London's grain cartels gain stranglehold on Mexican agriculture

by Carlos Cota Meza

The face of agriculture in Mexico is being transformed by the merciless import of agricultural products, under the guidelines of the North American Free Trade Agreement (NAFTA), the disastrous legacy in North America of former President George Bush of the United States and President Carlos Salinas de Gortari of Mexico. This flood of imports into Mexico is not only a multimillion-dollar deal for the multinational grain cartels—not for the U.S. family farmer—but it has convinced most Mexicans that these multinationals could starve them all to death, at any time they choose.

In fact, this stranglehold over Mexico's food supply is a good example of the way in which the London-centered oligarchy is currently deployed globally to use their free trade mumbo jumbo to seize control over hard assets and vital resources, to position themselves for the post-crash world that is on the horizon. The grain cartels are merely one of their instruments in this drive.

Within Mexico, this situation has caused a rebellion within the ranks of national agricultural producers, against NAFTA, and against the government's economic policy, although it is a rebellion that is not yet conscious of the strategic situation driving these policies, and one that has also not yet broken with British free trade ideology as such.

During the second week in August, in Culiacán, Sinaloa, an Inter-State Coalition of Grain Producers was founded at an assembly of about 2,000 representatives from the states of Chihuahua, Sonora, Sinaloa, Guanajuato, Jalisco, and Tamaulipas. The participants demanded a change in agricultural policy, and decided to take legal action against the Mexican government's own unfair trade practices. They demanded compliance with tariff protection for grain production, as was established five years ago by NAFTA itself, but never carried out.

Alfredo Jaick, president of the National Union of Grain Merchants, declared that bean producers have been tricked by the government. NAFTA had established a yearly ceiling on tariff-free bean imports of 50,000 tons, with an annual increase of up to 5%.

But this year, that quota was already reached by February, and the Trade Secretary has authorized an increase in imports of 60,000 extra tons of Argentine beans, absolutely tariff-free, which will saturate the national market and collapse prices still further. National producers state that there are 100,000 tons of beans in the warehouses which they have been unable to sell, because the market price is currently 50% below the official reference, or breakeven, price.

Filiberto Cadena Payán, president of the Farmers Association of Río Fuerte Sur, declared that "NAFTA continues to be the producer's worst enemy. It is structured to permit that which is supposedly not permitted, due to the fact that the quotas negotiated [as part of NAFTA] are violated by the authorities themselves." The illegal importation and sale of U.S. potatoes, according to Cadena Payán, is affecting national producers, who are accumulating 4,000 tons of potatoes without being able to sell any, because under NAFTA "protection," up to 30,000 tons of U.S. potatoes considered to be "damaged" or "spoiled" are allowed in, which has depressed the market.

Abel Castellanos, president of the National Union of Corn Producers, pointed out that "we need to seek an alternate policy to defend the rural sector," but he failed to present what such a policy might be, as do the majority of NAFTA's victims. Castellanos added: "The federal budget this year, instead of increasing, shows a reduction in the category of marketing, going from 4 billion pesos to 1.5 billion." Corn producers estimate that there are 780,000 tons of accumulated stocks which cannot be sold, due to the imports of U.S. corn.

Wanted: a revolution against British free trade

To bring about the changes in economic policy so many are now demanding, the producers will have to take on the real enemy: the international financial oligarchy and its obsession to keep its moribund world financial system afloat, no matter how many nations have to be assassinated to accomplish this. Within this scenario, the grain multinationals, for whom Mexico's officials serve as lackeys, are playing their assigned role. The producers will have to reject free-trade ideology and fight for the imposition of protectionism for the national economy.

Since 1989-90, the NAFTA of Presidents George Bush and Carlos Salinas de Gortari was negotiated as a weapon to destroy the national economy. The agricultural sector was specifically targetted for application of neo-Malthusian ideas translated into economic policy, which would generate a process of depopulation, through chaotic migration and mass deaths. Five years after the treaty went into effect, we can already see the dramatic consequences.

Mexico was forced to import from the United States basic foods already being produced in substantial amounts by Mexican peasants and farmers (corn, beans, wheat, sorghum, soy, vegetable oils, beef). In exchange, the United States and Canada accepted Mexican exports of coffee, tomatoes, vegetables, fresh fruit, orange juice, beer, and frozen shrimp, considered to be principally luxury items not consumed by the masses, and whose production occurs in delimited areas based on migrant labor.

