

TOUCH THE SOIL Syndicate



Global Scramble to Own Food and Agricultural Assets



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Since the formation of the World Trade Organization in 1995, the U. S. Government has abandoned the maintenance of food stocks in favor of leaving things to free market forces. Yet neither the WTO or the free markets have any financial incentive or direct public mandate to maintain food stocks or food security.

While little is happening here at home relative to government or private sector intervention into food security issues, this is not the case with nations who appear to view things differently.

Actions that closed or limited food exports by the world's largest wheat and rice exporting nations are just now being lifted. Nations, whose political stability almost collapsed from an inability to import enough food (due to availability and price), drew the attention of every other nation that depends upon food imports or whose domestic economies were invaded by high global food prices. Now, in the immediate aftermath, one of the largest food and agricultural asset scrambles in history is unfolding.

As new crops from the 2008 farming season enter the markets, alleviating some of the immediate supply and price stresses, there are concerns we are cutting it too close. The four largest global crops by tonnage are soybeans, rice, wheat and corn. The USDA projects these four crops to yield 2,129 million metric tons of food for 2008. Out of this, projected consumption is 2,116 million metric tons leaving a paltry 13 million metric-ton margin. This is only a .7 percent margin before already stressed stocks must be further drawn down to meet the global demand for food — a demand artificially trimmed by some 900 million people without financial resources to move out of starvation diets.

On the heels of this tight crop production report and the recent memory of individual nations experiencing food disruptions, there is a scramble to control or own agricultural assets and food stocks.

The nations of Jordan, Saudi Arabia and the United Arab Emirates, are bringing money, soil scientists and equipment to farm large-scale tracts in Sudan. Arab nations, with limited arable land, must assure access to food — even if it is in Sudan where local starvation is rampant in the Darfur area.

The governments of China and India are supporting efforts for domestic companies to own land in Africa and South America to raise food earmarked for their nations.

The Chinese government has already purchased 26 million metric



Photo - Touch the Soil

Destined for Japan, the cargo ship Kingston Trader takes on soybeans at the port of Seattle.

tons of wheat from its own farmers with the goal of acquiring a total in excess of 30 million metric tons. This is equal to the entire U.S. domestic wheat consumption for one year. The Chinese government will sell this wheat domestically at lower prices to control food inflation and protect itself from western-style commodity speculators that influence global prices.

China recently passed legislation prohibiting the further development of its core agricultural lands. Adding punitive measures to its laws, government officials are being held personally responsible for overseeing farmland protection in the various agricultural regions.

Saudi Arabia is setting up a \$566 million holding company to invest in agriculture overseas to ensure food comes from these investments back to Saudi Arabia. The goal, in part, is to circumvent global free markets that sent several neighboring nations into food chaos.

South Korea is headed to Indonesia to clear land for corn production and long-term leases on other land. South Korea is trying to purchase a U.S. owned hay company with sufficient agricultural assets to raise 10 percent of South Korea's annual hay needs.

Several undisclosed global corporations recently purchased \$100 million in agricultural land assets in Australia to control access to food crops.

Marubeni Corp. a Japanese company, recently purchased eight grain-storage facilities and two warehouses for \$48 million in the United States. The goal is to buy corn and soybeans directly from U.S. farmers, circumventing global food corporations.

Venezuela just passed legislation requiring the government to hold reserves of key food crops and guarantee 90 days-worth of food consumption is held domestically. Major government intervention is planned to stimulate domestic food production.

While this list of actions to control food and agricultural assets is by no means complete, it illustrates what is going on as nation after nation tries to control the agricultural assets needed for food security. ■

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