

CLASS IV TOUR TO CHILE AND ARGENTINA:

DAY 1, March 17, 1999 -- Jay Warner, Scribe

KARL Class IV gathered at Kansas City International airport around noon on March 17 to start the International Study Seminar to South America. Unfortunately, classmate Kyle Hughbanks was not able to join us. His wife had started going into pre-mature labor. Our thoughts and prayers were with them throughout the seminar.

We checked our luggage and boarded a Continental Airlines Boeing 737-500 and headed for Newark, New Jersey. Former Hesston, Kansas resident and Continental President and Chief Operating Officer, Greg Brenneman, assigned a staff member to support the group in a pre-arranged private lounge for our layover waiting for the connecting flight. The waiting refreshments and luggage security support were appreciated. (The Nelson Galle family and Brenneman family are good friends.) We greatly appreciated the secure space and freedom from lugging baggage that it gave us. After supper on our own in the airport, we boarded a Continental DC 10 for a red-eye flight to Santiago, Chile.



Thursday, March 18, 1999 -- Ron Suppes, Scribe

We arrived in Santiago, Chile at 9:15 a.m. bright eyed and well, you know the rest. We were met by our tour guide for the Chile area. Her name is Terry Reagan. She is not native Chilean but rather a native of San Luis Obispo, California. She had married and since divorced a native Chilean and thus ended up in Chile. Married to a farmer from Chile and residing at their farm about 600 miles to the south of Santiago, Ms. Reagan works tour groups as her business and is very knowledgeable concerning Chile.

While we toured the city of Santiago by bus, Terry provided the audio which was very interesting. After a brief tour we were taken to the center of the city where there exists a beautiful square. As in many cities the center of the square was a park and around the square were many prominent buildings that house such things as government offices. On one side of the square was the La Monaya which housed the presidential offices. Directly outside the front of the offices we were able to view a demonstration taking place by some of the native Indians of Chile. They were dressed in their native costumes while they conducted a peaceful rally. As in the United States it is not uncommon for such things to take place, sometimes on a daily basis.

We then toured more of the city by bus and ended up at a National Museum that we were allowed to enter. The museum housed many historical artifacts depicting the history of Chile. The Pre-Columbian art was made up of ceramic objects, paintings, drawings, etchings, calligraphy and other objects dating back many years. There was also a display from the Easter Islands. By viewing such things we were able to expand our knowledge about the origin of Chile as it exists now and gained insight into the background of the people.

At mid- day we were taken to our motel where we were able to freshen up and have the afternoon off. Later that evening we had a meeting with the U.S. Wheat Associates in a meeting room at the motel.

Mr. Alvaro De La Fuente, regional vice-president of U.S. Wheat Associates and Pablo Maluenda S., marketing specialist, gave presentations concerning the U.S. wheat presence in Chile and the surrounding area. Also present at the meeting was Luis Hennicke a U.S.D.A. agricultural specialist from the US Embassy in Chile.

Mr. Maluenda made a very detailed and informational presentation concerning our present position in the wheat trade arena in the area and explained how we are positioned in the area for wheat sales. When asked how our position might be strengthened the first sporadic response was fast track. It was explained that operating without that authority placed the United States at a very definite disadvantage to other governments selling wheat. The other strength that we should tap into would be to admit Chile into NAFTA. We were told that Chile is extremely interested in becoming a member of NAFTA, even more than becoming a member of the Mercosur. They are currently an associate member of the Mercosur. Another fact pointed out to us was that we really need to consider growing White Wheat because of the growing demand for it worldwide.

After the invigorating meeting with the U.S. Wheat associates we were taken to dinner at about 9:00 p.m.. We dined at a very popular night club in the city which had fabulous entertainment that depicted much of the native Chilean culture. The meal was excellent and we also express our extreme gratitude to the Kansas Wheat Commission for sponsoring such a meeting and cultural meal. The day ended at about 12:30 a.m.



Friday, March 19, 1999

We left Santiago, Chile on our way to Argentina via the Andes' mountain range. The arid terrain and vegetation reminded one of Southern California. Rainfall here is about 300 ml (12 inches) per year and is received mainly in the late fall. The topsoil is less than ½ meter (~ 19 ½ inches) in depth. We saw a variety of crops including cereal grains, alfalfa and fruit orchards growing. Of particular interest were the fields of table grapes (what we might see in our winter grocery stores) where high platform trellises were used to support the grapes to allow equipment to pass underneath.

