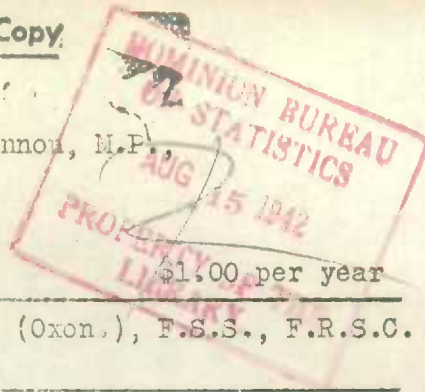


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### THE GRAIN SITUATION IN ARGENTINA

Ottawa, August 14, 1942.-- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of August 5, 1942, dealing with the grain situation in Argentina.

#### Crop Conditions

The month of July, like June, was for the greater part dry and cold, far more so than is the usual experience in the Republic where the traditional winter is mild and wet. The inadequate rainfall in the grain belt has caused the land to be too hard and dry for cultivation, with the result that the planting of wheat and small grains has been retarded, which almost undoubtedly means a reduced acreage of at least 5 per cent and possibly 10 per cent as compared with last season.

The grains which have been planted have made little or no progress, owing to the continued very cold weather with repeated severe frosts. But this does not necessarily mean that fair and even good crops will not be produced. On the contrary, with timely rains and adequate sunshine the well rooted wheat may yield as heavily on its reduced area as in a normal season on an average area.

At the moment the only districts with apparently favourable prospects are the province of Entre Rios and the North and Centre of Santa Fe, where subsoil moisture is reported to be plentiful. Future weather conditions may bring about a considerable change.

A summary of the monthly official report on the crop situation follows:

Generally the drought has made itself felt throughout the cereal producing regions, obstructing the work of planting, affecting the germination of the newly sown grain, and deteriorating the condition of the pastures and consequently that of the live stock. As a result there is anticipated a drop in the area which will be planted with winter grains and linseed, although the cold weather by stimulating the better rooting of the plants will make it possible to obtain better yields per acre, provided that present weather conditions do not persist.

Wheat - Wheat seeding is backward in Buenos Aires, the southern part of Cordoba and Santa Fe, Entre Rios, San Luis, and especially in the Pampa, where only one-fourth part of the area normally planted has been put in. In the north of Santa Fe and Cordoba and in Santiago del Estero, wheat seeding has been completed.

In Buenos Aires, Entre Rios, Santa Fe and Cordoba the wheat fields have generally germinated satisfactorily; but in the Pampa and San Luis a great part of the seed has not germinated and the fields have visibly suffered from the drought. In north-west Buenos Aires green fly has caused a certain amount of damage in the wheat fields, some of which will have to be re-seeded. In general a decrease in the area planted is noticeable, which varies from 10 to 20 per cent as compared with last season.

Linseed - In Santa Fe and Cordoba cultivation for this crop has been virtually completed. In Entre Rios it is well advanced, but it is proceeding with difficulty in the province of Buenos Aires. In Cordoba planting is almost finished, while in the centre and north of Santa Fe 70 per cent has been planted, although for this province as a whole not more than 40 per cent of the area to be covered has yet been completed. In the province of Buenos Aires planting has only been done here and there, not more than 30 per cent of the anticipated area having been covered.

Over the whole country a decrease in the area to be planted with linseed is expected, as a result of the difficulties to be overcome; but one section, the north of Buenos Aires province, is an exception where an increase may take place.

Other Crops - The crops of oats, barley and rye have been subjected to heavy pasturing by the live stock. For this reason, together with the frosts, they present a poor appearance except in Entre Rios and the northern sections of Santa Fe and Cordoba. The maize crop has been practically all picked. Shelling is at a standstill, awaiting authority from the Grain Board. Yields obtained confirm previous calculations, the quality being generally good except for the damage caused by weevils.

Supplies and Markets

Wheat - Exports of wheat during July were 7,913,000 bushels, of which 6,000 bushels consisted of flour in terms of wheat. The combined total in the previous month was 7,322,000 bushels.

