

Agriculture by William Engdahl

More on the Moscow 'grain robbery'

There is an Argentina angle, too, on the scramble by Western multinationals to give succor to the Russians.

Moscow is in the midst of what informed Western agriculture insiders believe is the second "Great Grain Robbery" in the past 20 years. This time, unlike in the early 1970s, the Western world is far less able to weather the effects of the impact of what is becoming a flood of Western grains and meat to feed Mr. Gorbachov's empire.

As reported in this column last week, during the week of Nov. 26, Moscow made a surprise agreement to extend its Long-Term Grain Agreement with Washington. Not for the five years Washington wanted, but for 29 months. The amounts would remain at 9 million tons/year but with the option of buying an additional 12 million tons at any time before Dec. 31, 1989 they choose. Within hours of that agreement, European sources revealed that France had just agreed to sell 2 million tons of grain to the Russians. Not only the French Moscow-connection Michel Doumeng, but all major grain coops are reportedly involved, and the amounts are likely contracted at significantly higher levels.

Then, during November, a highly secret arrangement was made by a large American grain trader with capacities also in Argentina, to export 100,000 tons of high-protein soymeal extract to Argentina. There, it will reportedly be mixed in a 20% ratio to make 500,000 tons of "hamburger," "Burger King" style, in a blend with Argentine beef, and be quietly exported to Moscow at a price far cheaper than ordinary meat.

Industry sources report the presence of the powdery soymeal extract

is not detectable up to a 20% level. "This deal is being done purely to help Gorbachov calm the demand in Russia for fresh meat in the shops," reported an informed West European grain dealer who asked not to be named. Cargill Corp. is believed involved.

Since early November, Moscow has also contracted an additional 1.5 million tons of high-protein soybeans and soybean meal for animal feed from the U.S. market alone. "The Russians have been buying extremely cleverly and extremely much, but they are telling their suppliers to keep it confidential in order to keep prices low," reported a major Danish grain dealer in a recent discussion.

Agriculture specialists familiar with the Russian trade pattern of recent weeks conclude that Gorbachov is clearly heading for the second largest level of import of grains in its history. The largest ever occurred in the harvest year 1984-85 when Moscow grabbed an astonishing 55.5 million tons, estimated to have been at least 3 million tons above the capacity of their inferior and decaying transportation infrastructure to handle.

This year, according to grain experts in Britain, Germany, and Scandinavia, Moscow will import at least 37-45 million tons, and most in animal feed grains. The large grain multis and the USDA are deliberately claiming a far lower "normal" number to keep market prices depressed, say traders.

Vienna grain trade sources who deal exclusively with the Soviet bloc states report an estimate of at least 4 million tons of soybean and soymeal will be imported by Moscow this season. Two years ago soybean imports

averaged between 1 and 1.5 million tons/year. The United States is the world's most important supplier of soybeans, the world's most effective animal protein feed.

What is going on here? Should we become alarmed? You bet we should. Over the past two years, Western world grain reserves have been plunging at record levels under the combined "free market" madness of U.S. Department of Agriculture and Brussels European Community dictates to slash production and reduce "over production." The geniuses succeeded beyond their hopes, and then came the worst drought in North America since the Great Depression dustbowl, to devastate the U.S. harvest of wheat, corn, and soybeans. A severe drought now threatens the February-March harvest of soybeans from Argentina and parts of Brazil.

For four months running, even the U.N. Food and Agriculture Organization (FAO) Global Information and Early Warning section has sounded the alarm, warning world governments that global cereals stocks have dropped by record levels this year added to a severe drop last year. By FAO reckoning, already it is ensured that we will come into next summer with the "lowest level of [cereal stocks] since the world food crisis of the early 1970s."

That time was when, with the aid of Secretary of State Henry A. Kissinger, Moscow got the staggering amount of 22 million tons of grain with U.S. government credit and subsidies, making their cost below the domestic cost in the United States. Popular press subsequently dubbed it the "Great Grain Robbery" but the grain multinationals, led by Cargill, continued to ship the scarce grain to Moscow. It's probably only coincidental that today Henry A. Kissinger is on the board of Cargill.