As we rode, our tour guide told us several interesting facts about the country. In Chile, the state owns all mineral rights to the land. Copper mining is a major source of income for the country. The Aconcagua Valley was a productive agricultural area near the Chilean/Argentine border. Chile is home to 55 active volcanoes. Along the winding mountain roads we noticed several masonry structures decorated with flowers. They were shrines marking where someone had lost their life, usually by an auto accident and were erected by the victim's loved ones. The local population believes that when someone dies a violent death their spirit remains at that site. The shrine serves as a "refuge" for the spirit, and place to visit for the family and friends of the victim.

At the border processing took a lot of time with everyone required to show their passports to officials on each side. Departure stamps were acquired in Chile, entrance stamps in Argentina a few miles later. There is virtually no concern for trafficking any contraband into Argentina. We were assured the problem with illegal drug and contraband flow is from Central American countries to the U.S., not the other way around.



Moving into Argentina, we had lunch at Puente del Inca, in the heart of the Andes range. Continuing on west, there were several opportunities to take photographs of the impressive scenery. We saw Mt. Aconcagua, the highest peak in the western hemisphere at 23,831 feet elevation. In early evening, we arrived at the Uspallata Hotel, an old mountain resort with very scenic views and relaxing walkways. We had a change of the guides, saying goodbye to Chilean escort Terry Reagan and hello to Argentine escort Jorge Cazenave. Jorge is the son of a former Argentinian Agricultural Attache assigned to the embassy in the U.S. Jorge was with his mother and father (Jorge Sr.) during that assignment when he was 11 to 14 years of age. He received his education in the Washington DC area at the time. Jorge explained to us that the original hotel was built by the English during construction of the areas railway system. Argentine Unions later bought and rebuilt the structures for their members to escape to. A relaxed evening including a rabbit dinner at 8:30 p.m. followed by a comfortable overnight stay.

Saturday, March 20 -- Cynthia Steeples, Scribe

Our bus followed the Mendoza river south along the Andes mountains. Along our route we encountered an international bicycle race. While filming the “ pack ” pass by our coach we documented teamwork in action.

Our first destination was Norton Winery. The farm “ La Colonia ”, was originally founded in 1895 by a British engineer. The acreage has been increased to 1000 Hectares. In addition to grapes; tomatoes, garlic and organic sunflower seeds are also raised.



The topsoil is a sandy loam with a depth of 1-3 meters. The area receives less than 200 mm of rain a year- making irrigation necessary. Flood irrigation is the traditional method, but drip irrigation is being installed on all new vine planting. Ponds are used to hold river water while the sediment settles. Watering is limited to stress the vines and limit the berry size. Plentiful rainfall is detrimental.

The varieties of vines used are specific to the province. Mulbec is a premium variety. Vines will produce wine grapes in 3 years and can last 60-80 years. They still use plants from 1911 on the farm. Sulfur is used to control mildew. It also controls insects. Machines are now used to pre prune and harvest. One worker can care for 25-30 hectares. With manual labor one worker is

needed for every 4-5 hectares. Since it is critical to harvest grapes at the correct time, machines make the job easier. When harvesting grapes, a low tonnage of 5-10 tons per hectare results in a “ premium ” wine (over \$20 per bottle). A “ good ” wine can be made with 50 tons/hectare.

TOMATO HARVEST

Tomato harvest was in progress during our tour. A mechanical harvester picks up the entire plant and conveys it to a separator to remove the tomatoes from the vine. Workers sort off green or bad fruit before tomatoes are mechanically transferred to a truck. These tomatoes are used for paste or puree.



Growers receive \$40/ton and figure costs at \$35 / metric ton. The yield averages 70-80 tons / hectare. Tomatoes are rotated with corn, silage (for a neighbors dairy), garlic and onion. Crop insurance is purchased to cover production costs. Cloud seeding is used to improve rainfall and decrease hail. North Dakota cloud seeding planes are hired for the job.

THE WINERY

The winery was our next stop. Norton ’ s will purchase grapes from area farms. Harvest is February through April with the light grapes harvested first. Tannins are needed in red wine and they have to be ripe. Tannins are antioxidants - their interaction with alcohol creates health benefits.



Harvest, fermenting and bottling are all determined by taste. Ripe grapes are crushed and put in large enclosed vats to ferment, 7-10 days usually, but sometimes up to 20 days. A second fermentation and aging is in new oak barrels. The barrels are sealed to prevent oxygen contact with the wine. Large barrels (over 12 ft. in diameter) are also used. Some have been used for 60 years. They are kept full of wine with adjustment additions in winter and summer.



