credit cooperatives, and the Institute for Finance and Development of Agriculture and Fisheries (IFADAP). IFADAP is an autonomous government organization charged with implementation of SIFAP. Much of the following description and operational information was supplied by IFADAP officials during a preliminary review of IFADAP in June 1982.

CONSULTANT TEAM ORGANIZATION AND SCHEDULE

An analysis of the review project provides four well-defined areas of responsibility and establishes the necessary qualifications for the consultants. The four areas of responsibility are: (1) policy; (2) organization, planning, and communications; (3) finance operations; and (4) team advisor (local hire).

These functions overlap and have some definite dependence upon each other, making a team approach of ultimate importance. This team approach is significant both in the analytical process and in the recommendations growing out of the comprehensive review.

Consultants operating in these subject areas must have thorough knowledge, practical experience, ability to operate in a team setting, and a personal desire to take on the challenge and responsibility of this review project. Consultants to be contracted for this work will fully meet these requirements; their resumes are attached in the appendix.

The team members and time schedule needed to accomplish the objectives of this review are as follows:

Team Leader	Frank D. Aigner
Policy Specialist	David M. Archer
Organization, Planning, and Communication Specialist	Jon Greeneisen (tentative)
Finance Operations Specialist	Al Haslebacher
Team Advisor	Luis Almeida Penheiro (or other local hire with equivalent qualifications)

Consultants Archer, Greeneisen, and Haslebacher will arrive in Lisbon, Portugal, to begin work on September 13, 1982, for a 30-day period. The team advisor should be employed to begin also on September 13. Team Leader Aigner will participate with the team October 5 through 12. It is advisable that one team member remain in Portugal for an additional week to finalize any questions associated with the development of the team draft report. A final report will be submitted within 30 days of the team's departure from Portugal.

It is recommended that the final report be translated and delivered to IFADAP management and other appropriate government and banking officials by the USDA/Office of International Cooperation and Development representative in Lisbon. After a sufficient review-and-deliberation period (6-8 weeks), one team member should return to Portugal to meet with IFADAP management for full discussion of all aspects of the recommendations. Meetings and discussion of the recommendations should also be arranged with the Ministry of Finance and Planning, Bank of Portugal, Ministry of Agriculture, and other appropriate Portuguese officials.

CONSULTANTS' INDIVIDUAL POSITION DESCRIPTIONS

1. Team Leader - Frank D. Aigner

Perform preliminary review and establish relationship with the Institute for Finance and Development of Agriculture and Fisheries. Assemble appropriate background materials secured from IFADAP and other sources to provide the team with a preliminary understanding of the Finance System for Agriculture and Fisheries and of IFADAP. Develop a thorough orientation program to include cultural, economic, and development aspects of Portugal. Work with the team during the last week of the review project to assist in finishing the report analysis and recommendations. Organize and follow up on ways to communicate the team findings and recommendations to the appropriate Portuguese government officials. Provide a longer term contact for a relationship between the Farm Credit Administration and IFADAP.

2. Policy Specialist - David M. Archer

Review historical development of agricultural credit policy, credit institutions, and current trends in the agricultural credit delivery system. Review laws and directives establishing IFADAP, and identify an undisputed leadership role for IFADAP. Review varied interest rate structures to determine their impact on credit use in agriculture, particularly the use of medium- and long-term investment credit. Review the credit needs by major agricultural subsector and those policies that influence credit flow. Identify policy constraints that adversely influence credit use at the farmer, cooperative, commercial bank, and Government of Portugal levels. Review policy developments of the agricultural credit cooperatives. Access the shared policy responsibilities of IFADAP, Ministry of Finance and Planning, Bank of Portugal, and the Ministry of Agriculture. Access major structural changes that may enhance the credit delivery system. Provide policy input to other team members. Make recommendations to deal with the policy aspects affecting the delivery of agricultural credit to farmers.

3. Organization, Planning, and Communications Specialist - Jon Greeneisen (tentative)

Determine lines of authority and communication upon which IFADAP operates, including the head office, regional branch offices, and subregional branch offices. Develop functional organizational chart for the three levels of operation. Review the IFADAP planning process and its influence on the actual functional responsibilities handled by various officials and departments. Review internal communications and public relations activities as they relate to educating the Government Ministries, banking system, farmers, and the IFADAP organization on agricultural finance procedures. Provide input to other team members. Access the organization and operations of the "Council of Financing of Agriculture and Fisheries." Make

recommendations to improve and/or to solve the difficulties in the vital areas of organization, planning, and communications.

4. Finance Operations Specialist - Al Haslebacher

Document each step and its significance in the procedure from loan application, through the analysis and approval steps, to loan disbursement. This function is to be performed at the farmer level, through a commercial bank and an agricultural credit cooperative, the Ministry of Agriculture and Fisheries, IFADAP, subregional branch office, branch office, and the IFADAP headquarters. Document decision points and conflicts associated with the critical path of loan approval. Determine the minimum amount of personal, financial, and economic information necessary for a loan application and its follow-up activities. Provide input to other team members on policy and organizational influences on the credit delivery system.

5. Team Advisor - Luis Almeida Penheiro, or other local hire with equivalent qualifications

Assist all phases and aspects of the review process. Provide a bridge for cultural and language differences. Participate in field travel to expedite travel, scheduling of meetings, locating the responsible people, and accessing the content of information obtained. Assist in translation of communications and materials. Provide an unbiased opinion on various aspects of the review, including the development of recommendations.

MINISTRY OF AGRICULTURE, COMMERCE AND FISHERIES ORGANIC LAW

1º ARTICLE

(Ministry purposes)

The purposes of the Agriculture, Commerce and Fisheries Ministry are:

a) To define the agricultural and fishing sector and co-ordinate the necessary actions to its execution;

b) To elaborate the plan of agricultural and fishing development and of the associated commercial sectors, and to integrate this in the general plan of development of the Country;

c) To define and execute the commercial sector of the national supply including goods and materials which are needed in their production;

d) To establish the supports of the national food sector;

e) To establish the competition and prices system;

f) To encourage economic activities related to the industrialization and export of the agricultural and food products.

2º ARTICLE

(Agriculture, Commerce and Fisheries National Council)

1. Together with the Minister there is established an Agriculture, Commerce and Fisheries National Council, this is a organ in close co-operation with the social and economic entities of their consultative sector.

2. The Council will have the following sections:

a) Agriculture;
b) Commerce;
c) Fisheries

3. Each of the sections of the Council will be able to subdivide in subsections.

4. The sections and subsections of the Council will be able to work together when the nature of the subjects to be examined requires it, because of its inclusion in the areas of the respective consultive competences.

5. The old Agriculture, Fisheries and Internal Commerce National Councils are extinguished, giving the Minister power to decide, by resolution, the extinction of the existing special consultive commissions or their change into subsections of the Council.

6. The Minister will define, by resolution, the composition, attributes, competences and rules of functioning of the Council and the respective sections and subsections, requesting the general-Direction of Administration and Budget to give the necessary technical and administrative support of the development of the respective functions.

3º ARTICLE

(Agriculture, Commerce and Fisheries Regional Directions)

1. Directly in the dependence of the Minister operate the Agriculture, commerce and fisheries regional directions with powers of conception, technical and economic fomentation and of execution at regional level of the agricultural, commercial and fisheries sector.

2. The regional directions have as a primary purpose to promote and to establish direct contact with the economic agents, diffusion the process of development, changing and modernization of the agro-alimentary sectors.

3. The regional directions are equalized to all intents to general directions and their equipment with human and material staff constitutes the main objective of the Ministry.

4º ARTICLE

(Supporting Organs to the Minister)

1. Depending directly from the Minister work the following supporting organs:

a) Information and social communication Cabinet, which coordinates the contacts with the means of social communication, the public image of the Ministry and the several actions in relations with the external projection of the operation of the Ministry, and also the functions of protocol to exercise in its role;

b) International cooperation Cabinet, which coordinates the actions related to the bilateral and multilateral agencies of cooperation, in the role of the Ministry in the areas not directly linked with the EEC.

2. The Minister will direct by resolution, the functioning of the organs referred to in the former items, which will be staffed with workers attached to the General Direction of Administration and Budget to give them the necessary administrative support for the execution of the respective functions.

5º ARTICLE

(Judicial Auditor)

Together with the Minister does work a judicial auditor, according to the Organic Law of the Public Ministry reporting to the General

Direction of Administration and Budget give him the necessary administrative support for the execution of his functions.

6º ARTICLE

(General Inspection)

Under the direct guidance of the Minister works the General inspector , with elements of the services and departments of the Ministry or of other entities with elements depending from it in the exercise of these.

7º ARTICLE

(Conceiving, Coordinating and Supporting Central Services)

In the Agriculture, Commerce and Fisheries Ministry work the following central services of conception, coordination and support of the activity of all the Ministry:

a) Planning Cabinet, with responsibilities of conception, coordination and support in the areas of economic and planning of the agriculture, commerce and fisheries sectors;

b) General Direction of administration and Budget, with responsibilities of coordination of the departmental administrative activity, preparation and control of the execution of the Budget, purposing to assure, the highest efficiency and cohesion of the services and departments which make up the Ministry, as well as the execution of action, in their domains, which have to be carried out in a global and centralized way;

c) General Direction of organization and human resources, with responsibilities of conception, promotion, execution and accompaniment of the management of human resources, of the use of informatic resources of the several services and departments and of actions in the domain of the Ministry organization.

