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Brazil: Soybean Producers Demand Higher Prices

by John Neagle

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On June 28, thousands of soybean producers participated in a demonstration in Brasilia to demand that the government act to obtain more competitive prices for their product on the world market. Soybean farmers sell their product to the government for 10 new cruzados per 60-kg sack. Meanwhile, in neighboring Paraguay, the same quantity sells for 43 new cruzados in the open market. Federal police have adopted a series of measures to prevent smuggling of soybeans into Paraguay. The demonstration was organized by the Brazilian Cooperatives Organization (OCB), the Rural Democratic Union (UDR) and the National Agriculture Confederation (CNA). The government has rejected the creation of a dual exchange rate system suggested by soybean producers. Finance Minister Mailson da Nobrega has argued that establishing a differential exchange rate system would accelerate a drain on the country's foreign reserves, estimated at $6.151 billion in late January. In the past two weeks, soybean farmers have attempted to dramatize their situation by setting up roadblocks with farm machinery and burning large quantities of soybeans in the central plazas of cities and towns in regions of the country where soybean production is concentrated. Protesters driving tractors and trucks have also prevented counterparts from selling their soybeans at government storage facilities. Soybean products are expected to earn $3.45 billion in export revenues this year, accounting for 10% of total exports. About 70% of national soybean output is exported. (Basic data from Notimex, 06/28/89)

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