National Farmer's Union News Release

The "truce" of the International grain trade war reached last week by the Organization for Economic Co-operation and Development (OECD) may be giving Canadian farmers false hope, says Regional Co-ordinator Raye-Anne Briscoe.

Briscoe notes that the OECD agreement singles out the domestic farm price supports in member countries as the primary cause of falling prices while ignoring the real culprit: hefty export subsidies to multinational grain companies.

"In 1986 the United States government through its Export Enhancement Program paid Gargill Grain Corp. $75.5 million in export bonuses," she explained, citing figures from the United States General Accounting Office. "Continental Grain received $34.1 million; Louis Dreyfus Ltd. got $26.6 million; Peavey Corp. received $26.3 million and Pillsbury Corp. received $17.6 million. These export subsidies enable these corporations to sell huge volumes of cheap grain at depressed prices on overseas markets and still make substantial profits. It is these subsidies which are the root cause of the problem." The N.F.U. co-ordinator noted that despite the rhetoric by the 24 nation OECD about "phasing out subsidies", the United States Export Enhancement program is not likely to end in the near future. She pointed out that no timetable for phasing out these corporate giveaways was laid down by OECD, nor were there any penalties spelled out for countries which failed to comply with the agreement.

In contrast, the OECD agreement defines domestic farm income support programs as a primary target. According to the agreement, the long term goals include: " reduced production, higher market prices, healthier domestic economy, smaller government deficits and decline in the number of farms." Briscoe noted that the U.S. recently approved a $2 billion expansion of its corporate export subsidy program and U.S. Agriculture Secretary Richard Lyng earlier this month termed the program essential, vowing to broaden it to include more countries as eligible markets. "Given that corporate interests will be protected from any phase out of subsidies, it is apparent that this agreement is aimed specifically at eliminating domestic farm price supports and orderly marketing programs." Briscoe concluded, "The phasing out of these programs will further depress farm income and force many more producers off the land while allowing multinational agri-business companies greater freedom and trading commodities across national boundries."