

Agriculture by Robert L. Baker

World grain stocks down 30%

The USDA's latest world food production forecast buries the department's own myth of "overproduction."

After various grain accounting experts of the U.S. Department of Agriculture gathered for what is known as the "lock-up," the latest USDA crop production report was released on Aug. 10. According to the report, poor world agricultural production will once again drive grain stocks to even more dangerously low levels.

The USDA's "World Agricultural Supply and Demand Estimates" reports that global production of grains is projected to be 25 million metric tons lower than total world consumption for 1989-90. This is the fourth consecutive year that world production of grain will not meet total needs. World grain ending stocks are projected to decrease by 30%, going from 404 million metric tons (mmt) in 1987 to a projected 280 mmt in 1990.

Ending stocks for 1990 are forecast to be fewer than the 17% stocks-to-use ratio recommended by the United Nations Foreign Agricultural Service (part of the Food and Agriculture Organization) as the minimum necessary to guarantee a strategically secure food reserve.

Major grain crops such as wheat, corn, and other coarse grains are projected to show draw-downs in world reserve stocks from 1987 through 1990 of 31%, 47%, and 40%, respectively.

World oilseed production for 1989-90 is projected at a 214.7 million tons, up 7% from last year.

As for the United States, the forecast 1989-90 U.S. feed grain production is 46% above the drought-reduced 1988-89 crop. However, due to increased export demand and domestic use, U.S. ending stocks of all grains

will fall again for the third year in a row.

U.S. wheat stocks are expected to fall to 374 million bushels, the lowest point since 1973 and only 16% of annual usage. Just three years ago, the U.S. stock of wheat was 1,904 million bushels. This is a forecast drop of 80% in three years.

Ending corn stocks are expected to be 68% below 1986 ending stock levels at 1.681 billion bushels. Corn exports for 1989-90 were raised 50 million bushels.

The United States is now the world's largest importer of oats, and is projected to produce only 92% of total needs for 1990.

Higher U.S. soybean production is forecast, compared to last year's drought conditions; however, U.S. ending stocks will be one of the lowest in recent history. According to *EIR's* estimates, the U.S. could very well run completely out of soybeans before the new crop is harvested.

One major factor for tightened world supplies is the U.S.S.R., with a 10 million ton reduction in projected grain output for 1989-90, to 200 million tons, and a 3 million ton increase in forecast imports, to 36 million tons. Recently released Soviet grain area statistics were well below expectation, and hot, dry, conditions have dramatically reduced potential yields of spring grains in the U.S.S.R.

This latest analysis has many around the world nervous. U.S. farmers are getting more and more upset, as they are no longer fooled by the lie, promoted by the USDA and the international grain cartels, that it is sur-

pluses which have been driving down grain prices; with shortages beginning to appear, the prices are still going down.

Consumers are waking up to the fact that food prices are going up, partly because of short supplies, but mostly because of the unprecedented consolidation of the retail food industry. Russia and Communist China are facing mass strikes and riots because of shortages of food, at a time when their largest supplier, the United States, is watching its supplies rapidly decline. The food crisis in Africa, Ibero-America, and Eastern Europe is also worsening. And Secretary of Agriculture Clayton Yeutter and the other Bush administration food policymakers, know they are sitting on a bomb about to explode, as the shortage becomes so apparent, that even they cannot manipulate and hide it.

In the coming months, food and grain will become tools of battle in the international political arena. The charitable West German organization World Hunger Aid announced in Bonn, Aug. 16, that large-scale Soviet sugar and grain purchases are driving prices higher and threatening the viability of Third World food aid programs.

Meanwhile, the European sugar market has been "swept clean" by Soviet buying, and no sugar deliveries are available for the organization's Sudan refugee program until October "at the earliest," the organization said.

The organization expressed fears that grain and milk powder prices will also soon be driven up by demand from the U.S.S.R. and other Eastern European countries. "World grain stocks are now at minimum reserve levels, and even if world production is increased [in 1989-90], higher demand is likely to lead to increased prices," it said.