8º ARTICLE

(Social Work)

1. In the Agriculture, Commerce and Fisheries Ministry is maintained the Social Work, which structure and functioning will be the subject of regulation decree from the Minister of State and Finances and Planning the Ministers of Agriculture, Commerce and Fisheries and of Administrative Reform.

2. The empployees of the Agriculture, Commerce and Fisheries Ministry, are beneficiaries of the Social Services of the Finances Ministry, while the Social Work section is not yet structured, organized and ready to work.

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9º ARTICLE

(Elimination of conceiving coordinating and supporting services)

The following services and departments are eliminated:

a) General Secretary;
b) Judicial Auditory;
c) Cabinet of Organization and Methods;
d) Cabinet of Public Relations;
e) Cabinet to the European Integration;
f) Service of Inspection of the Departments of Economic Coordination;

From the Ministry of Agriculture and Fisheries:

a) General Secretary;
b) Technical and Administrative General Inspection;
c) Cabinet of planning and to the European Integration;
d) Judicial Authority;
e) Cabinet of International Information and Cooperation;
f) Cabinet of Technical Support;

10º ARTICLE

(Establishment and elimination of Services and central departments)

1) The following services and central departments are established in the Agriculture, Commerce and fisheries Ministry:

a) Agriculture General Direction, with responsibilities to promote, coordinate and guide the technical and economic development and the sanitary protection of agricultural production;

b) Cattle General Direction, with responsibilities to promote, coordinate and guide the encouragement of cattle production, the sanitary defense of the animals, the conservation and improvement of the production of the specimens with, bio-economic interest, to safeguard the public health in what concerns zoonoses transmissible

or prejudicial to man and to assure the actions in the field of the veterinary public hygiene;

c) Forest General Direction, with responsibilities of technical economic encouragement, protection and arrangement of the forest production, management of the forest production according to the intervention for the State resources dealing with cynegetics, aquatic animals, and apiculture;

d) Fisheries General Direction, with authority to promote, coordinate and guide the technical and economic development, General administration and international technical relations of the fishing sector;

e) Commerce General Direction, with authority in the area of internal commerce and also in the area of external commerce of food goods and materials needed in their production. Support the activities of the economic agents of the sector, mainly in the encouragement of the associations and respective professional development and preparation of Legislation and commercial rules;

f) Competition and Prices General Directions, with responsibility to initiate and administrative execution of the politics of competition and prices, as well as analysis of the circuits of distribution;

g) National Institute of Agrarian Investigation and Rural Extension, with authority of conception, execution, coordination and concentration of the activities of investigation and experimental development, as well as other activities of I and D, in relation to the agrarian sector and of conception and coordination of the execution of the program of rural extension;

h) Support Institute to the Transformation and Commercialization of the economic and technological program related to the transformation and commercialization of agrarian and food products and encouragement of the respective exports.

2. The following services and departments are eliminated:

a) National Institute of Agrarian Investigation;

b) General Direction of the Fisheries Administration;

c) General Direction of the Fisheries Development and Coordination;

d) General Direction of Rural Extension;

e) General Direction of Protection of Agricultural Production;

f) General Direction of the Veterinary services;

g) General Direction of the Agricultural Feed Industries;

h) General Direction of the Forest Encouragement;

i) General Direction of Forest Arrangement and Management;

j) General Direction of Commercial Feeds;

k) General Direction of non Feed commerce;

l) National freezers Institute.

3. The National Veterinary Institute and the National Center for Equine Production are eliminated, changing the respective responsibilities to the General Direction of Livestock.

11º ARTICLE

(Services and departments which continue to function)

1. Until their reorganization the following services and departments continue to function according to the respective organic laws, which did transit to the Agriculture, Commerce and Fisheries Ministry, according to the law Nº. 290/81 from October the 14th:

a) General Direction of Economic Fiscalization;

b) National Institute of Fishing Investigation;

c) Portuguese Institute of canned fish;

d) General Direction of hydraulics and agricultural engineering;

e) Institute of agrarian management and organization;

f) Institute of feed quality;

g) Peneda-Gerês National Park;

h) Lisbon fisheries professional school.

2. Also continuing according to the established dispositions are the departments of economic coordination and intergrated into the Ministry of Agriculture, Commerce and Fisheries as well as the Douro region, wine growers federation (Douro House) and the Green Wines viticulture commission.

3. Under the direction of the Ministry, the agriculture regional service will keep on working, according to the established rules, till the establishment of the agriculture, commerce and fisheries regional directions, after the legal organization of the number 4 of the 12 Article.

12º ARTICLE

(Establishment of services and transitory regime)

1. The structures responsibilities, competences, institution of the leading duties and effective of the staff of the service and departments established by the present diploma are maintained at work according to the 11º article will be subject of regulative decrees of the Minister of State and Finance Planning and of the Ministry of Agriculture, Commerce and Fisheries and the Administrative Reform, which in the case of the established services and departments, have to be published in thirty days after the commencement of operation of the present decree being possible that in them are reported rules of transaction relative to the eliminated services and department.

2. While the diplomas refer to in the former number are not published, the Minister is authorized to define, by resolution, the transitory regimen of the service and departments established by the present law, mainly concerning the powers, function, composition and respective responsibilities of personnel and placement of employees and agents.

3. Till the regulations refer to in number one of this article is final the legal diplomas and other disposition with legal expression of the eliminated service and departments are still valid in everything that does not controdict the present law of what, under the cover of its standards, is disposed.

4. The establishment of the Regional Directions will be reported regulative decrees according to the number one of this article, being in them established the respective laws adjusted to the peculiar characteristics of each Region and its division into subregion and zones.

5. The following groups will function to accomplish all objectives through the utilization of previous powers, until the final implementation of the new decree. Through the new rule they will operate under the Planning Cabinet.

a) Coordinating Group of the Forest Project-World Bank (GCPF-BM), established by combined resolution of the Ministers of Finance and Plan, Agriculture and Fisheries, and Industry and Energy, from June the 30th, 1980 which will be in the Forest General Direction;

b) Agricultural and Agro-Industrial Projecting (EPA), established temporarily by combined resolution of the Minister of Finance and Plan, Agricultural and Fisheries, Commerce and Tourism, and Industry and Energy from October the 31st 1980 which will work in the support Institute to the Transformation Commercialization of the Agrarian and Feed Products.

c) Coordinating Group of the correction, fertilization and Food Program (PROCALFER), established temporarily, by combined resolutions of the Ministers of Finance and Planning and agriculture and Fisheries from December the 29th 1980 which will work within the Agricultural General Direction;

d) Coordinating Group of the Project of Agricultural Credit of Alentejo-World Bank (GCPCAA-BM), established by the combined resolution nº. 23-A/81 of the Minister of Finances and Plan, and Agriculture and Fisheries, from February the 19th, which will work in the agriculture regional services of Alentejo.

13º ARTICLE

(Cooperation among services, Project Teams and Work Groups)

1. The services and departments of the Ministry of Agriculture, Commerce and Fisheries work together in close cooperation on the prosecution of the purposes fixed in the respective responsibilities and competences and on the whole to the elaboration of programme and the execution of projects belonging to the whole Ministry.

2. Whenever the nature of the work requires teams or work group, the conditions and terms of functioning, shall not require directly or indirectly any kind of additional payment.

14º ARTICLE

(Annual Plans and Reports)

1. The services and departments of the Ministry work according to plans approved by the Minister.

2. The services and departments will prepare an annual report on the execution of the plans by the end of the first three months of the following year, which will be distributed to the social-economic sectors and organizations which the Minister feels is appropriate.

15º ARTICLE

(Establishment of Positions)

1. These are established within the basic structure of Ministry the posts reported in Supplement I to this decree.

2. The leading functions reported in Supplement I which is referred to in the former item are established under terms of the general law.

3. The addition of superior inspector will be provided by nomination, by free choice of the Minister, among Licenciates with Superior formation and possessing a professionsl experience and a reknown technical capacity, indispensable to the execution of the respective functions.

4. The leaders of the organs referred in the paragraphs b) and c) of the 4º article are equivalent to and are paid at the level of director.

5. The leader of the Information and Social Communication Cabinet will be equivalent to and are paid at the level of director of services.

16º ARTICLE

(Elimination of Leading Posts)

The plans corresponding to leading duties reported in the Supplement II are immediately eliminated, except the place of supernumerary general director, which is eliminated when vacant.

17º ARTICLE

(Personnel Regimen)

1. The personnel of the services and departments of the Ministry constitutes a single state which integrates the personnel of the services and departments of the ex-Ministries of Commerce and Tourism, and Agriculture and Fisheries, under the law Nº 290/81, from October 14.

2. The placement of personnel of the combined board in the several services and departmens of the Ministry will be made by resolution of the Ministry by convenience of services or by request of the employee.

3. The placement of the personnel of the combined board in the Regional Directions will be subject to the regimen of incentives and special subsidies and other benefits, in terms determined by combined resolution of the Minister of State, Finances and Planning and of the Ministers of Agriculture, Commerce and Fisheries, and Administrative Reform.

4. The utilization of the regulations in the foregoing items will be made with prior consent of the employee whenever it is necessary to change residence, without the disadvantage in accordance with specific regulations of the Ministry in this matter.

5. The combined board, the regimen of personnel and the regulation of the matters contained in the foregoing items, after considering Nº 2 of the 12º article, subject to a regulative decree of the Minister of State, Finances and Planning and of the Ministers of Agriculture, Commerce and Fisheries, and of Administrative Reform.

