

Agriculture by Marcia Merry

Soybean trade war looms

A dangerous stage show is shaping up between the United States and Europe, and only the food cartels stand to gain.

On April 1, the same day that Prime Minister Jacques Chirac returned to France from his visit to Washington, he announced that he would urge European Commission President Jacques Delors to send a team of European farm policy experts to the United States fast. French officials reported that Chirac felt the U.S. legislators he met with did not understand his explanations of how the proposed EC tariff on vegetable oil imports was not aimed at harming U.S. farmers. During his three-day visit to Washington, trade and protectionism were among the most publicized topics. A "soybean war" is on the horizon.

A few events of recent weeks reveal what a dangerous stage show is in the making. The authors of the drama are the export cartel companies—Archer-Daniels-Midland, Cargill, and others—which have no qualms about political splits created within NATO over needless trade disputes. Here are some of the essential facts.

First, the international food cartel exporters have been positioning themselves to get their hands on *free* U.S. soybean stocks, so they can profit from any soybean sales they can dump on Europe, or anywhere else for that matter.

Earlier this year, an unprecedented policy was announced by the U.S. Department of Agriculture. The American Soybean Association is to receive a free government grant in the form of millions of dollars worth of "generic crop certificates," which can

be redeemed for soybeans from government-held stocks. The government acquires beans from stocks used by farmers as collateral, then forfeited for loan payments.

The rationalization for this giveaway, is to "promote sales of U.S. soybeans." However, who brokers and ships soybean exports? Not the farmer, nor the independent broker or shipping firm. They have been all iced out of the international food trade since approximately 1973, after Henry Kissinger's grain and shipping accord with Moscow paved the way to eliminate traders not connected to the cartel.

The American Soybean Association will turn to its member companies, like the soybean giant Archer-Daniels-Midland, to conduct the export of beans at discount prices. Six European countries are reportedly already lined up to acquire these supplies. The name of this kind of handout to the cartel companies is "export enhancement."

Congress has looked the other way on this scandal, and, instead, questioned Chirac on why the EC would place a tax on incoming soybeans. On April 1, Chirac attempted to justify the tariff by pointing to EC plans to remove subsidies of oilseed production. But Congress was not prepared to be convinced of anything. Many were briefed by the grain cartel export lobby on the "political need" to appear belligerent toward Europe.

Chirac's argument is weak in its own right, because in reality farmers

in Western Europe, as in the world over, need to receive production-promoting programs, not penalties. Congressmen are saying that if the EC taxes soybean imports, then Europeans will stop using formerly cheap margarine, and use some of their own "butter mountain." But the food stocks statistics show that both more oilseeds and more animal fats are needed to provide the food products necessary for improved nutrition around the world. If the IMF system of currencies and trade terms were replaced with a proper monetary agency, more food production, not less, could be fostered.

All signs point to a soybean shortage building up in the United States right now. Farmers in the big Midwest soybean states report a low percentage of beans remaining in on-farm storage for this time of year. That is why the USDA gave the cartels *free access* to government-held soybean stocks. There is a total estimated national soybean stock of 2.26 billion bushels, including 635 million bushels on farms, and 749 million bushels off farms.

Farmers also report a problem in acquiring soybean seed stocks. A group of farmers did a survey of availability by calling seed dealers, and asking to obtain enough seed, of one variety and quality, for 1,000 acres. Most dealers laughed, and said the only way they could handle this was to get some payment up front, and take a couple of weeks to obtain the supplies.

Last year's bad weather accounts for much of this tight supply. There is always the possibility of adverse weather again this year; yet the USDA is doing everything to impose the cartel-supported policy of food cutbacks. According to the March 31 USDA report, soybean plantings will be down this year from last by 7%, for a projected total of 56.9 million acres. This is the smallest planting since 50.3 million acres in 1976.