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Argentine Officials Incensed By U.S. Offer Of Subsidized Wheat Sale To Brazil

by Barbara Khol
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In statements published by daily newspaper La Nacion on May 11, Marcelo Regunaga, deputy secretary of Agriculture, Livestock and Fisheries, said a US government decision to sell Brazil 700,000 metric tons of wheat at subsidized prices constitutes "serious aggression" against Argentina. Brazil is a traditional market for Argentine wheat. According to the official, the US offer debilitates joint negotiations for dismantlement of subsidies under the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). Argentina and a dozen other nations, including Australia and Canada, are members of the Cairns Group. Member-nations do not subsidize grain exports. In the past year, the US joined these nations to persuade the European Economic Community to remove subsidies on agricultural exports. In January 1991, the Brazilian and Argentine governments concluded a memorandum of understanding stating that Brasilia would not purchase agricultural products from nations subsidizing such exports. Regunaga said that during a recent visit in Buenos Aires, US Trade Representative Carla Hills had pledged that Washington would not use subsidies against Argentina. In a radio interview, Jose Saenz Garcia, president of the Cereals Exchange (Bolsa de Cereales) in Buenos Aires, said the US is not a "trustworthy partner." He added that he believes Brazil will fulfill its preliminary accord commitments "despite all." Saenz Garcia claimed that in similar cases, the US subsidized wheat was sold for $40 per ton. On May 13, Regunaga delivered a formal protest against the proposed wheat sales deal to US Ambassador Terence Todman. According to an embassy communique released prior to Regunaga's meeting with Todman, the sale would "not affect Argentine exports," since Brazil needs to import between 4.5 and 5 million metric tons of wheat this year, and Argentina is committed to exporting about 2 million MT. In statements to reporters, Foreign Minister Guido di Tella said his government rejects questionable trade policies and practices. The minister asserted that the wheat sale is yet another "sample of the noxious policy" implemented by the European Economic Community and the US in matters of agricultural trade. [Basic data from La Nacion (Argentina), EFE, 05/11/91; AFP, 05/11/91, 05/13/91]

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