

Agriculture by Marcia Merry

Moscow coup disrupts grain trade

But after temporary chaos, the cartel companies are resuming their designs for looting and food control.

On Day One of the Moscow coup, chaos hit the world grain markets and the cartel grain deals alike. On Aug. 19, grain prices fell the limit on the Chicago Board of Trade, only to resume a "nervous normal" later in the day. In London, ocean freight futures also plunged. One hour after markets opened, the Baltic Exchange closed because prices fell so fast for ocean freight futures contracts.

Dry bulk grain shipments are a large part of present-day world shipping. Annual grain shipments (from all points) to the Soviet Union have been over 35 million tons out of a yearly total grain trade of 190 million tons. Of the \$1.5 billion in export finance guarantees that Bush pledged to the Soviet Union in June, about \$593 million have already been activated to contracts with the cartel companies: Cargill, Archer Daniels Midland (ADM), Continental, Bunge, Garnac/André, ConAgra, Louis Dreyfus, among others. About two-thirds of the money went for feedgrains (mostly corn).

The remaining \$900 million worth of guarantees were expected to be activated in two segments, with \$500 million this October and \$400 million in February 1992. All this was put "on hold" by the Moscow coup.

Grain trade analysts at first likened the situation to the 1980 Carter administration grain embargo against the U.S.S.R., after the Soviet invasion of Afghanistan.

On Aug. 19, Bush said that assistance would have to be reviewed. Sen-

ate Agriculture Committee chairman Patrick Leahy (D-Vt.) issued a statement saying, "President Bush should consider suspending the unused portion of export credit guarantees granted to the Soviet Union in June. We should not provide any additional assistance, through export credit guarantees, the granting of Most Favored Nation status, or otherwise, until we know the full repercussions of these events."

However, within 72 hours of the first coup events, cartel food companies were continuing their campaign for special deal-making and government subsidies for their pet U.S.-U.S.S.R. trade plans.

First, there is the plan to accelerate the schedule for using all of the \$1.5 billion in food trade credits authorized by Bush on June 11. Agriculture Secretary Edward Madigan had been working on this before the Moscow eruption.

On Aug. 19, grain trade analyst John Schnittker observed, "If the U.S.S.R. political succession is orderly and not threatening, expect sales already made to be shipped. Expect credits already authorized to be made available in the new fiscal year, perhaps delayed a few weeks or months."

Moreover, cartel companies want expanded financing from Washington for the Soviet grain trade. On July 30, testimony outlining such a cartel-serving credit facility was presented to the House Agriculture subcommittee on the grain trade by Carol Brookins from the Washington, D.C.-based

World Perspectives group. The chairman of Cargill, Whitney MacMillan, was quoted in an Aug. 19 *Journal of Commerce* special on the grain trade saying, "The United States should create a stable, predictable environment by establishing a 'revolving fund' of credits or credit guarantees for this important customer."

Though one would have thought such schemes were up in the air (where they belong) after the Moscow upheavals, nevertheless, the USDA and congressional trade consulting staff played down the crisis in deference to resuming a cartel-serving business-as-usual approach. Greg Frazier, staff consultant for the House Agriculture Subcommittee on Wheat, Soybeans, and Feedgrains, said Aug. 20, "It's only been 24 hours. There will be lots of speculation, but it is premature to conclude anything."

The Soviet grain trade deals are massive U.S. government subsidies to the companies involved, with next to no benefit to the farmers of the exporting nation nor long-term benefit to the consumers, who need massive agriculture infrastructure aid. In particular, the USDA has been using its powers to subsidize cartel trade deals against the grain trade of the European Community and Australia, two of the top five grain-exporting entities.

Among recent proposals for U.S.-based cartel food deals, is that announced Aug. 6 by Burlington Northern Railroad (BN), the largest grain hauler in the Western Hemisphere. BN signed protocols with officials of the Russian Republic to facilitate food flows between the northwestern United States and the eastern part of the Russian Republic. Michael Karl, BN's vice president and managing director of international business development, said, "Burlington Northern Railroad's goal is to create a reliable new demand for American grain."