More On U.S. Government Wheat Sale Offer To Brazil

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On June 6, Alieto Guadagni, head of the Argentine government's International Economic Relations department, said the administration was "satisfied" with Brasilia's decision to adhere to bilateral trade accords by turning down an offer by the US government for subsidized wheat. Guadagni said he contacted the Brazilian embassy upon receiving a report of a purchase of 130,000 metric tons from Washington. Embassy officials said the buyer is a private company, and the Brazilian Trade Ministry was not involved. On June 7 in Sao Paulo, Lawrence Pih, owner of one of Brazil's largest flour mills, there is no reason to protest Brazilian imports of US subsidized wheat. He said negative reactions are a result of inadequate information, since the purchase would not cause financial losses for Argentina, since that country does not have sufficient wheat stocks to satisfy Brazilian demand. Six Brazilian mills, headed by Pih's Molino Pacifico, announced plans to import nearly 131,000 tonnes of US wheat, subsidized by Washington's grain export promotion program. Pih pointed out that the Brazilian government rejected a US offer of 700,000 tonnes. According to Pih, US officials took precautions to avoid creating problems between Argentina and Brazil prior to making the offer. Pih said the Argentine harvest and stocks were found inadequate to meet Brazilian demand. Moreover, delivery of the 700,000 tonnes would have taken place in the June 15- Sept. 15 period, a time of the year when "technically, Argentina has no more wheat to sell." In addition, said Pih, the price of the US product, even with a subsidy of $29.91 per tonne, is $120 per tonne, compared to $117 per tonne of Argentine wheat. With the taxes imposed by the Brazilian government on the US wheat shipment, the mills will pay $188 per tonne, a higher price than the government charges on the wheat it markets. Next, Pih said the Argentines did not have much to complain about. Between February and April this year "during a period when the price on wheat in international markets was stable" , the price of Brazilian wheat imports from Argentina rose from $76 to $117 per tonne. According to the Agriculture Ministry, Brazil must import 4 million metric tons of wheat this year to meet domestic consumption needs. (Basic data from AFP, 06/06/91, 06/07/91; Xinhua, 06/06/91)

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