18º ARTICLE

(Remainders Management)

The management of occasional remainders of personnel, resulting from the utilization of the reform process of the Ministry, will fall to an appropriate service of the General Direction of Organization and Human Resources according to the general Legislation about the cooperation of the competent services of the Administrative Reform Ministry.

19º ARTICLE

(Provision in the Terms of the Law Nº 191-F/79)

The rights to the provision in plans of the superior technical career established in the terms of the law Nº 191-F/79, from June 26, the respecting boards of personnel of the services and departments eliminated by the present regulations are considered to be maintained in the combined board of personnel of the Agriculture, Commerce and Fisheries Ministry.

20º ARTICLE

(Accumulative Regimen)

The regulations of the several departments and services of the Ministry will explicitly establish the conditions of compatibility between the practice of public functions and the practice of private activities in accumulation regimen, without conflict with the legal dispositions or general meaning applicable to this matter.

21º ARTICLE

(Execution Board)

The execution of the present decree and the subsequent reform process of the Minstry can not result in any disadvantage to the rights of employees and it can not result in:

a) Reduction of the global effectives;

b) Reduction of the budgetory charge.

22º ARTICLE

(Patrimony)

1. The patrimony of the Agriculture and Fisheries ex-Ministry and of the Commerce and Tourism ex-Ministry with the exceptions of those which were not integrated in the Agriculture, Commerce and Fisheries Ministry under terms of Nº 3 and 4 of the 24 article of law Nº 290/81, from October 14, as well as any other values, rights and obligations, including those of rental contracts made with the services and departments eliminated, since the functional nature of the utilization is not changed, transfer to the Agriculture Commerce and Fisheries Ministry and constitute the present disposition or the acquisition, by the Ministry of the title to the referred goods and rights.

2. The inventory of the goods and rights which are referred to in the foregoing item will be made by resolution of the Minister whenever it is necessary to establish effective title, including legal registration of the title.

3. The General Direction of Administration and Budget has competence through a simple declaration to proceed with the identification of the goods which are included among those referred to in Nº 1.

4. The General Direction of Administration and Budget must provide the necessary diligence for the verification of the inventory and distribution of the assets of the eliminated departments.

23º ARTICLE

(Services Installation)

The Agriculture, Commerce and Fisheries Ministry will promote the execution of the adaptation of the buildings required to the services according to the standards of Ministry of Housing, Public Works and Transport.

24º ARTICLE

(Use of Budgetary Allocations)

Through combined resolutions of the Minister of State, Finances and Planning and the Minister of Agriculture, Commerce and Fisheries, under their powers will determine the use of funds remaining from the services and departments eliminated on behalf of 12º article, as well as meeting the expenses and remuneration of the personnel referred to in 15º article and of the adaptation of buildings referred to in the former article.

25º ARTICLE

(Budgetary Changes)

The Minister of State, Finances and Planning is authorized to introduce in the State General Budget the necessary changes to the execution of the present decree.

26º ARTICLE

(Terms to the Global Reform of the Ministry)

The global reform of the services and departments of the Ministry must be concluded in a maximum term of 6 months, commencing with the date of this decree.

27º ARTICLE

(Doubts Resolution)

Doubts arising from the application of this decree will be resolved by the Minister of Agriculture, Commerce and Fisheries or by combined resolution with the Minister of State, Finances and Plan with the Minister of Administrative Reform,whenever matters of the respective competences are in doubt.

Examined and approved in Ministers Council from April 22, 1982 - Francisco José Pereira Pinto Balsemão.

Promulgated in July 14, 1982.

To be published.

The President of the Republic, António Ramalho Eanes.

SUPPLEMENT 1

Board of personnel of the Agriculture, Commerce and Fisheries Ministry referred to in 15º article of law Nº 293/82.

Number of places	Duties
1	General Director of the Planning Cabinet
1	General Director of Administration and Budget
1	General Director of Organization and Human Resources
1	General Inspector (a)
1	General Director of Agriculture
1	General Director of Livestock
1	General Director of Forests
1	General Director of Commerce
1	General Director of Fisheries
1	General Director of Competition and Prices
1	President of the National Institute of Agrarian Investigation and Rural Extension (a)
1	President of the Institute of Support to the Transformation and Commercialization of the Agrarian and Feed Products (a)
3	Superior Inspector (Letter B) (b)

(a) Equalized to General Director

(b) To extinguish when vacant

SUPPLEMENT II

Plans of leading personnel of the ex-Ministries of Commerce and Tourism, and Agriculture and Fisheries eliminated according to the 16º article of the law Nº 293/82.

Number of Places	Duties of the Commerce and Tourism ex-Ministry
1	General Director of Commercial Coordination
1	General Director of Alimentary Commerce
1	General Director of non-Alimentary Commerce
1	General Secretary.
1	Supernumerary General Director (a)
1	President of the National Freezing Institute
2	General Subdirector of Commercial Coordination
1	General Subdirector of Alimentary Commerce
1	General Subdirector of non- Alimentary Commerce
1	Assistant to the General Secretary
2	Director of the National Freezing Institute of the Agriculture and of the ex-Ministry of Agriculture and Fisheries
1	General Secretary
1	Technical and Administrative General Inspector
1	Director of the Cabinet of Planning and for European Integration
1	Director of National Institute of Agrarian Investigation
1	General Director of Fisheries Administration
1	General Director of Fisheries Development and Coordinatio
1	General Director of Rural Extension
1	General Director of Agricultural Production Protection
1	General Director of Veterinary Services
1	General Director Alimentary Agrarian Industries
1	General Director of Forest Development
1	General Director of Forest Arrangement and Management
1	Director of the National Center of Equine Production
1	Director of the Veterinary National Institute
1	Director of the Cabinet of International Information and Cooperation
1	Assistant to the General Secretary
1	Sub-director of the Cabinet of Planning and of European Integration

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Number of Places	Duties
1	Sub-Director of the National Institute of Agrarian Investigation
1	General Sub-Director of Fisheries Administration
1	General Sub-Director of Fisheries Development and Coordination
1	General Sub-Director of Rural Extension
1	General Sub-Director of Agriculture Protection and Production
1	General Sub-Director of the Veterinary Services
1	General Sub-Director of the Alimentary Agricultural Industries
1	General Sub-Director of Forest Development
1	General Sub-Director of Forest Arrangement and Management
1	Sub-Director of the Veterinary National Institute

EXECUTIVE SUMMARY

The 1982 PROCALFER plan of work was reviewed with respect to progress on information dissemination activities. Good progress was noted in the development of handbooks or technical guides and shortcourses for the local Extension staffs on soil pH correction and fertilization. Some progress has been made on the development of a slide-tape set on liming with little or no progress in areas of leaflet preparation and production, a "mass media" campaign and the production of a movie on liming.

There seems to be a lack of communication within Extension and between Extension and other MACP units as well as a lack of understanding of the roles and responsibilities of the various divisions within Extension, of the regional and sub-regional units and of the local Extension agents. The consultant offers the folloiwng as possible ways to improve the understanding within Extension and its overall effectiveness: 1) All new Extension agents would work at least 3 months with an experienced agent. 2) Local voluntary advisory councils or committees should be established. 3) All subject matter specialists to work at least 3 months in a local Extension program. 4) All new sub-regional and agrarian zone Extension supervisors should have prior Extension experience. 5) The r les and responsibilities of the subject matter specialists should be better defined. 6) The responsibilities of information specialists should be communicated to the other divisions of Extension. 7) Extension subject matter and information specialists should work together on new publications beginning with the outline stage.

The various units of the Direcção de Servicos de Documentação e Divulgação Agrarian (DSDDA) were reviewed and a number of suggestions for improving its effectiveness are as follows: 1) Printed Media-An inventory of available printed materials should be made. Specific voids in the printed media should be identified, authors identified and the materials prepared. 2) Audio-Visual Media-Movie production for Extension education purposes should be discontinued. Slide-tape production should be greatly expanded. Entry into the video cassette arena should be thoroughly studied, proceeding only after the objectives and audiences have been well defined and all parties are aware of them. GO SLOW!!

3) Documentation Center-To justify the time and money invested in this unit, efforts should be made to increase its utilization. 4) Exhibits-Portable three panel foldout exhibits should be constructed as a part of the PROCALFER informational program. 5) Print shop-Upon receipt and installation of the new equipment, efforts should be made to improve the flow of jobs through the print shop to efficiently utilize the staff.

Based on the discussions held by and the observations of the consultant, technical assistance is recommended in the following areas. 1) One or more consultants to assist the DSDDA in (a) publications production through all steps of production from editing through printing of the manuscript,(b) review of print shop operations to ascertain the need for changes in operation, additional equipment and man power,(c) the preparation of news releases from the identification of relevant topics, through writing and release to the print media,(d) the construction of portable exhibits from initial sketch through final assembly and (e) the production of video-cassettes from scripting through final editing and duplication. 2) A consultant to work with the subject matter specialists in the soil fertility and liming area to develop educational materials and improve the working relationship between the subject matter and information specialists. 3) One or more consultants to work in the area of administrative organization of Rural Extension and Research if the two are combined.

The consultant recommends training as follows: (a) The training of all regional and sub-regional Extension Directors and agrarian zone supervisors in the components of a successful Extension program. (b) Eng. Raposo Palma to study Extension agricultural information and audio-visual operations in the U.S. (c) The training of a team of subject matter and information Extension specialists in the U.S. in the preparation of printed material. (d) Ana Luisa Pires to study deficiencies of Mg in forages and its analysis and connection. (e) One or two specialists from the documentation center to study the methods and techniques of operation of a documentation center in the U.S.