The statistical position is now as shown below:

Third official estimate 1941-42 crop .....	224,133,000	bushels
Carry-over from 1940-41 crop .....	<u>119,765,000</u>	"
Total supplies .....	343,898,000	"
Deduction for seed and domestic needs .....	<u>110,229,000</u>	"
Surplus available for export .....	233,669,000	"
Shipments ) Wheat 48,166,000 bushels		
to July 31) Wheat as flour ... <u>911,000</u>	"	<u>49,077,000</u>
Balance still available .....	<u>184,592,000</u>	"

Continued inactivity was the feature of the wheat market in common with other grain markets during July. Negotiations are being continued with commercial delegates from Spain for the sale to that country of about one million tons (36,743,000 bushels) of wheat, with a value of approximately 70 million pesos. The deal proposed is practically a barter, with the Argentine taking in exchange from Spain iron and other metals of which she is badly in need, as well as some machinery and other manufactured products. Settlement for cotton and grain already shipped to Spain is involved, the total transaction reaching in the neighbourhood of 130 million pesos. Some boats are already here waiting to load grain, the securing of the necessary "navi-certs" not having yet been completed.

There was practically no demand from the United Kingdom during the month, and apparently the purchases already made by the British Buying Commission are not required to be shipped until about October. Brazil was almost the only buyer in July, making relatively small purchases at frequent intervals. Notwithstanding the dearth of buyers the Grain Board made a slight increase in its selling price, from 7.20 to 7.60, for wheat in bulk at Buenos Aires, with an additional charge for grain shipped in bags.

Local millers are actively engaged now that they are permitted to acquire wheat of the last crop to grade up their flour to standard. Some of the inferior grain is being crushed for the sake of the bran, for which there is a brisk demand at satisfactory prices. This is an unusual condition in this country.

Linseed - July shipments were only 670,000 bushels, which compares with 1,417,000 bushels in the preceding month.

The current supply position is now as shown hereunder:

Third official estimate 1941-42 crop .....	62,989,000	bushels
Carry-over from 1940-41 crop .....	<u>25,718,000</u>	"
Total supplies .....	88,707,000	"
Deduct for seed and domestic requirements .....	<u>13,779,000</u>	"
Surplus available for export .....	74,928,000	"
Shipments to end of July .....	<u>10,329,000</u>	
Balance still available .....	<u>64,599,000</u>	"

There was a lifeless market throughout the month. No demand was in evidence from Europe, and with good crops in prospect in both the United States and Canada neither of these great consumers exhibited any interest in Argentine seed. No sales were made by the Grain Board, although its prices were again reduced, standing now at 17.50 pesos per 100 kilos in bulk in Buenos Aires, and 18.80 in bags.

The increased war risk incurred by boats sailing for the north-eastern ports of the United States, with the correspondingly higher insurance premiums, are factors weighing against business.

For the domestic trade, sales are being made on the basis of 9.80 to 10 pesos per 100 kilos for the Super grade of seed with 2 per cent tolerance of foreign matter, and 9.25 for the same grade with 4 per cent.

Maize - The second official estimate was published by the Ministry of Agriculture during the month. It reduces the volume to 359,747,000 bushels from the first calculation of 362,187,000 bushels. On this new basis the following is the supply position:

Second official estimate 1941-42 crop .....	359,747,000 bushels
Revised carry-over from 1940-41 crop .....	<u>136,551,000</u> "
Total supplies .....	496,298,000 "
Required for seed and domestic needs .....	<u>78,736,000</u> "
Surplus available for export .....	417,562,000 "
Exports April 1 to July 31 .....	<u>2,183,000</u> "
Balance still available .....	<u><u>415,379,000</u></u> "

Exports during the month were only 1,342,000 bushels, a small figure, but more imposing when compared with the total of 841,000 bushels in the preceding three months. The export business during July was confined to some moderate sales to the neighbouring Uruguay, destined for feeding purposes and for fuel. A further 20,000 tons (787,000 bushels) has been authorized to be purchased by the Uruguayan government.

In the domestic market the demand for old maize for fuel purposes is quite active, in spite of the difficulties connected with its use. Prices stiffened during the month, stimulated by the unusually cold weather; but transactions were limited by the fact that most of the remaining stocks have been allotted by the authorities to public utility plants and industrial factories.

Sales of new maize to the Grain Board have been more active recently stimulated by the announcement that no official purchases of new or old maize would be made after August 14. To the end of July, 124,974,000 bushels had been acquired by the Board, of which 110,774,000 bushels were bought back by the same producers. This means that the grower gets on an average for his unshelled corn about 2. pesos per 100 kilos. He repurchases it for 0.50, thus receiving what amounts to a cash bounty of 1.50 pesos per 100 kilos for the grain, which has not left his farm and remains at his disposal for use or for sale if buyers can be found.