Our group tasted a Chardonnay, Mulbec (which according to the owner, will replace Coke-a-Cola as the most popular beverage) and Privada (the owners reserve). The bottles have Inca drawings on the label to show respect for the land. We enjoyed a traditional outdoor meal of grilled meats - beef ribs and goat - roasted over an open ember pit.



Our next stop was at Vivero " Las Delicias " - a nursery where grapes and fruit trees are grafted and grown. With grafting, the value of each plant increases from \$.50 to \$1.50. Root stock is purchased from France. Bureaucratic problems prevent purchases from the U.S.

We continued our bus ride to Mendoza. That evening we went out in groups to eat. Many of us experienced a sidewalk café with some interesting food. A plate of egg plant, pickled knuckle cartilage and tripe (stomach) arrived at our table with our bread.

Sunday, March 21, 1999 -- Merlyn Stasser, Scribe

KARL Class IV left the hotel in Mendoza en route to Rio Cuarto in the province of Cordoba for a trip of (500 KM) with a planned stop at La Iliana Cattle Ranch. The ranch is a member of the CREA Valle del Conlara. CREA is a private extension system made up of farmers/ranchers of a similar area that meet once a month to share technical and economic information. These groups consist of top managers who hire a consultant. The group gets together to discuss management practices, inspect the host operation and critique it. They consider land and crop management, along with labor, financing and anything else that may help the operation.

We arrived at the ranch in early afternoon. The roads to the ranch headquarters were not passable by a bus so they met us at the road and we loaded up in the back of their pickup trucks and proceeded to the ranch headquarters. Pablo Mussat, CREA Consultant, along with other members of the CREA, greeted us upon arrival. The other members of the CREA present were Miguel Ffrench, Javier Lanzarini, Jorge Liceaga, Martin Ficco, Juan Martin Mussat, Fernando Lagos, Carlos Peñafort. After the CREA members explained about the CREA we loaded back up in the pickups and continued to look at the cattle operation.





The cattle operation consisted of cow herds through fat cattle sold for slaughter. On this farm they had smaller calves up to cattle that would be sold for slaughter within a month. They explained that the calves were weaned off of the cow at about two months of age and would be placed on grass pasture. The calves we saw were grazing on Alfalfa and Brome grass pastures. They use an intensive grazing practice where they stock a small acreage with a large number of cattle and move the cattle each day with the use of electric fence. Once they move across the pasture they go back to the beginning and start over. They also supplement the cattle with corn, 4% of body weight. They have been able to get 2 lb/day gain using this type of program. They try to retain most of the heifers and bring them into the cow herd. The cattle we saw were mostly Angus and Red Angus. These are the most popular breeds for this area. The steers are fattened out by running on pasture. They were grazing out dry land corn on this farm. The cattle are slaughtered at sixteen months of age or approximately 900 lbs.



We returned to the headquarters where they treated us to sodas and rolls. We exchanged questions and ideas for improvement. We asked them how they felt about Cactus Feeders from the USA building feedlots in the area and how the Argentines would accept grain fattened beef. Their answers to the feedlots was a "Wait and See" attitude if it worked they could copy it. They did not seem to think the people would accept the grain fed beef as they want a lean, tender cut of beef. We had a very good exchange of ideas. They asked us if we had any ideas to improve their operation. The time passed very quickly and it was soon time for us to say "Goodbye". We made our way back to the bus and continued into Rio Cuarto to spend the night. It turned out to be a very interesting day and a good exchange of ideas. The e-mail addresses of Pablo R. Mussat (aacreazonacentro@infovia.com.ar) and Carlos Peñafort (cpenafort@ayv.unrc.edu.ar) are for special contacts. They would like to hear from us.

Monday, March 22, 1999 -- JoAnn Roth, Scribe

After a provincial European breakfast we boarded the bus to visit the campus of the National University of Rio Cuarto (<http://www.unrc.edu.ar>). Founded in 1971 in the south central part of Cordoba province this regional public law entity within the national system of higher education is autonomous, autarchic, public and free. The University operates under the guidance of governing boards. The President is elected every three years and may be reelected. The schools are ruled by an elected Dean. The five schools are Agronomy and Veterinary Medicine, Economics, Natural and Exact Sciences, Physics and Chemistry, Humanities and Engineering. The KARL group was issued enrollment forms at the gate of the university, ushered in and welcomed by the Vice Dean of School of Agronomy and Veterinary Medicine, Liliana Issaly.