Commodities recommended for puchase are as follows:(a) U.S. text and reference books related to the areas of work of PROCALFER,(b) a camera stand for the A-U unit of DSDDA (c) a library card duplication for the documentation center of DSDDA and (d) TV (video cassette) equipment for the DSDDA provided the purpose and objectives are well defined.

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ATTACHMENT XII

PROCALFER - PORTUGAL

PRIORITY PROJECTS

AGRICULTURAL MARKETING

To
United States Department of Agriculture
Office of International Cooperation and Development
Lisbon, Portugal

R. E. Seltzer
R. H. Reed

P-460
April, 1982

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EXECUTIVE SUMMARY

This project was conducted under the PROCALFER Program by Development Planning and Research Associates, Inc. of Manhattan, Kansas acting as consultants to the U.S. Department of Agriculture, Office of International Cooperation and Development and the U.S. Agency for International Development/Portugal. The work was carried out with the close cooperation and assistance of the Planning Cabinet, Ministry of Agriculture, Commerce and Fisheries.

A. Purpose and Tasks

The purpose of the project was to identify, specify and describe priority agricultural marketing research projects which would address marketing problems of critical importance to the agriculture of Portugal. Emphasis was directed toward products of particular relevance to the present PROCALFER Program, that is, forage crops, feed grains, livestock, meat and milk and related supply and processing industries. However, because of the overall importance of fruits and vegetables in Portugal's agriculture and the existence of major marketing problems in this sector of agriculture, consideration was also given to the marketing of fruits and vegetables. No attention was given to the marketing problems of wine, olives, olive oil, sugar and alcohol. Wine and olives are traditional products of Portuguese agriculture and markets and marketing systems are well-established. Sugar and alcohol are products which are primarily imported.

In considering the marketing of Portugal's agricultural products, the "food systems" approach was used. This approach emphasizes and accounts for the interdependencies of related production and marketing activities and the coordination of these economic and technical activities as a system. Within this systems concept, production and distribution of farm inputs, farm production, buying, selling, storage, transportation, processing and governmental regulation and service activities are viewed as a system because they are interdependent. Within the food systems concept, the study approached the identification of problem areas through a product/function matrix approach. This provided a checklist for all relevant private and public marketing functions for each product considered.

Principal project tasks were as follows:

1. Review existing studies and literature related to agricultural marketing in Portugal.

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2. Identify and describe public and private goals and objectives for improvement in the current systems of agricultural development and marketing.

3. Review the present and projected levels of production and demand for selected Portuguese agricultural products.

4. Observe and evaluate marketing systems for selected agricultural products and identify problem areas which adversely affect the marketing of these products in Portugal.

5. Define the gaps in marketing research and information which exist and will restrict ability to achieve Portugal's agricultural and food goals.

6. Identify problems which exist in marketing Portuguese agricultural products and recommend, rank and describe priority marketing research projects which will contribute toward the solution of these problems.

B. Overview of Products Considered

As indicated earlier, emphasis was given to products related to the PROCALFER Project - forage crops, feed grains and livestock, but because of their importance in Portugal, consideration was also given to fruits and vegetables.

1. Forage crops--Primary concern was with corn for silage. It is estimated that by 1985, nearly 50,000 hectares will have improved forage production. With the emphasis being given to forages by PROCALFER and MACP, it is expected that forages will become an increasingly important part of the total feed supply for ruminant livestock.

2. Feed grains--Principal emphasis was given to feed grains, primarily corn. Portugal is a net importer of corn, importing 2.5 million tons annually from the United States as compared to domestic production of only 500 thousand tons. As a result of the PROCALFER program, increased application of limestone and fertilizer and a shift to hybrid varieties, production of corn for grain is expected to increase substantially in the next ten years. This will require expansion of corn drying facilities, bin storage for shelled corn and a shift toward marketing on the basis of quality grades. Oats and barley are the other primary feed crops, but their importance is minor compared to corn.

3. Livestock and livestock products--Although the PROCALFER program focuses on the production of forage crops and feed grains, the principal market for these products is as feed for livestock. Livestock are important in the agriculture of Portugal. Beef

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cattle, dairy cattle and hogs are important in the coastal areas (Litoral) whereas sheep and goats are important in the interior of the country.

Cattle numbers have been relatively stable during the past ten years, averaging around 1,100,000 head, of which about 185,000 are dairy cows.

Hog numbers have been increasing, from 2,200,000 head in 1977 to an estimated 3,750,000 in 1982.

Sheep and goat numbers have been relatively constant in recent years, about, 3,840,000 sheep and 745,000 goats.

During the period 1975-1979, total meat production decreased from 205,900 tons to 197,000 tons and on a simple, per capita basis, annual consumption of red meats from domestic production decreased from 22.6 kg per capita to 21.0 kg per capita. During the same period, meat imports declined from a peak of 63,371 tons in 1977 to 27,593 tons in 1979, a drop of over 50 percent.

Milk production is the bright spot in the livestock industry. Although cow numbers have decreased (from 225,000 in 1978 to 190,000 in 1981), production per cow has increased (from 2529 kg in 1978 to 3,290 kg in 1981) with a resultant increase of ten percent in total milk production.

4. Fruits, vegetables and nuts--Fruits, vegetables and nuts, for both fresh and processed utilization, are an important part of the agriculture of Portugal. Although most production is concentrated in the Litoral and in the Algarve, production of deciduous fruits, potatoes and other vegetables is important throughout the country. Principal fruits are figs, citrus, apples, peaches and pears. Major vegetables reported are potatoes, tomatoes for processing, fava beans, other dry beans and chick peas. However, substantial hectares of other vegetables are grown, but not reported in the data. Included are peas, carrots, broccoli, cauliflower, bell peppers, cucumbers, green beans, cabbage and a wide variety of leafy greens. Principal nuts are chestnuts and almonds.

C. Goals for Improvement of Portuguese Agricultural Production and Marketing

The principal problems of Portugal's agricultural sector involve low productivity; small and fragmented farms; a lack of producer organization at primary levels; lack of public and private investment in credit, rural education, research, extension, marketing facilities and general infrastructure improvement; lack of free markets, partly as a result of governmental intervention, administered prices and subsidies;

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poorly-structured and antiquated marketing systems characterized by inefficiencies and dominated by intermediaries; and by pressing problems involved with Portugal's proposed entry into the EEC.

These problems are well recognized by Portuguese authorities and a general framework for addressing them is established in a series of documents, "Plano de Medio Prazo, 1981-1984," by the Planning Cabinet of the Ministry of Agriculture, Commerce and Fisheries.

The national objectives for Portuguese agriculture as given in the recent medium term plans, are macroeconomic in scope, and are summarized as follows:

(1) To increase the production of essential products; (2) to gradually reduce dependence on imports; (3) to reduce the impact of food supplies on inflation; (4) to improve the nutritional levels of the population; (5) to reduce unemployment and underemployment by encouraging growth in the agri-industrial area and in improving the channels of distribution; (6) to correct imbalances and asymmetries in regional development by expansion of agricultural processing and infrastructure in terms of location among regions and by initiating regional development programs.

Specific goals for agricultural marketing center on the objective to reestablish a freer market in order to eliminate existing artificial barriers to price discovery and resource allocation. Within this general objective, specific goals for principal crop and livestock enterprises are described in detail.

D. Review of Literature and Projections of Supply and Demand for Portuguese Agricultural Products

As a part of this project, the marketing research team reviewed a wide spectrum of published and unpublished research and data related to agricultural marketing in Portugal. Over forty reports and data series were studied. Much of the recent literature is concerned with Portugal's forthcoming entry into the European Economic Community. A second group of reports consists of the planning documents of the Ministry of Agriculture, Commerce and Fisheries and annual reports and plans of Ministry Marketing Boards. All prior reports of consultants to the PROCALFER Program were reviewed. Finally, reports of the World Bank, United States Department of Agriculture, universities, research foundations, private research firms and individuals were reviewed. In general, although there is a substantial body of literature related to agricultural marketing in Portugal, there is very little research directly concerned with the organizational, physical and operational problems of agricultural marketing in Portugal today.

In terms of supply/demand projections, the performance of Portuguese agriculture has been the poorest in Europe for over a decade, mainly as a result of political upheavals and a series of years of adverse climatic conditions and as a result it is difficult to make projections with any degree of confidence. However, the Planning Cabinet in the Ministry of

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Agriculture, Commerce and Fisheries has made forecasts for 1985 and compared them with the base year 1976-1977.

Production increases are expected for feed grains, potatoes and other fruits and vegetables. Livestock production is also expected to increase. Total consumption (demand) is expected to increase for most products except for rye, potatoes, dried fruit, dry legumes and mutton, lamb and goat meat.

E. Review and Evaluation of Agricultural Markets and Marketing Problems in Portugal

This evaluation was based on review of literature, discussions with representatives of government, trade associations, private firms and individuals and personal visits, and observation of markets and marketing institutions, packers, processors, retailers and farmers throughout Portugal. These contacts made by the marketing research team provided valuable background for this assessment.

1. Forage crops--Increasing production and use of forage crops, primarily corn silage, is an important part of the PROCALFER Program. Since the use of forage crops is primarily as feed for livestock on farms where such forage is produced, there are no significant marketing problems for forages. However, the proper and efficient utilization of corn for silage requires processing (chopping) and storage (trench silos) equipment not presently available on most small farms in Portugal. If corn is to be utilized as silage, then programs of technical assistance in silo construction and the availability of forage harvesting/chopping equipment will be required. In addition, if the Ministry of Agriculture wants to encourage silage production then the possibility of loans or subsidies for purchase of forage harvesting equipment and silo construction must be considered.

