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Farming Protests Continue After Argentine Government Caps Export Taxes

by LADB Staff

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The government of Argentina's President Cristina Fernandez capped a sliding-scale tax on grain exports in late May, but the move failed to placate farmers' federations that have been conducting blockades and food-delivery stoppages to protest the taxes (see NotiSur, 2008-04-11 and 2008-05-09). In June, demonstrators for and against the government held competing rallies, with pot-banging protestors supporting the farmers' strike and political and union allies of the Fernandez government supporting the president.

Government concedes partially

Argentina's government set a ceiling on variable grain-export taxes on May 29, but farmers said the change was not enough to make them lift a weeklong suspension of beef and grain exports. Fernandez's government had hiked export taxes on select grains and oilseeds in March, unleashing weeks of strikes that triggered food shortages. Farmers suspended the strike for talks, but on May 28 they once again blocked grain exports and resumed road blockades.

In a bid to ease the standoff, the government announced that it would set a ceiling on variable export taxes for soy, sunflower, corn, and wheat. "I hope this addresses the worries of the farm leaders," Cabinet chief Alberto Fernandez said. But the adjustment did not roll export taxes back to their original levels as the country's four leading farm groups have demanded during their conflict with the government. "The news is not good," Luciano Miguens, head of the Sociedad Rural Argentina (SRA), told local television reporters. "We'll have to study it in detail, but it looks like just more of the same."

Highly profitable soy exports have been at the center of the dispute. According to the government's adjustments, if international soy prices were to reach US\$750 per metric ton, the export-tax ceiling would be about 52% down from nearly 58%, said Economy Minister Carlos Fernandez. Amid a worldwide commodities boom, 1 MT of soy costs a bit less than US\$500, on which Argentine farmers pay a 40% export tax. The export taxes are on a sliding scale, depending on international market prices.

Fernandez said the export taxes are needed to redistribute money to the poor and to keep farmers producing wheat, corn, and cattle for the local market instead of trying to capitalize on soaring world prices for soy. Farmers maintain they need the profit to invest in technology and equipment, which they say are needed to boost production to meet high worldwide soy demand. Argentina is the world's third-largest exporter of soybeans, and soy production has become a larger part of the Argentine economy than beef.

Argentine farm groups had vowed to suspend grain exports and meat sales after talks with the government stalled. "Faced with the national government's recurring refusal to resume dialogue,

the farmers' commission has resolved to call on all growers in the country to resume protest measures," Mario Llambias, head of the Confederacion de Asociaciones Rurales de Buenos Aires y La Pampa (CARBAP) told reporters.

Former President Nestor Kirchner (2003-2007), Fernandez's husband and head of the ruling Partido Justicialista-peronista (PJ), held urgent meetings with governors and legislators to analyze the crisis, repeatedly calling the protests "anti-democratic." Fernandez had avoided referring directly to the dispute in late May, but her party's statement seemed to make clear her position. "It's surprising to see the virulence of this savage and interminable lock-out," the statement read. Farmers "boast of causing shortages and do not care about making the food that Argentine families need for their tables more expensive."

Across Argentina, frustration is growing, and polls show support for Fernandez, who took office in December, beginning to ebb. In Entre Rios province, a center of rural unrest, farmers began roadblocks on May 27 to keep trucks from taking grain across nearby borders into Uruguay, Paraguay, and Brazil. The blockades have emptied supermarket shelves of food and caused agribusiness-dependent rural economies to flounder in a country that is one of the world's leading sellers of soybeans and corn.

Return of pot-banging protest against government

The BBC reported on May 25 that hundreds of thousands of people in Argentina had attended rival rallies by farmers and the government. The two rallies coincided with the Revolution Day public holiday when the country unites to mark the 1810 founding of the movement that led to its independence from Spain. This year there was a deep split as tens of thousands of farmers and their supporters gathered in the city of Rosario to call on the government to lower export taxes.

Farmers on tractors filled the main square, where they waved national flags and listened to music celebrating rural life before the main farm leaders spoke. At a separate rally in the northern city of Salta, the president said that "before any sector, before our own individuality, come the interests of the country."

The process repeated itself in mid-June, as thousands of pot-banging protestors in various cities came out to support the farming strike. During the economic collapse of 2001 and 2002, cacerolazos, or protests where thousands of Argentines poured into the streets banging on pots and pans, brought down several governments (see NotiSur, 2002-01-11 and 2002-02-01). Today's standoff between the government and farmers has undermined support for Fernandez and provoked the biggest anti-government protests since 2001.

Thousands of people took to the streets banging pots and pans in cities including Buenos Aires and Cordoba June 14 and June 16 after police arrested 19 striking farmers in Entre Rios province. The protestors appeared in mass gatherings in all of the nation's main cities on the night of June 16, according to Buenos Aires daily newspaper Clarin, organizing spontaneously through text messages and email. In the cities of Buenos Aires, Cordoba, Rosario, Mar del Plata, Bahia Blanca, Mendoza, Parana, and others, the demonstrators chanted against the Fernandez government. President Fernandez responded on June 18, going before a crowd organized by the PJ and allied unions. There

she criticized the leaders of the country's four biggest farming associations and urged them to end their protests. She addressed thousands of supporters gathered at the massive rally in Buenos Aires aimed at countering the anti-government protests.

"In the name of democracy, free up the highways, let Argentines get back to work," Fernandez yelled to supporters. The government press office said 100,000 people attended the rally, but the Associated Press claimed such figures are often exaggerated, and it could not be independently confirmed.

Fernandez accused farmers of weakening Argentina's democracy. She said farm leaders wield too much political power even though "no one voted for them" in national elections. "I've seen four people who weren't voted nor elected deliberating, deciding, and telling the rest of us who can travel around the country and who can't," Fernandez said at the rally, which filled the plaza and streets surrounding the presidential palace. "In the name of democracy, the Constitution, and the law, free the roads."

Argentina's biggest union urged workers to attend the rally, and Aerolineas Argentinas suspended departures after the carrier's pilots decided to support the rally. The president's speech came a day after she announced she was sending a bill to Argentina's two houses of Congress to debate the taxes, which she first implemented by presidential decree on March 11. The PJ party has a majority in both houses.

Congressional debate has been one of the farmers' key demands, but they were still skeptical June 18 and were meeting to decide their next steps. "We want to see if there is a real debate and not just a rubber-stamp approval," said Llambias. Farm leaders said they would continue their three-month protest, which has included roadblocks and an end to grain and oilseed exports, until June 20.

Eduardo Buzzi, head of the Federacion Agraria Argentina (FAA), said in a news conference that farmers would spend the weekend lobbying lawmakers to reject the bill backing the levies. Kirchner said the government wants to use the new taxes to redistribute income and help the poor. Food and fuel shortages are the result of "blackmail" by farmers, he said. "This is the first government that is really worried about the poor," said Estrella Munoz, 38, a construction worker from Buenos Aires who attended the rally.

Some 19% of Argentines have a positive view of Fernandez, down from 23% in May, according to a June 1-13 survey by Buenos Aires-based Giacobbe & Asociados. The number of people with a negative view of Fernandez rose to 50.8% from 41%, the company said. The survey of 1,000 people has a margin of error of 3 percentage points.

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