Discussion: There is no admission test for the university and a considered high percentage of graduating students; for every 400 freshman, 100 graduate. National Education Law is for 10 years of schooling with elementary level - 7 grades, high school - 5 grades and post secondary - 3 years. Most enter the university at 18 years and graduate at 23 years of age. Base funding for education is federal government and other taxes with two (2) percent GNP going for education. The school is organized around three closely interrelated areas -teaching, research and extension (indirect- by offering short courses) and also work with CREA, a private extension system. There are not enough jobs for high school graduates so many attend free college until employment. Research work is with INTA (National Extension Service) and CREA. No placement program is provided for students. Students do not usually come in with job motivation with exception of children of landowners. Salaries for graduates range from \$500 - \$2000 a month depending on area and without degree \$350. Male to female ratio is approximately 50-50. Females are not offered management roles in agriculture related businesses. Full time professor salary, without housing, is approximately \$1800 mo.

A School of Agronomy faculty member gave a presentation on Argentina agriculture. Rio Cuarto is between the humid east and dry west. Unstable rainfall with 1000 mm east and 500 mm west.

A monsoon type rainfall October - April constitutes 80% of annual rainfall. South and southwest constitute the sand plain. A soil slide show offered various operations: In the hill region are cow/calf operations where shallow soil (10 cent. of soil on 70% of land) erodes and the massive degradation has a big impact on river system. Water rises very fast and not much water carried. Small valley region has high value of forage. Research continues on grazing techniques and stocking rates on soils and pastures. Erosion is kept in check by various alternatives including retaining steps, concrete dams with locks, strip or band cropping and tin dams that slow water flow in ravines. Last year 1600 mm of rain compared to avg. 700 mm. led to severe floods.

Our KARL group traveled next to the town of General Deheza to visit the Aceitera General Deheza (AGD) Natural Foods company, one of the largest oilseed crushing plants of Argentina and the industrial plant with the highest capacity in the Mercosur for manufacturing peanuts for human consumption. Founded in 1948, the AGD Group, a family owned corporation of six (6) companies in the Cordoba province has sought business diversification with vertical integration in this agricultural sector.

AGD, the main company in the Group, agro-industrial activities include: Milling oleaginous seeds (sunflower, soy and peanut) for regional, national and world consumption; Refining vegetable oil; Fractionating edible oil; Selecting and classifying confectionery peanut; Farming; and Marketing cereal. The group met with manager, Carlos Torre, Ag. Engineer, for orientation and information. It is the only plant in Argentina having three simultaneous output lines for sunflowers, soy, and peanut milling. KARL toured the new edible oil packaging plant which produces its own containers and caps from PET pre forms they also make. In 1996 this plant obtained the certification under ISO 9000 Quality Assurance Standards. The company buys on the open grain markets and partnerships with farmers on sunflowers and peanuts. (Personal note: This company produces peanut butter, but on my excursion to supermarket in Buenos Aires there was no peanut butter to be bought and a person in the store said it is not used in Argentina. My conclusion was it is all exported).



This town, which was built around AGD business and facilities, has a public as well as private (open to public with fee) school (elementary through middle school- 30 students per teacher, no special education,) with technical orientation founded by company 20 years ago, modern hotel, and some housing owned by AGD. AGD Company has four (4) eight (8) hour shifts.

Comments from our tour guide:

The grain market is absolutely free in Argentina.

It is rare for Argentine farmer to own truck.

Unloading grain is in hours with peak unload in less that 24 hours.

Monsanto Roundup Ready beans lowered cost of production and producer holds seed stock for the next year (not legal in U.S.).

Sunflower yield avg. 1.7 mt. per ha. (2.4 acres) and soya 2.2 mt. per ha.

No storage charge up to 6 months for soybeans.

Railway Transportation and Port Service issues were prevalent at lunch with company personnel. The Company owns a 4,700 km railway freight system (30 year concession), which links the industrial plants with the ports. Lic. Ricardo J. Saenz, M. B. A., raw products and material buyer, explained they would like to have navigable system comparable to Mississippi. (Mr. Saenz's son was staying with the Mike Carney family in Wichita and attending Collegiate School in Wichita). AGD Terminal 6 S. A. has the first Argentine private port and the most modern in Latin America. ADG also owns 50% of the capital stock of Guide S. A. port in the Rosario area, the most important port for loading and shipping oil in Argentina. River freight is \$22 per ton depending on country of origin and the shallowness of river. The Parana River now has a dam that can be navigated below Rosario. They plan on building a navigable dam north of Rosario

because of the potential of millions of hectares of soybeans that could be raised in Brazil. If prices go up and stay up, Brazil has 19.1 million acres of land to turn into soybean fields.