2. Feed grains--Corn is the focus of the PROCALFER Program and although present emphasis is on corn for silage, as total corn production increases, corn for grain will become important. With the shift to more intensive production practices and the introduction of higher-yielding hybrid varieties, corn will be harvested at higher moisture content, around 20 percent, and the traditional crib storage of ear corn will probably not be adequate. As a result, there will be increased need for grain dryers and for shelled corn storage facilities - particularly at the local level.

   Grain marketing in Portugal is dominated by the operation of the government owned EMPRESA Pública de Abastecimento de Cereais (EPAC), which has a monopoly in the marketing of wheat, both domestic and imported, and also has a monopoly in all foreign trade in grains. It operates as a "commercial enterprise," buying and selling grain in both domestic and international

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markets and providing grain drying, storage and merchandising services. EPAC also imports and sells cereal seeds.

Principal problems in the marketing of grains, which either exist at present or will emerge in the next five years, include the following:

a. Country purchase of grains - private buyers vs EPAC,
b. Purchase and handling of small lots of grain from small farmers,
c. Grain drying and storage of corn,
d. Rail transport of grain within Portugal - rate structures and grain car availability,
e. Pressure for private importing of grains,
f. Problems related to EEC grain regulations and EEC pricing of grains.

3. Livetock and Meat--In general, the marketing of livestock and meat in Portugal is dominated by two principal groups: (1) the butchers (estimated to number 10,000) who buy livestock from the farmers, have it custom killed by the JNPP (Junta Nacional de Produtos Pecuários) and then sell wholesale and/or retail, and (2) JNPP which controls all beef slaughter, most slaughter of sheep and goats, but a relatively smaller part of total hog slaughter. Many problems exist in Portugal in relation to the marketing of livestock and meat. The industry is highly segmented, and there are substantial areas of uncertainty and controversy both within and between industry groups and the national livestock and meat marketing board (JNPP). The anticipated accession of Portugal to membership in the European Economic Community adds a further layer of uncertainty and complexity to the organization and operation of the market, and associated infrastructure, for livestock and meat.

Problems in livestock and meat marketing exist at all points in the food marketing systems chain. The following outline illustrates the types of problems for which market and marketing research is needed:

Livestock and Meat Marketing

Problems in Functional Marketing Areas

- Farm supply marketing
  - problems with ration processing and supply
- Primary (local) livestock markets
  - lack of competitive market power by farmers;
  - lack of organized markets;
  - complex, inefficient systems of buying livestock which penalize producers

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•	Transportation	- lack of adequate farm-to-market roads; - lack of livestock trucks; - move toward regional concentration of slaughter requiring increased transportation; - problems in the delivery of meat
•	Processing (slaughter and meat processing)	- highly variable facilities ranging from a few ultra-modern plants to a large number of primitive slaughter-houses - control of livestock slaughter through an estimated 10,000 "butchers" - total control of beef slaughter by JNPP and major position in the slaughter of other classes of livestock
•	Wholesaling	- lack of an organized and effective wholesale meat marketing system
•	Retailing	- substantial variability in meat retailing ranging from primitive central market "stalls" to modern, prepackaged, self-service retail stores. Problems with supply of meat to small retailers.

The livestock and meat industry is of critical importance to Portugal's agriculture. It has critical problems in marketing, primarily in three areas:

(1) Improving local, country marketing systems for first sale of livestock,
(2) Solving problems of ownership, location, size and operational characteristics of livestock slaughter and processing plants, and
(3) Establishing an effective wholesale meat marketing system.

4. Milk and milk products--Milk and milk products are marketed quite efficiently through strong cooperative organizations in Portugal. Most regional dairy cooperatives are organized around local associations to which dairy farmers belong. In some areas, a unique system of local milking parlors (operated by local coops)

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has been developed. The farmer brings his cows to the milking parlor twice a day where they are washed and mechanically milked by pipeline milkers. The milk is held in refrigerated bulk tanks and picked up daily by the regional processing cooperative. Plants are modern in all respects. Portugal follows the pattern of many European countries by processing over 30 percent of its milk into "long-life" milk by ultra high temperature pasteurization. Foremost among the problems faced by Portugal's dairy industry are the highly seasonal pattern of production which requires dependence on reconstituted powdered milk during the winter months, maintenance of consistent high quality, disease control, high cost of feeds and a deficit of locally-produced forage crops.

5. Fruits, vegetables and nuts--As was the situation in the livestock and meat industry, the fruit and vegetable industry of Portugal encounters problems at all stages of the marketing process. Most fresh fruits and vegetables are purchased from individual producers by trucker-buyers or commission agents. Producers are predominately small, one to three hectares. Purchases are often made on a land area basis (e.g., by the field, hectare or square meter) rather than on a unit of weight basis and without reference to quality. Most producers are at a substantial disadvantage in dealing with these better-informed buyers. There are few effective cooperatives and producers have little bargaining power with regard to prices, quality premiums or other sale conditions. The system is poorest for vegetables, but slightly better for fruits, particularly for apples, pears and peaches where there are nine point-of-production packinghouses operated by the Junta Nacional das Frutas and twenty-one private firms or cooperatives. The most critical problems at the first-point-of-sale market include a serious lack of organization of producers and a shortage of cold storage facilities. There are no domestic quality standards for fresh fruits or vegetables and this, together with a lack of market or price information available to producers, provides no incentive for quality production.

Portugal has three wholesale fresh fruit and vegetable markets in Lisbon and one in Porto. The Junta Nacional das Frutas formerly operated all of these markets, but now operates only in Porto in joint participation with the municipal government. The Lisbon markets are antiquated, poorly situated and grossly inadequate to handle the volume of produce received. The Rego-Lisbon market, for example, is situated on a steep incline, has limited access and parking for trucks, narrow aisles and no parking for buyers. Plans to build a new Lisbon market have been delayed by lack of a suitable site.

The new Porto market is being constructed in two phases. Phase 1 is complete and is well-laid-out in a new modern building with

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good facilities. Phase 2 is planned, the land has been acquired and demolition of existing buildings will soon begin. When this market is complete, it will be a well-organized and modern facility with 150 market stalls, plus outside truck sales areas. However, since there is currently a waiting list of 200, there will not be enough room to handle all requests for space. Plans are also underway for new wholesale markets in Coimbra, Faro and Setúbal.

Exports of fresh fruits and vegetables can be important to Portugal. Apples, pears and table grapes are the principal fresh fruit exports, but strawberries and peaches would appear to have good potential. The major market is Brazil, but exports are also made to the EEC, Switzerland and Russia. With the accession of Portugal to the EEC, this market should become more important. Grade standards do exist for fresh fruit exports.

Production of processed fruits and vegetables has been stable, at about 200,000 tons raw weight basis, during recent years. Tomato concentrates comprise about 70 percent of all production. Among the canned products, tomato concentrates, whole peeled tomatoes, apples, pears, peaches, peppers and olives are the most important. Major frozen items include peas, broccoli, cauliflower, Brussels sprouts, green beans and peppers. Principal problems with the fruit and vegetable processing industry include quality of raw products, lack of effective grower-processor contracting (resulting in variable supplies to processors) and in scheduling raw product deliveries. In-plant technology is not problem as most plants have adequate technology, equipment and know-how to compete in world markets. There is a good potential for expansion of fruit and vegetable processing in Portugal if supply and raw product quality problems can be resolved.

F. Priority Agricultural Marketing Research Recommendations and Product Specifications

The primary purpose of this project was to assist the PROCALFER Program and the Ministry of Agriculture, Commerce and Fisheries in identifying and evaluating marketing problems of Portugal's agriculture and in designing a program of priority marketing research projects which will contribute toward the solution of these problems.

This section is based on the review of prior marketing research and other applicable research and data; on discussions with representatives of government agencies, trade associations, cooperatives, private firms and individual farmers; and on personal observations and prior experience of the project team.

Marketing projects identified are categorized into three priority classes:

Priority No. 1-Projects which are of major importance and of immediate concern to Portugal's agriculture and for which work should be started within the next six months.

Priority No. 2-Projects of major importance, but not having the urgency of Priority No. 1 projects. Work should be started within the next year.

Priority No. 3-Projects which are relevant to the improvement of the marketing of Portugal's agricultural products, but which do not have the importance of Priority 1 or 2 projects.

For each of the projects identified, the following information is presented:

- Project title,
- Brief description of the problem,
- Justification, importance,
- Scope of work,
- Personnel required and assignment of responsibilities for project leadership,
- Level of effort suggested.

Details for each project recommended are presented in the text of the general report. The following summary lists the titles of the twenty-three projects recommended in order of priority. The projects and their priority are entirely the opinions of the consultants and do not represent the position of PROCALFER, USAID/USDA or the Ministry of Agriculture, Commerce and Fisheries.