A University of Chapingo study found the following results for what they call "basic crops":

Corn: This was "protected" under NAFTA with an import tariff on a 15-year, phased-reduction term. However, the Mexican government has arbitrarily increased tariff-free import quotas. In 1996, tax-free imports hit 5,820 million tons, while the official quota was supposed to be only 2,650 million tons, and the tariff was 189.2%. By 1998, imports were 5.2 million tons, against a quota of 2.8 million tons, and a tariff of 172%.

Currently, some 22% of national consumption of corn, so crucial to the Mexican diet, is covered by imports, while prices and subsidies to national producers have plummetted. From 1990 to 1996, subsidies went from 40% to 16%, and in some years, the government's reference price has been much lower than the international market price. Some 3.3 million peasants farm nearly 8 million hectares of corn, to produce approximately 18 million tons. The entire sector is going through a severe process of impoverishment.

The major corn "importers" include Cargill, Continental, Dreyfus, Archer Daniels Midland, Pilgrims Pride, Anderson Clayton, Purina, Minsa, Maseca, and Arancia.

Beans: On beans, another basic crop, tariff-free imports in 1996 were 123,600 tons, as against import quotas of 53,000 tons, and the applicable tariff was 122.3%. In 1998, imports reached 171,400 tons, against a quota of 56,300 tons, and a tariff of 111.2%.

Zacatecas, once the country's main producer of beans, today holds first place in expulsion of labor to the United States, where more Zacatecans now live than in their own state.

Wheat: Under NAFTA, a 15% tariff was set, with a phased reduction over 10 years. Imports went from 428,000 tons in 1989, to 2.4 million tons in 1998, representing 43% of domestic consumption. Subsidies of domestic producers fell from 28% in 1990 to 22% in 1996, while domestic production fell from 4.4 million tons in 1989, to 3.2 million tons in 1998.

Sorghum: Imports of sorghum were freed from the very beginning, such that not even the 15% tariff approved by the General Agreement on Tariffs and Trade was applied. Imports went from 1.1 million tons in 1988, to 3.1 million tons in 1998, representing 33% of national consumption. Real prices have fallen by half, and subsidies have gone from 24% to 19%, between 1988 and 1995.

Soy: Under NAFTA, this product was given a 10% tariff on imports, reducible to zero in 10 years. Imports went from 1.1 million tons in 1989, to 3.5 million tons in 1998, representing 96% of domestic consumption. Domestic soy production in turn fell from 992,000 tons in 1989, to 153,000 tons in 1998, turning it into what is now considered an extinct crop.

Beef: Imports of cattle on the hoof, and fresh, refrigerated, and frozen beef, were liberalized before NAFTA went into effect. Between 1993 and 1998, imports went from 95,600 tons to 221,500 tons. Mexican exports of cattle on the hoof, sent to the United States for fattening, fell from 1.38 million tons in 1993, to 665,000 tons in 1998. Domestic beef sold by butchers fell 25% between 1995 and 1998, while 35-40% of domestic beef consumption was supplied by imported meat.

Mexican cattle associations have presented anti-dumping lawsuits against Excel, IBP, Monfort, Cargill, as well as against Mexican supermarkets, which are the main direct importers.

Pork: Under NAFTA, hogs on the hoof, fresh and frozen pork, and hams and their derivatives were given a 20% tariff, reducible over 10 years. As the producers have charged, the import ceilings have been systematically exceeded, and the tariff has not been applied because "Mexican Customs does not have operational capacity to apply tariffs," according to the government. With this same argument, the Trade Secretary has rejected the anti-dumping suits of Mexico's pork producers.

Agriculture is starving

A popular argument at the time that Salinas's government signed NAFTA, which is still repeated by the current Ernesto Zedillo government, is that Mexico's agricultural sector would attract direct foreign investment, once liberalized.

From 1994 to 1996, foreign investment went from $8 million to $28.4 million. But, in 1997, investment fell to $9.8 million, and in 1998, it totalled a mere $4.4 million, a figure that represents 0.09% of the amount spent on agricultural imports. As is obvious, the agricultural and agro-food trade balance, in the five years of NAFTA, has been in deficit, except for 1995, when the disastrous peso devaluation occurred.

During five years of NAFTA, the multinational grain cartels have flooded the Mexican economy with imported products, and thus destroyed what little existed of the Mexican countryside's own productive capacity, turning the country not merely into a colony, but into a momentary, and disposable, market.