Our discussion following the tour regarded competing with these giants of the soybean industry. Do we really want higher prices, which could most likely lead to the loss of our markets to the expanded South American production, or can we better remain in the market long-term by producing at today ' s price? That was the thought question for the entire tour.

Tuesday, March 23 -- Sally Peterson, Scribe

We stayed in the city of Venado Tuerto, population of 64,535, in the Province of Santa Fe. Following our normal routine of catching a quick bit of breakfast and boarding our home on wheels, we left the hotel in our casual dress to visit farms in the area known as the Pampas-Plains of Argentina. This area has an average annual rainfall of 1110 mm or 44 inches. We had the rewarding opportunity to spend the day with several farmers in the area. The first visit was with the Gallo family. This family was an example of European immigration in the area. As we traveled to the farm we viewed many beautiful fields of soybeans, peanuts and corn. During the last bit of the trip the bus ventured into some mud and we got stuck. Leaders as we are, the male classmates proceeded to instruct the drivers to get the bus out with manpower added to the front. The bus was pushed out and we proceeded on our way.



The Gallo family warmly received us with Senor Gallo sharing his home life with us in a round circle discussion in their beautiful courtyard. He spoke with his heart and touched ours. One quote to keep forever was, “ if everyone would think and do business with their heart instead of their pocket-book, a lot of our problems would be solved and life would be much better ” . Mr. Gallo then took part of the group on a walking tour of the farm while another part of the class went with a nephew to visit the area primary school. We saw the chickens, pigs and a nearby cornfield. Mr. Gallo explained their concerns with the economy and their desire to always be open to diversification and new ideas to stay viable. One of those options was to open small diversified farms up to the tourist business. The group that visited the small country school where Senor Gallo ’ s son Roberto taught Agricultural Sciences was much like what many of our parents and grandparents attended. When the group returned they joined the farm tour group for a lunch of roasted pork prepared for us over a hot ember grill. During the lunch we visited with the many family members that joined us and a hat was passed for a contribution to the school. We hope we had near the impact on the Gallo ’ s as they did us. They could have easily been our neighbors.





After a tearful and well-wishing farewell, we loaded up and traveled to our next visit with the CREA Santa Teresa. We were able to view one of the farms and visit with six of the CREA members and their agronomist. CREA is an informal extension service with professional and peer evaluation and recommendations for farm management. The 13 members in this CREA had over 100,000 hectares represented. They have a variety of farming operations; cash management, rental, family-farm management and commission based management. Some of the members were hired by outside investors while others were farming their own land and managing others. These members were young to middle-aged producers and seemed to be quite bit more aggressive. They raise corn averaging 150 bushels, soybeans averaging 50 bushels and wheat at 45 bushels to the acre. They pay a membership to belong to the CREA and each conveys thoughts and ideas to the group. Some buy equipment and storage facilities together. They find they can obtain better prices on their chemicals and seed if they purchase in larger quantities.

We felt that the CREA is similar to the closed cooperatives and partnerships that are being developed now in some areas of Kansas. We have studied these opportunities in KARL and it was good to see it being used in Argentina. Our exhausted KARL group traveled back to Venado Tuerto to freshen up before a wonderful evening meal with executives from Zeneca and other businesses in Venado Tuerto. Garst Seed, the parent company was host and sponsor for the gathering. The brief overview of Zeneca including detail of seed being exchanged between producers of our nations. The table discussions including life and cultural issues. It was a valuable exchange on a person to person level. We said our thank you 's and goodbye 's, returned to the hotel and quickly fell to sleep.



Wednesday, March 24, 1999 -- David Oliphant, Scribe

An early morning was the start of the day once again for the KARL class the days plans included a tour of the Vassali combine manufacturing plant in Casilda. Vassali has been in the combine production for 50 years. In 1990 they sold the rest of there factory and kept only the combine facility. 25.1 % of the combines in Argentina are made in the country.



Vassali makes 4 models of combines in a wide price range: The model 125@ \$109,000; 150 @ \$145,000; 150H @ \$149, 679; and the new 150 electro @ \$158,000. These combines are built from the ground up from raw steel to bending and punching of holes for production components. yield monitors and grain loss monitors are now new equipment options. Vassali has no export

market due to local demand & they want a production of 30 combines per month. 170 employees work at the plant making about 700-1200 per month and in two years have only replaced 5 employees. 44 hour weeks with 1.5 over 44 hours and 1.75 times rate on Saturday and Sunday if needed. The class got to get into the combines and look them over. Donnie Young of Ulysses, Kansas was heard saying he could live in the 150 electro that he was inspecting.