SUMMARY - PRIORITY MARKET RESEARCH PROJECT RECOMMENDATIONS

PRIORITY ONE

(1) Improving local producer markets for livestock in Portugal

(2) Location, size, characteristics and ownership of livestock slaughter and meat processing plants in Portugal

(3) Organization of local producer wholesale marketing cooperatives for fruits and vegetables in Portugal

(4) Local and regional requirements for drying and storage of corn and the role of government subsidies in drying and storage in Portugal

(5) Cooperative technical assistance in forage harvesting and silage making in Portugal

(6) Potentials and requirements for expanding frozen and canned fruit and vegetable production in Portugal

(7) Economic and technical feasibility of establishing wholesale meat distribution centers in Portugal

(8) Storage and marketing of selected fruits and vegetables, including potatoes, in Portugal

(9) Status, roles and potentials for regional farm supply cooperatives in Portugal

PRIORITY TWO

(10) Reducing seasonal fluctuations in milk supplies to processors in Portugal

(11) Grain marketing systems in Portugal, status and projected requirements, 1981-1986

(12) Custom milling of livestock rations by local, private firms or cooperatives vs. large, centralized feed manufacture in Portugal

(13) Establishment and application of domestic market standards and grades for fresh fruit and vegetables in Portugal

(14) Export market potentials for Portuguese fresh and processed fruits, vegetables and nuts

(15) Potential of livestock auctions for local sale of livestock in Portugal

(16) Export market potentials for Portuguese mutton and lamb to European and Mid Eastern markets

PRIORITY THREE

(17) Potentials for paperboard boxes vs. wooden crates in the domestic marketing of fresh fruits and vegetables in Portugal

(18) Feasibility and requirements for a new central wholesale market for fruits and vegetables in Lisbon, Faro, Coimbra and Setúbal

(19) Projected market supply and demand for corn in Portugal, 1982-1992

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(20) Markets for veal calves and cull cows in Alentejo

(21) Evaluation of grades and standards for meat in Portugal

(22) Evaluation of water pollution control problems in agricultural processing plants (meats, milk, fruits and vegetables) in Portugal

(23) Analysis of milk routes to minimize assembly and distribution costs.

ATTACHMENT XIII

Report to PROCALFER Coordinating Committee

SOIL TESTING IN PORTUGAL - STATUS AND RECOMMENDATIONS

Prepared by:

William C. Dahnke
Professor of Soil Science
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For:

USAID/USDA/OICD

June 1 - July 1, 1982

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The number of soil samples received at the Porto laboratory so far this year is about the same or slightly down in comparison with the same time last year (5,200 samples Jan. thru May 1982).

III. Recommendations

At each of the soil testing laboratories several suggestions were discussed that could improve soil testing in Portugal. The following is a summary of these suggestions.

a. Laboratory

1. Portuguese soil testing committee - Last year we had a meeting with representatives of each of the five soil testing laboratories to discuss a few specific matters related to soil analysis. Since there are many things related to soil testing that need to be discussed on a regular basis I am suggesting that representatives of the 5 soil testing laboratories set up a committee that will meet on a regular basis at least once each year. The chairman should be from a different lab each year. The first year a chairman and a secretary could be elected from the group. The following year the secretary would become the chairman and a new secretary would be elected. Keep the group small and remember that your final objective is to provide the farmer's of Portugal with prompt and useful fertilizer recommendations.

2. Soil test summaries - A summary of the soil test results of farmers fields for each the agricultural zones of a country can often give an indication of where problems exist and also where a problem may occur in the future. For instance, if the percentage of fields testing very high in phosphorus increases each year it can be an indication that phosphorus recommendations are too high. Table 1 is a summary of pH (H_2O) tests from the University of Vila Real. This table is for a total of only 1171 samples and therefore is given only as an illustration.

Table 1. Relative number of soil sample falling in several pH(H20) categories for the 2nd Agricultural Region

Area	pH (H20) categories					Total Samples
	< 4.5	4.6-5.5	5.6-6.5	6.6-7.5	7.6-8.5	
	%					
Barroso e altoso	10	88	2	0	0	79
Alto Tamega	15	78	6	1	0	334
Alvao Padrela	8	70	22	0	0	63
Terra Fria	0	72	18	0	0	18
Terra Quente	5	31	57	13	3	106
Planalto Miranda	2	41	43	13	1	260
Douro Superior	28	31	24	9	8	235
Alto e baixo Corgo	12	62	20	6	0	16
Lamego e Leorril	4	63	33	0	0	27
Total	13	55	24	6	2	1171

At the first Portuguese soil Testing Committee meeting the format for the soil test summary tables should be established so that the summary tables from all of the laboratories can be combined.

3. Soil sampling and soil testing fees - The present rules for soil sample collection require that an extension person take the soil sample if the farmer wants to be eligible for the lime subsidy. When this is done the soil sample is also analyzed free of charge. If a farmer takes his own sample he has to pay to have it analyzed. This system has the disadvantage of making the extension person a soil sampler which is very time consuming. The number of farmers therefore that can be helped by soil testing will always be limited by the number of extension agents and the amount of time they have for taking soil samples.

It would be much more advantageous to have the extension agents teach groups of farmers how to take their own soil samples. Another alternative would be to train some professional soil samplers who would have a business of soil sampling. Unless something is done in this area I doubt that the number of farmers that can be helped by soil testing will increase very rapidly.

A recent German report (3) suggested that soil testing fees should be raised. Raising the fees under the present rules would only mean that more people would have the extension person take their samples. My opinion is that the soil testing fee should remain the same or be lowered and have everyone pay a fee. If it cannot be demonstrated that the soil test will not save or make a farmer at least 100 escudos per field then maybe there shouldn't be a soil testing program.

b. Soil test calibration

1. Phosphorus and potassium - Several people have indicated that the present interpretation of the phosphorus and potassium soil tests results in an over prediction of the possibility of a response to fertilizer. In other words fields that should be rated as high in these nutrients are now falling in the medium or low testing categories. Therefore I am recommending that in the next several months a concentrated effort should be made to collect all available soil test calibration data (some of this data has been published (4,5,6,7,) but I suspect much of it is in files and has not been studied). After the data has been collected current methods of analysis, such as those outlined by Waugh et al. (8), should be used to reconfirm or modify the present interpretation of the soil test.

2. Lime - As was mentioned in my report last year (1) a lime requirement test determines the amount of lime needed to raise an acid soil from one pH to a higher pH. The assumption is made that below a certain pH the yield of the most sensitive

crop in a rotation will be reduced when pH is below a certain level. In the U.S. one of the most sensitive crops to low pH is alfalfa. Farmers try to keep the pH up to 6.5 when they have alfalfa in the rotation. When a farmer does not grow alfalfa on his farm the pH can be lower than 6.5. Most crops grown in Portugal can grow at a pH(H20) of much less than 6.5.

It is quite well accepted that in general it is the aluminum ion that becomes toxic at lower pH's. Information from Eng. Antonio Vaz Milheiro at Quimigal indicates that when the amount of aluminum extractable with pH4.8 ammonium acetate exceeds 1000ppm it reduces the growth of corn. Of 245 soil samples with a pH of <5.8 they found that only 4% had>1000ppm of extractable Al. When this percentage is compared with the figures in table 1 you can see that potential lime needed would be quite large based only on pH but quite small if based on extractable Al. I am therefore recommending that a major effort be made to determine if some measure of extractable Al would be a better test for lime requirement than pH. Due to the high initial cost of lime and the high cost of transportation it becomes very important to a farmer to more accurately know whether or not he will get a response to lime and how much he need apply.

3. Fertilizer recommendation tables - The lime and fertilizer recommendation tables that are being used at the present time use soil type and soil test as the basis for making fertilizer recommendations. While soil type can be important this system does not take into consideration the management ability of individual farmers. In other words all farmers will not end up with the same yield when farming the same soil type. I therefore recommend that new fertilizer recommendation tables be constructed based on yield goals and soil test. The amount of fertilizer recommended would increase in direct proportion to the yield goal and fields testing very low would get a high recommendation while field that test very

high would get a recommendation of no fertilizer.

4. Making lime and fertilizer recommendation - At the present time the soil test laboratories only make the soil test. The soil test results are then sent to the extension person for recommendations. The extension person then takes the recommendation to the farmer. I think that it would be more efficient if the laboratory would make the fertilizer recommendation then send one copy of the report to the farmer and one copy to the extension person. If the extension person thought the recommendation needed some modification or that the farmer needed help in understanding the report a visit with the farmer could be arranged. Those farmers that had received previous reports or had more experience with fertilizers would not have to be visited.

c. Soil testing/fertilizer recommendation research. Following are some more suggestions of basic research projects that could improve fertilizer recommendations:

1. Subsoil fertility - In areas with highly variable soils, like Portugal, soil test recommendations can sometimes be improved but knowing if the subsoil in an area is high or low in a nutrient. While surface soil fertility can rapidly change due to a farmers management subsoil nutrient levels are quite constant and once they are known can be used for a long time to adjust fertilizer recommendations. For example, if two farmers each have a field that tests very low in extractable phospherus but one field is located on a soil with very high levels of subsoil phosphorus and the second is located on a soil with a very low level of subsoil phosphorus, the second field would get a higher recommendation than the first field. If it was found that the subsoil levels for phosphorus, potassium, etc. are the same for all soils in Portugal the process of making fertilizer recommendation is much simpler.

2. Testing for nitrate-nitrogen - Nitrogen is the nutrient that most often gives the greatest crop yield response but it is

also the nutrient that is usually ignored in testing soils. As farmers start using more nitrogen the occurance of residual nitrogen after harvest will increase. The use of a nitrate-nitrogen test will determine if some available nitrogen is left over from the previous crop. Residual nitrogen is more likely to occur in the Alentejo but could also occur in other parts of the country.

