U.S. Wheat Is Grist for Italian Mills

By Sandro Perini

Italy's wheat imports rose to 7.8 million metric tons in the 2001/02 marketing year. At the same time, U.S. wheat exporters increased their sales by 31 percent from a year earlier, to 1.13 million tons.

U.S. suppliers have been the beneficiaries of Italy's domestic crop shortfall for bread and durum wheat. Though domestic crops recovered somewhat in 2002/03, the U.S. export level is expected to remain high as other traditional wheat exporters to this market have dwindling supplies.

More Wheat Being Planted

Farmers' planting decisions are directly influenced by the CAP (Common Agricultural Policy), the farm policy implemented by the EU (European Union). Among several other measures, the CAP subsidizes farmers per hectare of planting. As a result of recent CAP changes, oilseed cultivation has fallen off as grain production has increased.

In particular, growers in the Po Valley of northern Italy have shifted from soybeans to bread wheat. This shift has ended a long downward trend in bread wheat production. But while domestic production of bread wheat increased 20 percent in 2002/03 to as high as 3.3 million tons, it will still meet only 35-40 percent of the country's needs.

In central Italy, a similar switch from sunflowerseeds to durum wheat occurred in the 2002 crop year. Domestic production of durum reached 4.3 million tons, 23 percent larger than 2001.

Quality Counts

In 2001/02, Italian imports of soft wheat spiraled up to 5.44 million tons. This amount could drop to 5 million tons in 2002/03, due to an upswing in domestic crops. Regardless, U.S. producers are not expected to be impacted greatly, because Italian millers are selective, and other traditional high-quality suppliers have waning supplies.

In 2001/02, only 45 percent of Italy's imports came from other EU countries, with France being the leading supplier, followed by Germany, Austria and the United Kingdom. This limited EU share of Italian wheat imports was mainly due to reduced crops in France and Britain, which were reportedly below average in quality as well as quantity.

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Italian imports from non-EU countries, on the contrary, rose significantly, favored by the very large shipments from Russia and Ukraine of cheap wheat, used for both milling and feed consumption.

Soft wheat imports from the United States grew to 654,000 tons in 2001/02. Besides the usual purchases of DNS (dark northern spring) wheat from North Dakota, SRW (soft red winter) wheat sales are also being reported. In the summer of 2002, Italian millers bought 50,000-70,000 tons of SRW thanks to the unusually low EU import duty and competitive U.S. prices.

DNS wheat is used mainly to make traditional holiday cakes, as well as other top-quality bakery products, while SRW is milled and blended for medium-low quality bakery production. Italian exports of bread wheat flour, at 505,000 tons in 2001/02, have been declining the past few years due to increasing competition from Middle Eastern millers.

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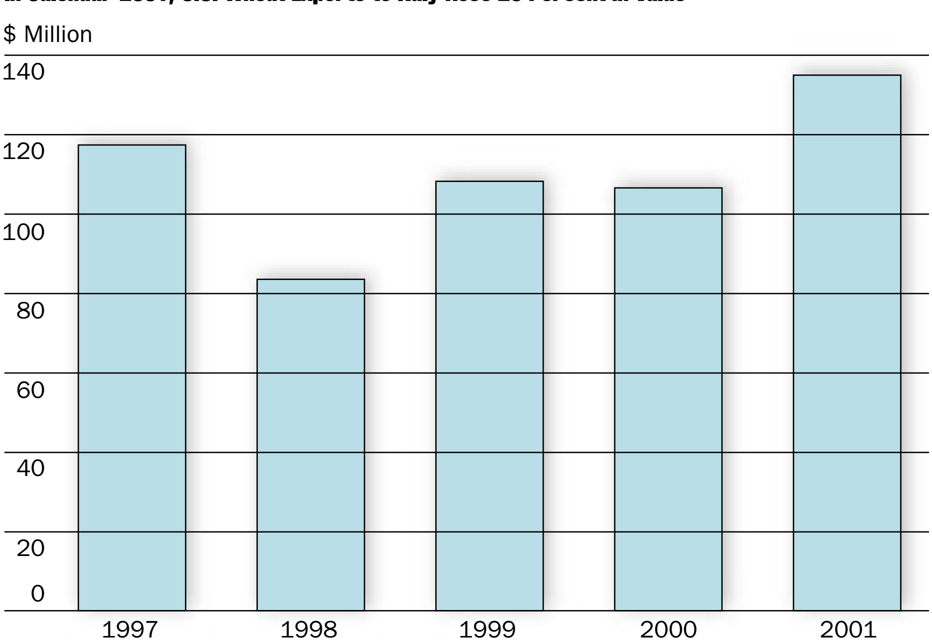
In Calendar 2001, U.S. Wheat Exports to Italy Rose 26 Percent in Value



Make Mine *al Dente*

Most durum wheat becomes pasta in Italy, and after two years of decline, pasta production is again on the rise, due to increased domestic consumption and, especially, pasta exports.

To meet this growing demand, pasta production was raised significantly in 2000, reaching a record high of 3 million tons. In 2001/02, export sales reached the record high volume of 1.45 million tons, up 3 percent from the year before, with shipments to the EU climbing to 839,000 tons. Exports to the United States remained virtually unchanged at 160,000 tons, after a leading Italian pasta maker established a new plant in Iowa, displacing most of its exports to the United States.

To meet the sharp decrease in domestic durum production in 2001/02, Italian imports rose to 2.35 million tons, over 50 percent more than the marketing year before. Most of this increase came from the United States, Australia and Canada.

In the 2001/02 marketing year, Italy's U.S. durum imports topped 654,000 tons, of which about 120,000 tons was desert durum (grown in southern California and Arizona under cultivation contracts with Italian pasta makers), and the remainder was North Dakota durum. ■

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