The rain came down in torrents for a while and the factory employees stopped to check out the storm ! A bad storm would mean decreased sales due to the fact its Harvest time. The storm passed with light hail damage only. The class shared gifts and business card with some of the management.

The next stop of the day was a coop in Casilda . It headquarters are located in Rosario and they have 26 centers in the pampas area. a local council of 6 people are for solving problems and setting policy, answering to a governing body. This grain elevator direct exports soybeans and balanced feeds. They supply chemical fertilizer and seed and Ag consulting services to their members. Their membership is 16,000 producers with an acreage of 70-100 hectares average with the largest at 800 hectares (1 acer = .404 hectares) This coop has 120 trucks and takes in 2 million tons of grain / year/ and some cattle production. They have a 1.260,000 metric ton storage capacity ½ is beans the other half is wheat and corn..most of the grains are sold prior to

harvest and contracted. Their 16,000 membership has 160 votes (1/100) they turn the grain 2 times per year (i.e. fill 2 times their capacity) their concerns were Brazil and southeast Asia forcing the markets and other prices down. They have a farmers union and help farmers with financing ,obtaining low interest rates and farmer informational meetings to learn about biotech farm crops. This was a very interesting visit and well appreciated. Snacks were shared and questions and answers were plenty.



This was a very highly productive area of Argentina and is very fertile . The class traveled towards Rosario for the evening seeing field after field of beautiful crops of corn (Maize), soybeans (soja). and some wheat (trigo) The class had a very informative day learning about agriculture in this region of Argentina and how its companies function. Early to bed early to rise was interrupted for some only by the need to check out the city of Rosario and its night life.

March 25, 1999 -- Mike McClellan, Scribe

When we began our day we found that an historic day had taken place globally. Japanese ships fired on North Korean spy ships in their waters and German planes lead the NATO bombing of Serbian positions in Europe. This was the first time these two countries had been engaged militarily since World War II. In Paraguay the President was being impeached for links to the Vice Presidents assassination, Pinochet ' s ruling sparked protests and riots in Santiago and tractor cades had been demonstrating the agricultural crwww in the Argentine Capitol of Buenos

Aires. Fortunately our tours were positive. The class began the day with a tour of the Paladini hog processing facility in Rosario. Upon arrival at the plant class members noticed the United States Flag flying beside the company and Argentine Flags outside the facility. Below the bottom stripe of our flag was a white additional strip with the word WELCOME printed on it. The Paladini family migrated from northern Italy bringing with them much knowledge of pork processing and tradition. The group donned white hats, coveralls and boots to take the tour. Scrubbing in for a sterile germ free “ footprint ” suggested very cleanly plant conditions. All of the meat at this facility is sold as processed pork where they process between 650-700 head per day with one 5 hour kill shift. Approximately 280 tons of pork leave the plant daily. We were able to witness the production of salami, pastrami, frankfurters and many other traditional Italian specialty meats.



We were fortunate enough to be greeted by Nello Paladini after our tour. We sampled some of the meats produced in the plant. Mr. Paladini is in charge of the family pork production where they currently have about 4000 sows. This is about 25% of the capacity needed for plant operation. Nello added that practically all of the pork consumed in Argentina was through processed meats, both because of Italian tradition and by preference. Argentines consume about 7 kilograms of pork per year with chicken at 25 kilograms and beef at 65 kilograms.

After a nice lunch with the groups favorite (SPINACH), we proceeded to the Cargill port facility at San Martin on the Parana River. This facility can load 700 tons of grain per hour and 900 tons of oil per hour. They also unload barges at this facility and unload fertilizer that mostly comes from the United States. Most of the soybeans received at this plant are processed into soybean

meal and oil and shipped processed rather than as bulk commodity. Most of the meal is shipped to Europe and Southeast Asia. The oil market is mostly Central America, India and Pakistan. Five percent of Argentina ' s grain production goes through this port facility.

All Soybeans that come into the Cargill port facility at San Martin arrive by truck. The lines to dump can often exceed 24 hour waits. The average time is 12 hours to dump. They dump 650 trucks daily and during the high season they dump trucks 24 hours a day.



After a very interesting day the group checked into a hotel in San Pedro, went out as small groups to sample local restaurants, (ordering from the Spanish/Italian menus in a non English speaking village was quite an experience), and settled in for rest before the next adventure.

Friday, March 26, 1999 -- Dale Leikam, Scribe

Another full day of activities greeted us as we left San Pedros early in the morning. Our first stop on the way to Buenos Aires was at the main La Serenisima dairy processing complex about 50 km outside of Buenos Aires. La Serenisima ' s beginnings date to 1929 when the company began producing mozzarella and riccotta cheese. Today, the complex we visited covers 129,000

square meters (about 31 acres) and produces a variety of dairy products generating over \$700 million annually.