3. Relationship between soil test and nutrient addition - In most instances a soil test is an index value that has to be related to crop growth in the field to be useful. For example, a phosphorus soil test of 20Kg/ha does not mean that the soil contains 20Kg of phosphorus and that after the crop takes up 20Kg the soil test will be zero. The question that needs to be answered is whether or not a response to phosphorus can be expected at a particular "index value" and whether or not this "index value" will increase, and by how much, when phospherus is added to the soil. There are some soils in Brazil on which as much as 400 lb P_2O_5/acre have to be added before any change occurs in the soil test level. If this situation occurs for phosphorus or any other nutrient on any Portugal soils it should be known. If this does occur it could explain why poor responses to phosphorus sometimes occur on very low testing soils.

IV. Summary

The equipment that was ordered last year was recently received by the laboratories. This was therefore an ideal time to explain how to use the rapid analysis equipment. We also discussed how to organize sample handling and analysis to obtain results rapidly.

The possibility of increasing the number of farmers being helped by soil testing will probably increase in direct proportion to the number of extension persons hired under the present regulations for taking samples. It is therefore recommended that extension agents teach farmers how to take samples rather then spending their time taking soil samples.

Addendum - Soil Testing in Portugal - Status and Recommendation

William C. Dahnke

June 1 - July 1, 1982

Training

A. In this report it is recommended that all soil fertility field trial data for Portugal be compiled and reevaluated. The evaluation should include soil test calibration and fertilizer recommendations. Each field trial should be summarized on a separate sheet. The summary data should include the following:

1. Year, crop and location of the trial.
2. Soil test data.
3. N, P_2O_5 and K_2O applied in kg/ha for each treatment.
4. Yield for each replicate of each treatment.
5. Data on weather, weed control or other factors that may have had an unusual influence on the results.

The collection of the above data should start immediately so that a meeting could be called in early November of the Portuguese Soil testing committee. At that time I would like to meet for up to 2 weeks with the following:

1. Eng. Soveral Dias
2. Eng. Joao Coutinho
3. Eng. Antonio Vaz Milheiro
4. Eng. Seculino Loureiro
5. Eng. Faustino Barradas

Although I would prefer to keep the group small, the people named above are only suggestions, the Procalfer Coordinating Committee should decide if other people should attend. The purpose of our meeting would be to discuss the methods used to interpret soil fertility data and then to construct fertilizer recommendation tables for the crops grown in Portugal.

It is hoped that the Procalfer Project would give financial aid, if necessary, for the above session.

B. Eng. Soveral Dias told me that he plans to visit some plant analysis laboratories in the USA in October 1982. When he is in the USA I think it would be useful if he could visit the soil testing laboratory at North Dakota State University in Fargo for at least one week. I am therefore suggesting that the Procalfer Project consider this in their plans for technical training.

ATTACHMENT XIV

Consultant's Report
PROCALFER Project, Portugal
June 21,-July 2, 1982

Scope of Work for Training Coordinators

Training Program and General

Training Recommendations

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Attachment B: Partial List of Interviewee

Attachment C: Partial List of Documents Reviewed

Attachment D: Cable, Lisbon 03272

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I. EXECUTIVE SUMMARY

Listed below are the six tasks which comprised the purpose of the visit followed by the major recommendations of the study. Detailed discussion occurs in the body of the report.

TASKS

1. To ascertain if the Ministry of Agriculture, Commerce and Fisheries of Portugal would like the training plan to serve as an instrument of manpower development within the Ministry.

2. To determine if the various senior management personnel at headquarters and in the regions are prepared to invest the time, talent, and effort of employees in training programs designed to upgrade their short- and long-range value to the Ministry and to Portuguese agriculture.

3. To review the context and capabilities in MACP and USDA within which the training plan will be implemented.

4. To review and design the Scope of Work to be carried out by two training consultants in September-November 1982 to include interests in needs assessment, training plan development and training coordinator skill development.

5. To review and redefine the proposal for a Training Center Directors' Training Program.

6. To make recommendations of a more general nature relative to MACP training capacity.

RECOMMENDATIONS

Recommendation I: That a training plan be developed which describes and prioritizes training activities required to meet PROCALFER's most urgent needs, particularly but not exclusively for extensionists, subject matter specialists and trainers in the areas of research, field trials, soil fertility, forage and animal production, and extension methods.

Recommendation II: That the training plan show the results of creative exploration of a wide variety of training modalities and methods, including U.S. degree and non-degree programs, U.S. and Portuguese conducted short-courses, study tours (U.S., Portuguese and European), on-the-job training, special assignments, exchanges, university linkages, research workshops, supervised work projects, conferences, etc. as appropriate to the training goals and needs identified.

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Recommendation III: That the training plan provide complete detail for 1983 so that work schedules can be adjusted and training arrangements made. Additionally, the plan should project all academic training for the life of the project so that, where possible, programs can be completed before project termination. Care should be taken to ensure that all appropriate disciplines are covered.

Recommendation IV: That a PROCALFER Training System be established to plan and implement training under the PROCALFER Project by taking the following steps:

a. Appointment from MACP of a PROCALFER Training Coordinator respon sible to the Chairman, PROCALFER Coordinating Group to coordinate national and regional efforts to plan, implement and evaluate PROCALFER training activities.

b. Establishment at the national level of a PROCALFER Training Council consisting of training directors or heads of all Central Services training units (Extension, INIA, Forestry, Veterinary Services) and other relevant organizations (Dept. of Labor, IFADAP, Dept. of Education, cooperatives) to coordinate with these organizations those activities that affect PROCALFER.

c. Establishment of a PROCALFER Training System linking the PROCALFER Training Coordinator, Central Services training unit heads and regional training coordinators.

d. Exploration of the possibilities of establishing Regional Training Councils to coordinate PROCALFER-related activities among appropriate institutions.

e. Appointment of a USDA Human Resources Officer to serve as counter part to the PROCALFER Training Coordinator.

Recommendation V: That the Training Coordinators' Training Program (Section 1) be divided into 2 six week segments and provide training in management, conduct and evaluation of training programs; that in-course activities include the conduct of national and regional level needs assessments,the development of a PROCALFER training plan, and the development of specific training programs for technicians and extensionists directly related to current PROCALFER needs; and that the population be expanded to a total of 24 from Central Services offices, regional training offices, and selected related organizations.

Recommendation VI: That a Training Coordinators' Training Program (Section 2) be conducted for eight weeks in March-May, 1983 to expand the cadre of trained trainers at national and regional levels; that the detailed training plan be developed on the basis of experience gained in the conduct of Section 1; and that the program focus less on assessment and planning and more on training presentation skills.

Recommendation VII: That a Training of Trainers program be conducted in the U.S. for 20 of the most promising participants in the earlier programs and that the program focus on developing a cadre of highly qualified professional trainers in the areas most important to PROCALFER's goals.

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Recommendation VIII: That the Training Program for Training Center Directors be delayed until late 1983 when earlier programs will provide a broader base of knowledge for director selection and the initiation of the centers will have a more imminent reality. Specifically, it is recommended that: a. the program be held September-December, 1983; b. the program be preceded by a 4 to 6 week consultant visit to refine the program and to develop statements on the role, function, purpose, objectives, staffing, organizational relationships, etc. for the centers and position descriptions for the directors; and c. the program include a 4 week U.S. visit to major agricultural and adult education training centers.

Recommendation IX: That the USDA course, "Management of Agricultural Research Facilities and Organizations," be conducted in Portugal as soon as possible (October-November, 1982) for 16-24 research managers, and that the course be preceded by 2 week visit to Portugal by a trainer to discuss proposed subject matter with prospective participants.

Recommendation X: That MACP move immediately to explore and install a total video system in relation to PROCALFER goals, priorities and time frames, particularly in view of MACP staff and resource allocations and farmer literacy. The system should provide production and system maintenance capabilities and be designed for training purposes primarily as they relate to technicians, extensionists and farmers.

Recommendation XI: That PROCALFER issue to appropriate MACP officials written guidelines on the requirements and procedures for review and approval of U.S. training requests.

Recommendation XII: That MACP undertake such studies and initiate such actions as are necessary to identify the need for and to develop an adequate research capability for both immediate and long-range needs. These actions may necessitate changes in policies and the review of special incentives but undertaking necessary actions should become a priority.

Recommendation XIII: That PROCALFER initiate a study under contract to identify the relative roles of men and women in Portuguese agriculture and to ensure the PROCALFER program and educational planning adequately reflects the needs of rural labor.

Recommendation XIV: That MACP begin to explore the establishment of a National Agricultural Training Institute to provide national leadership for agriculture sector training in Portugal.

Recommendation XV: That a consultant be assigned immediately to develop draft functional role and responsibility statements, including position descriptions, for training divisions and their staffs at national and regional levels in DGER.

Recommendation XVI: That PROCALFER acquire a memory typewriter or word processing machine to facilitate typing of multiple draft documents.

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REPORT

ATTACHMENT XV

ON

PRODUCTION OF AGRICULTURAL LIMESTONE IN SOUTHERN PORTUGAL

1 9 8 2

Prepared for: U.S. Dept. of Agriculture
Office of International Cooperation
and Development

and

U.S. Agency for International
Development

and

Procalfer Coordinating Committee
Ministry of Agriculture, Portugal

Prepared by: JAMES O. SMITH
Mayville, WI 53050

28 June, 1982.

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Recommendations:

1. Develop equivalency system that would permit the use in adequate amounts of the large supplies of By-Products of processing construction aggregates available. This would require a program of sampling and testing of a representative sampling of these By-products.

2. Avoid planned ("contrived") supplies of agricultural limestone and allow currently well developed limestone industry to respond to whatever demand develops, as it is doing to the Demand for construction aggregates. Undetermined and uncertain demand for agricultural limestone would seem to support this approach.

