

## Commodities by Marcia Merry and Anthony Wikrent

### What's at stake in Bischofferode

*The commodities cartels are trying to keep a stranglehold on potash production, vital to boost world food output.*

**T**he weeks-long hunger strike of mine workers at Bischofferode, in eastern Germany, protesting the intended shutdown of the Thomas Münzter potash mine there, throws a spotlight on the international financial control networks now deliberately cutting fertilizer output in the face of desperate world food needs. The slogan of the striking workers is, "Keep German mines open; the world needs food."

Potash refers to compounds of potassium used mostly for fertilizers, as well as for manufactures such as soap and glass. Potassium (K) is one of the three essential macronutrients needed by plant-life in large quantities; the others are nitrogen (N) and phosphorous (P).

Even the crudest surveys by statisticians for the U.N. Food and Agriculture Organization (FAO) show that world use of NPK fertilizers, and also micronutrients (magnesium, boron, etc.), is way below what is necessary for soil fertility, good crop yields, and food output.

Depending on types of soils and crops, about 40-250 pounds (measured in potassium oxide equivalent) of potassic fertilizer per acre should be applied periodically for best soil management. Plants requiring a relatively high quantity of potassium are bananas, corn, and sorghum.

Yet globally, production of potash is going *down*, not up, falling by 22% from 1988 (the peak year) to 1992. In 1988, global production was 31,892,000 metric tons. Last year it was only 25,035,000 metric tons.

This is a result of the depression breakdown of the world economy. Yet

what do the London financial and commodities brokers, such as the British Sulphur Corp. Ltd., and cohorts such as New York-based Goldman Sachs, say? There is an *overcapacity* of potash production. Meanwhile, they have positioned themselves to profiteer from scarce supplies.

This year, for the first time ever, Canada will be the top potash-producing area of the world, accounting for over 30% of yearly output. In part this reflects the extent and purity of the Saskatchewan deposits. But more importantly it reflects Anglo-American financial maneuvers to exert monopoly control over this resource, while knocking out mines elsewhere.

Canada only came to be developed as a potash producer in the 1970s. The Soviet Union then led the world in potash output, accounting for 35%. East and West Germany together accounted for the second-largest volume of potash production, about 20% combined.

The third-ranking producers, such as France, the United States, and Israeli and Arab producers from the Dead Sea, account for only about 1-7% each of annual global output. The Third World nations have next to no potash production capacity.

Yet, instead of becoming an asset for the world food chain, the Canadian mines are being used as a control mechanism by Anglo-American interests to restrict output, and in particular, to pressure the Germans to shut down their significant production capacity.

Originally, the Saskatchewan potash deposits were mapped in the 1940s, and then developed by U.S. and Canadian entrepreneurs in the

1960s and 1970s. But in the 1980s, London financial interests moved in to control this vital resource. They operated through the Canadian Crown Corp., through federal and provincial channels, and also through Rio Tinto Zinc, a British commodities cartel company. Rio Tinto also bought out two relatively new mines in New Brunswick, Canada.

These companies in turn formed a sales combine, called Canpotex, to sell Canadian potash, and "set the market" for the world.

Aiding the London takeover has been the drastic decline in potash output in Russia, Belarus, and Ukraine. Production from these areas was 10,232,000 tons in 1989. It fell to 8.8 million in 1991, down to 8.2 million last year, and is expected to be little more than 7 million tons this year. In the past, peak output of Soviet potash was used domestically and also exported.

Then came a period when so-called perestroika potash was exported. Fertilizer intended for domestic use would be dumped in western Europe, giving the "free marketeers" who brokered these sales big bucks. Attempts to stop this by the Russian export agency Agrochemexport have been ineffective. European Community officials passed an anti-dumping motion against Russian potash.

To attempt to limit German production, Goldman Sachs and the German Treuhandanstalt (the agency overseeing the disposition of former communist East German state firms), devised a dirty deal in December 1992 to merge the east German mining company Mitteldeutsche Kali AG with the potash division of the giant BASF chemical company, on condition that Bischofferode and other mines would be shut down. It was this that provoked the potash miners to launch their historic strike.