

## Agriculture by Rosa Tennenbaum

### Grain supply hits 14-year low

*The French government demands withdrawal of the land set-aside programs.*

This year, the big talk is no longer about overproduction; that yarn is still being spun in the big-circulation media, but among experts and in the specialized literature the theme has vanished. The signals are all pointing too clearly in the exact opposite direction: The European Union's food inventories are melting down.

The much-touted "beef mountain" was reduced from the 908,000 tons inventoried a year ago, to just 235,000 tons today. Butter stockpiles, already very low in recent years, have been cut by a further 44,000 tons, and private and public stockpiles together amount to 264,000 tons. Things look no better with grain stocks; within the past 12 months, the inventories have almost been halved, from a good 30 million to 16.3 million tons.

The current crop year will further hasten this process. The International Wheat Council in London (IWC) estimates the world wheat crop in this economic year at 534 million tons, compared to 558 million tons harvested last year. At the end of this economic year, worldwide wheat stocks will amount to only 107 million tons, calculates the IWC. That is a reduction of a further 7 million tons within a year, and the lowest grainstock level since 1980. "The international supply situation for wheat is getting tighter all the time," reports the IWC.

There is a corresponding situation in the European Union, the 12-nation organization which descended from the European Community (EC) and has its headquarters in Brussels. This summer's major dry spell bestowed on farmers an outstanding quality, but

at the same time clearly shrunk the quantity of the crops. The European Commission reckons on an overall yield of 158 million tons of grain, compared to 164 million last year and some 180 million in the period before the EC agriculture "reform." Since grain harvests are low worldwide, the shortage cannot simply be compensated by imports. Grain prices and especially wheat prices already have climbed by 30%.

But that contradicts the price trends which the European Commission had defined in its agrarian reform. According to the plans of their lordships, grain prices this year should again fall by more than 2 D-marks each deciton [one-tenth of a metric ton, or about 3.7 bushels of wheat]; but despite this, they have actually risen by an average of DM 6. In some regions wheat is being sought by desperate dealers ready to pay up to DM 10 more per deciton than last year. The market, usually treated by politicians as a sacred cow, has developed differently than these authorities wanted it to. Higher prices send the "wrong signal" to the farmers, they say; they might even get the idea that their grain is in demand despite all the contrary assertions, and that there should not be more cutbacks in cultivation as the policy calls for.

The Brussels dictators are used to imposing their views against all reason, and this case is no exception. They decided to throw 1.6 million tons of European Union grain intervention stocks onto the internal market, in order to drive prices to where, in their opinion, they belong—name-

ly, way down. This is also the Commission's concept of the "free market": It must be upheld as an argument when it is can be used against the interests of farmers and consumers—but when this "free market" suddenly trends differently, then the planned economy is instantly seized as the proven remedy, and the market goes out the window. National stockpiles, which are supposed to serve for food security and the regulation of the market, are thus used by the Commission simply as an instrument for price manipulation, a page out of "pure planned economy."

European consumers don't have to worry about even DM 10 per deciton price rise. The grain price only accounts for 6% of the price of a loaf of bread, even though the bread is almost exclusively baked from grain. But for the farmers, the price rise is decisive; at least the low harvests of this summer can be made up for, because when less is harvested, there is less to sell, and so the per-unit price needs to be that much higher, in order to earn the same (pitiful) income as last year.

The market situation has meanwhile alarmed the French government. Agriculture Minister Jean Puech demands that the land set-aside program be revoked at once, in order to meet the overstretched situation of the grain market. This demand was joined by the umbrella organization of the European farmers COPA, the French farmers association FNSEA, and even the British farmers association NFU. European agriculture will lose more of the market share if so little grain is available, they argue. The cropland set-aside program must therefore be reduced from its present 15% (as defined by the Commission) to a maximum of 10%. If the Brussels powers do not react quickly, then it will be too late for the next grain harvest. Winter wheat planting has already begun.