3. Devote resources to educating farmers as to benefits of proper liming and to a subsidy system at the farm level to encourage and develop its use.

ATTACHMENT XVI

AGRICULTURAL LIMESTONE

DISTRIBUTION STUDY

FOR

SOUTHERN PORTUGAL

Prepared for: U.S. Department of Agriculture
Office of International Cooperation
and Development

U.S. Agency for International Development

PROCALFER Coordinating Group
Ministry of Agriculture, Portugal

Prepared by : Mr. James H. Lauth, Consultant,
Bowie, Maryland

Dr. Ken L. Casavant, Dept. of Agricultural
Economics, Washington State University,
Pullman, Washington

Dr. Edward I. Reinsel, Economic Research
Service,
U.S. Department of Agriculture,
Washington, D.C.

July 1982

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PREFACE

USDA/OICD contracted individually with Mr. James H. Lauth and Dr. Ken L. Casavant and, through agreement with Economic Research Service, with Dr. Edward I. Reinsel, for their services to conduct an agricultural limestone distribution study for southern Portugal (Regions 5, 6 and 7).

Using production cost data and recommended plant technology developed from Limestone Production In Southern Portugal, James Smith, June 1982, and limestone need and demand estimates developed by MAP this distribution study was to:

1. Develop and analyze transport and handling costs related to alternative sites, including existing or expanded plants in Region 3, considering location of quarry and plant, the distribution area(s) and the availability of transport and distribution facilities in the vicinity of each site;

2. Assess the current and projected transport capabilities and relative advantages of alternative transport modes from plant(s) to intermediate storage to farms or from plant(s) direct to farms;

3. Determine the costs of limestone storage in different areas for current and projected volumes of limestone;

4. Provide an overall analysis of alternative plant numbers, sizes and types, and alternative transportation/distribution systems considering production costs, total distribution costs, and operating feasibility for current operations

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and project longer term volume;

5. Recommend the least cost system of limestone plant numbers, sizes and types and transport/distribution system, identifying additional plants, storage, transport, or handling facilities necessary with a suggested timetable for acquisition and operation;

6. Recommend alternative means and costs of GOP subsidies for limestone in order to deliver limestone at a uniform price to farmers, considering the existing limestone program and subsidy structure in northern Portugal;

7. Recommend appropriate credit, and/or pricing incentives to stimulate increased private sector participation in the production, sale, distribution, and/or storage of limestone; and,

8. Recommend the administrative organization and techniques seen necessary to manage the production and distribution system proposed, considering the structure being used for the northern Portugal limestone program.

The work was accomplished in June and July 1982, in Portugal. The final draft study was submitted in Lisbon on July 30 to USDA/OICD and AID officials.

EXECUTIVE SUMMARY

This agricultural limestone distribution study for southern Portugal (Regions 5, 6 and 7) is designed to support the technical and economic performance of the agricultural sector of Portugal's economy. The question of limestone distribution in the south was complex because the size of farms is significantly different from the north, little or no limestone is presently being applied, no specific information was available on either the sources of (supply) and need for (demand) limestone, and the cropping pattern is presently undergoing change in the regions, especially the Alentejo (Region 6).

The need or demand for limestone in the south is uncertain. Estimates of limestone use during 1983-86 were developed in cooperation with the Regional Services staff for each of the three regions. Projected use is around 64,000 tons in 1983 and 220,000 tons in 1986. The region of Alentejo is expected to become the major user of agricultural limestone, accounting for close to 90 percent of the anticipated use in the South. For the entire region, close to 85 percent of the hectares to be treated would be in subterranean clover, a crop that is integral to the new farming system that is being developed. If this attempt to significantly change the farming system is not successful, need for limestone will be less.

Southern Portugal has ample supplies of agricultural limestone being produced to meet anticipated demands. These supplies arise from a different limestone production technology than in the north; residual product from ongoing rock crushing activities is further crushed and sieved to meet minimum government standards. These activities are projected to result in available supplies of 270,000 tons in 1983 and more than a million tons in 1986.

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Because of necessary assembly, handling and delivery costs, rail costs were found to be higher than bulk truck costs for movements of less than 300 kilometers. Thus, the expected system is one of bulk delivery by limestone producer trucks, usually directly to the farm from the limestone production plant. Truck rates of 5 escudos per ton kilometer were greater than costs, especially on the larger 34 ton GVW truck whose estimated costs were 3.68 escudos per ton kilometer. This rate/cost relationship, as well as potential cost savings, suggest that development of a trucking cooperative would be economically feasible.

Spreading on the farm would be done by small 750 kilograms spreaders attached to tractors. These spreaders already exist on most farms since they are presently used for fertilizer and seed application. Spreading costs were estimated to be 230 escudos per ton.

The least cost system for agricultural limestone distribution in the south was developed for 1983 and 1986. In 1983, no new limestone plant investment was assumed in 1986, thus allowing flexibility in the system. Analysis of the residual Pó de Pedra was done using an equivalency table. Results indicated that use of this material, which does not meet existing minimum government standards, was not economically feasible at this time. Thus, the least cost system used only production plants that produced a product meeting government standards.

In 1983 the Sesimbra area will provide over 54 percent of the production; Loulé, Serpa and Santiago do Cacém would provide about 14 percent each. In 1986, Sesimbra would distribute about 46 percent, 102,000 tons. Alenquer and Portalegre will come into production, producing 39,000 tons and 35,000. Fátima and Serpa would no longer be least cost production sources.

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Region 5 (Ribatejo e Oeste) receives most of its shipments from Sesimbra in 1983 but also from Alenquer in 1986. Alentejo (Region 6) receives shipments from Sesimbra, Serpa and Loulé in 1983 and Portalegre will become an important source in 1986. The Algarve (Region 7) is served by Loulé plants in both years. The average length of haul in 1983 is 84 kilometers, decreasing to 72 kilometers in 1986.

The delivered price for agricultural limestone is expected to decrease from 713 escudos per ton in 1983 to 555 escudos per ton in 1986. Transportation costs are the main reason for this decrease, going from 447 escudos per ton in 1983 to 273 escudos per ton in 1986. These costs decline because distances are shorter as new plants are developed. Also, the cost per ton kilometer decreases from 4.4 to 3.68 escudos as new larger trucks are used in 1986. Plant price increases slightly from 266 escudos to 282 escudos over the time period.

The marketing of agricultural limestone will be done mainly by existing cooperatives in the south. They would handle the purchasing and order processing with the limestone being physically delivered directly to the farm.

There are strong differences existing between the distribution systems of the north and south. The average per ton plant price and transportation costs were 758 escudos and 1005 escudos in the north, compared to 266 escudos and 447 escudos in the south. Average delivered price was 1763 escudos in the north and 713 escudos in the south. Even under the existing subsidy program the farm price would be 1200 escudos per ton in the north compared to 800 escudos in the south.

There will be interactions between the two systems where they meet. Shipments of bulk product from Portalegre which is

in the south may go into the north. Shipments from Fátima to those southern farms that need bagged limestone because of small, inaccessible fields will occur. The interaction of the South and North purchases may cause northern plants to increase production, putting downward pressure on bulk and bag limestone prices in the North, and providing price competition to southern plants.

It does appear that no subsidy, other than that for bagged limestone in the South, is necessary. Further, financial support for construction of limestone plants is not necessary. However, because of its value to the smaller farms needing a supply of crushed limestone in bags, the Quisselgur plant is needed. Approval of any credit for the Portalegre plant should be contingent upon the development of need for limestone in the area. Other specific recommendations are offered in the report.

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UNITED STATES GOVERNMENT

memorandum

DATE: August 10, 1982

REPLY TO ATTN OF: Glen R. Purnell, Team Leader
OICD/USDA/Lisbon

Glen Purnell

SUBJECT: Project Quarterly Report

TO: Portugal Advisory Committee

I am attaching the first report for your information. This one is rather long since it covers the period January 1, to August 1, 1982, and attaches excerpts from technical reports we have received this year. Future reports will be more brief and less bulky.

From the attachments you can obtain a perspective of the reports rather quickly. We are attempting to have all consultants include Executive Summaries which will be especially useful to you and others interested in the general findings of the work. If you wish to go into further depth on these subjects you should feel free to request copies of the full reports from OICD/Washington or from us in Lisbon.

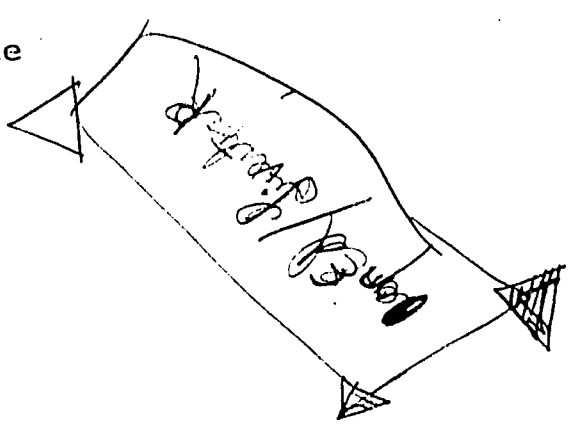
I would be happy to hear your suggestions for improvements in our management of the program and methods wherein we can have better follow-up on implementation of report recommendations.

The next Quarterly Report should cover August and September, followed by a third report for the last quarter of the year.

We appreciate your continued interest and support of this project. The results of our team efforts have the potential to significantly benefit Portuguese agriculture.

Attachment.

cc: W.Hoofnagle
J. Steele



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