Smaller plants are distributed throughout the interior of Argentina. La Serenisima currently processes about 4.0 million liters of leche (milk) per day (about 1.1 million gallons), but are currently expanding operations to 6.0 million liters of milk daily (1.6 million gallons).

Pasteurized and sterilized milk, butter, creamer, powdered milk, dulce de leche (milk jelly, delicious!) yogurts, various cheese products and other products are in the La Serenisima product line. La Serenisima management estimated that the average Argentina dairy farm (if there is any such thing) has about 200 cows producing 3,500 liters per day (about 75-80 cwt) at a current depressed price of \$0.18-0.19 per liter.



As with other agribusiness in Argentina, La Serenisima management indicated that, in their opinion, international subsidies and low interest loans make it difficult to get Argentina products into the international marketplace. They maintain that ag products are not freely traded like services. Argentina producers and agribusiness receive no government subsidies.

After lunch, we pressed on to Buenos Aires and checked into our home for the final three days of our Argentina visit – the Hotel Nogaro '. Buenos Aires is a modern busy city, noticeably different than much of the interior of Argentina. After quickly freshening up and changing into dress clothes, we departed for a late afternoon visit to the U.S. Embassy. After passing through security, session chair Lucille Heller introduced our two speakers. Janet Potash, Economics attaché, told us a bout the Argentina economy. After World War II, Argentina had economic and political problems to overcome. The economy was in such severe shape in the late 1980 's that the Consumer Price Index (CPI, inflation) exceeded 5,000% in 1989!! Since that time, politics have changed and a bimonetary system was implemented – the Argentine pesos was tied directly to the U.S. dollar. One pesos is worth one U.S. dollar and this is backed by U.S. currency -- for every Peso in circulation, a U.S. dollar is held in the national treasury. Since then, the Argentina economy has grown at an average 6% rate since 1991.

Gary C. Groves agricultural attaché ' (US Argentine Embassy, Av. Columbia 4300, 1425 Buenos Aires, Tel.# 777-8054). The following are a few of the bullet points provided by him to us:

- 1) If U.S. agriculture produces a product, Argentina likely does as well.
- 2) The biggest U.S. company in Argentina is Cargill
- 3) Agriculture comprises over 50% of Argentina 's world trade
- 4) Opening foreign markets is (via no trade barriers) Argentina 's #1 objective
- 5) 22 million hectares crop land in 1981, 25 million hectares in 1997. Unlike Brazil, increased Argentine ag production will not come from increased acres.
- 6) Argentina has no agricultural policy other than free trade.
- 7)The U.S. likes MERCOSUR since it tends to pull countries together, although some U.S. export products may be hurt.
- 8) Fast track authority is badly needed to deal with trade issues.

Gary Groves concluded his remarks by outlining his responsibilities; 1) Promote U.S. agricultural exports to South America, 2) Provide market intelligence for U.S. agriculture and 3) Participate in trade negotiations and provide U.S. export access to South America countries. We concluded a long day with dinner on our own and sight seeing and shopping in downtown Buenos Aires.

Saturday, March 27, 1999 -- Ray Ladd, Scribe

Our guides parents, Jorge (Sr) and Tati Cazenave served as guides to the estancia for the Gaucho show and lunch at what we might call a ' living history ' ranch of "how it used to be on the Pampas".

Jorge Sr., President of the Agricultural tour and management company we subcontracted with was very knowledgeable about Argentina agriculture and communicated very openly. He thought Roundup Ready soybeans were grown on over 70% of the bean acreage and that the most

productive farms of Argentina would be similar to the United States in technology. He reassured us that the Pampas has excellent weather and natural resources to produce beef and crops. He pointed out the 40 mile wide river along the shipping area of Buenos Aires. He felt Brazil with it's potential development of 19 million hectares of crop land, could make a big difference in the world supply of soybeans and corn. Transportation and higher grain prices would create this expansion. Arriving at the ranch we see gauchos in traditional and colorful dress with their horses saddled and ready. We first enjoy the lovely landscape and inviting 90 foot porch area of the house and have empanadas and refreshments. Oh yes, the bus had to be pushed out of a ditch again by raw "KARL POWER".



