

Soybean Producers Protest Price Policies, Win Renewed Subsidies

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After an 11-day hunger strike by 35 soybean growers, on Oct. 30 the Agriculture and Hydraulic Resources Secretariat (SARH) announced an agreement to subsidize production costs at a rate of about 100,000 pesos per hectare. The total subsidy bill will run about 13.5 billion pesos, paid to 25,000 soybean producers nationwide. Last year, the domestic price for soybeans was calculated on the basis of Mexican producers' production costs. Thus, local processors paid 684,565 pesos per ton, and the government contributed a total 337,435 pesos per ton through a variety of subsidies. In April 1990, government officials informed soy producers that prices would henceforth be determined by the world market rather than domestic production costs. A 15% tariff was applied to soybean imports. Mexican soybean processors agreed to purchase the domestic crop. Farmers reacted by cutting back on soybean cultivation by 42%; cultivated area this year is 206,000 ha. less than in 1989. Producers also demanded resumed subsidies, at 180,000 pesos per ton, to meet production costs, including interest on outstanding loans. Officials refused to return to pre-economic liberalization era subsidies. Local processors took advantage of the rift between farmers and the government by importing tariff-free soybeans via Washington's Commodity Credit Corporation (CCC). The CCC also provides importers with soft loans. As of Oct. 25, about 90% of the soybean crop had been harvested. Since processors refused to purchase the product, farmers were sinking further into debt paying storage costs and interest charges. Their loans are due Nov. 15. (Sources: El Financiero, 10/25/90, 10/26/90; La Jornada, El Nacional, 10/31/90)

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