The Grain Board's official selling price for new crop maize for export to Europe or Brazil has been fixed at 4.00 pesos per 100 kilos for f.a.q. Yellow maize in bulk, or for South American countries other than Brazil 4.20. For Red maize prices are 10 per cent higher.

As a consequence of the very cold and dry weather, with the resultant deterioration in pastures, a good demand has developed locally for maize for animal feeding, especially in Buenos Aires and the Pampa; but this local demand, while very welcome, will have little effect on the enormous stocks. This cold and dry weather has proved a valuable aid in halting the depredations of weevils and other insect pests in the cribs on the farms.

Oats - July shipments were very small, only 80,000 bushels moving out, which compares with 212,000 bushels in the preceding month. The supply position is set out below:

Third official estimate 1941-42 crop .....	29,179,000 bushels
Carry-over from 1940-41 crop .....	<u>10,942,000</u> "
Total supplies .....	40,121,000 "
Seed and domestic requirements .....	<u>29,827,000</u> "
Exportable surplus .....	10,294,000 "
Shipments to July 31 .....	<u>938,000</u> "
Balance still available .....	<u><u>9,356,000</u></u> "

While the above statement is based upon official statistics, it is believed that stocks are much lower than shown therein. Probably merchantable grain does not exceed 85,000 tons (5,512,000 bushels) but this is a debatable point, difficult of proof.

Local prices are very high and make any sales for export quite out of the question. For the ordinary run of grain 8.50 to 8.80 pesos per 100 kilos is obtainable. For very special lots, suitable for the preparation of foods for human consumption, there is no difficulty in securing 9.20 pesos.

Barley - There were no exports during July, and the supply position remains as shown in last month's report.

Little interest is being shown in this grain, and prices have suffered a drop. For grain with a specific weight of 65 kilos shippers have been offering 5.20 per 100 kilos, but little business is passing. For animal feeding, barley has to compete with ample stocks of cheap corn.

Rye - In this grain also there was no movement in July, and the supply position is unchanged from the statement given a month ago. The market is paralyzed, and a quotation of 3. pesos per 100 kilos is merely nominal.

#### The Grain Storage Problem

With all available storage space fully occupied, the last two crops of maize (Argentina's biggest grain crop) still lying on the farms, mostly in makeshift cribs with inadequate protection from the weather and from insect and animal pests, and the grain and seed crops of another season being planted as rapidly as adverse weather conditions will permit, provision of storage and the necessary handling facilities remains one of the major problems of the Republic.

The much talked of national grain elevator system, after many years of study and controversy, is still an unrealized dream. Construction of some of the terminals in the ports was commenced, and proceeded in leisurely fashion until the war in Europe by cutting off supplies of materials brought about the closing down of the work.

At the same time war conditions interfered with and finally prevented the transportation from India of the bags and bag material upon which the Argentine relies for the handling of her crops. Two million new bags are annually required for this purpose. Many ships are needed to bring the bags or the jute to this country, and the ships have gradually ceased to be available.

For the last harvest there was a great shortage of bags. For the coming harvest, a recent survey shows that by scraping up every available old or new bag 72 millions can be got together.

In this emergency every feasible substitute for a grain elevator of the Canadian type or flat warehouse as used in other countries is being planned and discussed. There are thousands of flat warehouses in the country, mostly in the railway stations, but they are intended for and only fit for storage of bagged grain, and it is necessary to release every possible bag for handling and transport.

Recently there has been constructed and brought into partial use a form of subterranean granary. It sounds like a reversion to the old Indian plan of burying their corn in pits for preservation and concealment, but is claimed to be a success.

This granary, or "silo" as it is termed, is about 14 feet deep and 90 feet long, with the sides strengthened by a mixture of soil and cement, waterproofed with a coat of asphalt. By excluding the air it is claimed that the insect plagues which attack wheat stored in bins and warehouses above ground, are not permitted to develop.

The 500 tons (18,000 bushels) of wheat stored in bulk in this silo for several months is said to have been preserved in excellent condition.

The construction of such silos is apparently to be officially encouraged, and the National Bank announces that special loans will be available to farmers for providing themselves with these or other types of graneries.

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