

Russian Agriculture Minister seeks collaboration to rebuild farm sector

by Marcia Merry Baker

On Jan. 24-26, U.S. Agriculture Secretary Dan Glickman was in Moscow, for discussions on U.S. food aid to Russia, meeting with Agriculture Minister Viktor Semyonov, Deputy Prime Minister Gennadi Kulik, who heads up the Food Commission, and also with Prime Minister Yevgeni Primakov, who reported directly on the state of the food situation in Russia.

The immediate cause of the crisis, is that last year's Russian grain harvest fell by almost half from 1997. The official estimate of the 1998 grain crop (all kinds), is 48.6 million metric tons (cleanweight), a 40-year low, and down from 1997 by 40 million tons, or 45%. Drought affected 25% of the production and caused huge losses, valuing more than 12 billion rubles. This came on top of years of decline in agriculture and all sectors of the Russian economy under the 1990s Bush/Thatcher-originated shock therapy policies. Then in August 1998, the financial crisis hit, when the ruble was devalued and the emergency acknowledged.

Over this period, Lyndon LaRouche urged that a nation-building approach to Russia's food need be taken, involving both humanitarian relief supplies, and also economy-building assistance, beneficial to both the United States and Russia, and at the same time, a signal to the world that strategic partnerships should be formed for economic development and for working out new financial and monetary arrangements. In *EIR*, Nov. 13, 1998, LaRouche spelled this out in "Food, Not Money Is the Crisis!" On Nov. 4, President Clinton announced a U.S. commitment to food aid for Russia, and said that more aid would be worked out in the months ahead. However, despite a commitment, there is no momentum, and the crisis worsens.

Secretary Glickman, speaking on Jan. 25 to U.S. reporters via a telephone hook-up from Moscow, gave a few details on the status of the food aid commitment, which involves some 3 million metric tons of grains (plus 100,000 tons of other food products). "Work plans" for logistics (point of entry, handling, etc.) are being supplied right now for receiving U.S. donations; and the Russian government was to issue a decree imminently, to exempt aid from Russian custom tax imposts. Grain is to begin arriving in February. In addition, Glickman said that 50,000 tons of poultry would be donated government-to-government.

(Glickman also referred to the talks under way about U.S.

financing for some 200,000 tons of potential commercial exports of U.S.-produced chicken parts to Russia, which is fraught with controversy because of the Russian desire to develop its own poultry sector, and avoid dependence on poultry imports, which are ridiculed as "Bush legs"—after George Bush's import-dependence/"free trade" policy, in Russia.)

On future aid, Glickman said, "I do believe the need is apparent," and spoke of the United States being open to consider more assistance in the near future. In particular, the need for livestock feed is acute. Glickman announced a pledge for 15,000 tons of feed, mostly corn.

On Jan. 26, the same day that Glickman departed Moscow, Nikolai Ryzhkov, the head of the National Commodity Producers Coordination Council, wrote to Prime Minister Primakov urging him to find means to import more livestock feed. Ryzhkov told reporters on Jan. 27, "The situation is so bad that we urgently need to buy several million tons of feed grain, as what we have now will last only 10 to 13 days."

The Russian state statistics agency said that last year's Russian barley harvest fell to 9.8 million tons from 20.8 million in 1997, while corn production fell to 0.8 million tons from 2.7 million.

Semyonov: 1999 a 'critical year'

At a Jan. 21 press conference, Agriculture Minister Semyonov stated his hopes for collaboration between his country and the United States, in order to re-build Russian agriculture, in particular the livestock sector, starting with poultry. "As the minister, I would very much like to see the relations under the first tranche [of aid] to have a follow-up, in the first place in the area of fodder. We are well positioned to develop livestock breeding, and we would like that potential to be implemented."

Semyonov was asked on Jan. 21 what he intended to request from Glickman, "more humanitarian supplies, or credits to buy wheat or other food products?" Before replying to this specifically, Semyonov gave his overview: "Our vision for the year? We are sure that the year will be very difficult. In principle, this is a critical year. What do I mean? When we entered the year 1998, we had 20 million to 25 million tons of grain in storage. Estimates varied. The drought devoured

all these stocks and we will be entering the new year absolutely without any stocks, with empty pockets.

"This is why we cannot do a bad job. The economic situation is so complex, that agriculture should do everything possible to get the maximum results in any climatic conditions. I want to tell you that the potential of agriculture in Russia is simply tremendous. I can give you dozens and even hundreds of examples when the use of modern technologies, modern equipment, and modern management techniques, which is not commonplace in our agriculture yet, makes it possible—made it possible, even despite the drought, in the Orel region, a region which does not have good soils and climate, but which uses modern technologies and modern management techniques and managed to create a strong holding, which is also very important, to harvest twice as much as its neighbor, which does not have such trends yet.

"We simply have no right to work poorly this year. We must work well. This is what makes 1999 different from the previous year."

'Exchange technologies, not finished goods'

"As for the meetings with my colleague Glickman," the Russian minister continued, "we pin a lot of hope on them, and you were right to note that the talks will center not only on food aid or the aid which is already being provided. We

are already putting it on a footing that would underlie our future relations. What do I mean? Talks are now under way on the supply of a large shipment of corn and vegetable seeds free of charge. This is very important for us, because I think that in the future, our two great nations should exchange technologies and equipment, not finished products.

"Of course trade in food will go on even when Russia's agriculture meets the country's need for food in full. This is normal. But we will always want something that we do not have. We will sell something to somebody and somebody will sell something to us. This is a normal process.

"We believe that this is where our relations in the field of agriculture should go in the future. And the next set of issues which I hope will be discussed, concerns the development of our relations from the point of view of supplies of new equipment and technologies to us. I'd like to stress that the position of the ministry and the government on this issue is that where equipment supplies under lease arrangements will be made as part of intergovernmental programs, it is necessary to ensure investment in our agricultural machine-building. It is our fundamental position that while solving the current task of providing agricultural producers with modern agricultural equipment through imports we should create and strengthen our own capacities for the production of such agricultural equipment."

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