



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

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## Portugal

### Agricultural Situation

#### **GOP Assists Drought-Affected Farmers**

**2000**

Approved by:

**Office of Agriculture Affairs**

**U.S. Embassy**

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#### **Report Highlights:**

**The winter of 1999/2000 was the driest of the century in Portugal. Improved rainfall levels in April will not be enough to sufficiently rejuvenate water levels in reservoirs. Yields of annual crops, orchards, vineyards and pastures are expected to be affected by the dry conditions. Water availability for livestock is also anticipated to be deficient this Summer. In response, the GOP has already passed a series of relief measures and has also requested EU assistance.**

**1 USD = 210 Pte.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Lisbon [PO1], PO

## Executive Summary

The 1999/2000 winter was the century's driest in Portugal's Alentejo, Beira Interior, and Trás-os-Montes regions. Reduced soil moisture, with levels at only 50% in the Alentejo and in the Algarve in early Spring, stressed plants and affected development of winter crops, orchards, vineyards and pastures. Rainfall in April has to some extent improved soil moisture conditions, but not enough to recuperate water levels in reservoirs. In addition to reduced crop yields, limited pasture and problems with drinking water supplies are expected.

The GOP first announced emergency measures to compensate farmers for drought losses at the end of March. These measures included a 65% livestock drinking water subsidy and adjustments to the national regionalization plan for maximum guaranteed crop and set-aside areas. The formula for the drinking water subsidy is based on a 1 Pte/liter cost of water and daily consumption of 40 liters/animal unit. This \$2.4 million program will be 100% nationally-funded. Other measures include the following: (a) increasing the allowed set-aside to 50%; (b) permitting set-aside on land that was unsuitable for spring seeding; (c) allowing irrigated oilseed crops to be planted on up to 50% of last year's declared rice areas; (d) allowing irrigated oilseed production in areas occupied with the same crop as last year; (e) allowing 35% of the irrigated oilseed area ceiling to be surpassed if area does not exceed last year's total declared arable crop area; allowing oilseed areas to reach 50% of total irrigated arable crop areas if the producers did not declare irrigated crop production last year; allowing dryland oilseed area to reach 50% of total declared dryland areas; (f) lowering the minimum legal water level requirements for irrigated crop subsidy payment by 10%.

In addition, a package of measures was also prepared by the GOP to obtain aid from the EU. This package was submitted jointly with Spain earlier this month. The aid requested includes the following: (a) allowing use of cropland areas for grazing prior to blooming; (b) advancing crop subsidy payments; (c) transferring grain from intervention stocks (a measure in which Portugal has only a reportedly moderate interest, but in which it supports Spain); (d) special measures to compensate tomato producers for production losses; (e) identical measures for grain crops, with a special EU co-financed subsidy being paid on the basis of pre-defined yields instead of actual yields.

One of the objectives of choosing this particularly set of measures was to ensure that they wouldn't be rejected for budgetary reasons. Based on forecasted EU expenditures on CAP-related subsidies, the proposed measures would supposedly not create the need for supplementary funding, but would only maintain EU spending at a higher level than if subsidies were to be paid based on actual cultivated areas and yields. The drought package is expected to be revised by the EU Commission based on a future assessment of the real impact of the drought. (1 USD = 210 Pte)