The six gauchos illustrated their riding and cattle gathering skills and the training given a group of horses to follow the bell. They gave a brief history of the heritage of earlier days, their clothing and equipment and gave a demonstration of their games of threading a ring suspended in mid-air onto a stick , horse races and their version of "musical chairs". Lunch of beef cooked

over wood coals and by the side of a fire and other foods was enjoyed. Gauchos sang and played the guitar and accordion for us in the porch area.



The ranch owner shared that the ranch and buildings dated back to the 1880's and was constructed by a military general. The owner's grandfather purchased the ranch in 1936 and now is only 300 hectares. The owner stays about 3 days a week and lives closer to Buenos Aires. The cattle herd, horses, and upkeep is performed by two full time gauchos. They do have over-night accommodations for \$125 for what I would call a Bed and Breakfast.



Horseback riding on gaucho style saddles through the cow herd, relaxing by the pool and simply taking it easy were the theme of the day. Saturday evening allowed us to individually tour the shops and to get a taste of Buenos Aires food, fellowship and cultural lifestyle.

Sunday, March 28, 1999 -- James Johnston, Scribe

After a quick breakfast at the hotel, the class departed for the day city tours by bus. Our first stop was at the "Plaza de Mayo" for a walking tour of the area. This is where Buenos Aires was founded in 1580. Political rallies in the "Plaza de Mayo" were addressed from the balcony of the Casa Rosada (presidential palace) at the east end of the square. Hundreds of thousands have gathered in the Plaza to cheer or jeer Argentine politicians like Peron or Galtieri. The Casa Rosada is where "Evita" Peron addressed the public.



The Plaza is surrounded by many historic buildings including the Cabildo (municipal building during the colonies and now a museum), and the Cathedral Metropolitana, where several class members attended Palm Sunday Services later that evening. It is also the site of "Madres de la

Plaza de Mayo", where relatives of the people who disappeared during the last military government, gather to campaign for a full accounting of the "Dirty War" atrocities.

Our next stop was the La Boca neighborhood. La Boca is one of Buenos Aires most colorful areas. It was settled and built up by Italian immigrants along a small waterway and is home to the cities first port. The bus ride through the area allowed us to see the brightly colored houses, and large murals on the sides of buildings. We stopped in the La Boca neighborhood for some souvenir shopping at a neighborhood store.

Next we visited the San Telmo neighborhood. A large flea market in this area allowed us the opportunity to do more souvenir shopping. Our lunch break was at La Estacion (a popular steak house), where we were served a delicious steak dinner. After lunch we traveled to another stop to visit to the mausoleum of Eva Peron, and the Hard Rock Café for final shopping.



We returned to the hotel around five to rest and clean up for the evening's entertainment. Part of the class members attended Palm Sunday Mass at the Cathedral Metropolitana prior to dinner. Later that evening we traveled to the southern part of Buenos Aires for a very nice dinner and a spectacular Tango Show. Tango was born in the port area of Buenos Aires with a mixture of north African and Southern European music and was only danced in places of bad reputation like

port bars and outside brothels. In the early 20th century the Tango attained broad popularity. The evening offered us an opportunity to observe some popular Argentine culture.



Monday, March 29, 1999 -- Eric Atkinson, Scribe

After a late night at the tango show, the KARL class arose early Monday morning for a trip to the Linears Livestock Market in Buenos Aires. This market opened in 1901, and was privatized in 1992. It now houses 45 individual cattle commission companies...making it probably the largest single livestock market in the world. The market sells on Mondays, Tuesdays, Wednesdays and Fridays during the week, typically moving 8000-12,000 cattle each sale day. The run on the day we visited was estimated at 6,500 head, which was on the low side...heavy rains the previous two days may have prevented many cattle from coming to the market. The one-day record at this auction was 35,000 cattle. This market records \$1.5 billion dollars in cattle sales annually. The cattle are generally brought in from a 350-mile-radius area. And about 20 percent of the total beef slaughter for the entire country comes through the Linears auction. All animals that are brought to this market go to slaughter...none are returned to the farm. All cattle are priced "on-the-hoof"...no grade-and-yield formulas are used. Upwards of 350 packers, almost all of them smaller plants, bid on these cattle. Linears provides free internet access to fully updated, instantaneous price information each sale day, with complete computerized tracking of received cattle. The operators of the Linears market are proud of the price transparency their marketing system provides, largely due to the substantial number of buyers active in the market.



An intriguing physical aspect of this market is that the auctioneer and the buyers move from pen to pen, either on the catwalk system above the pens or on horseback in the alleys, to sell cattle. Each commission house takes a three-percent commission on the cattle. All animals are sold on an exact weight, with shrink factored in. It's a very brisk and bustling way of doing business, but it clearly works.

Our final official stop on the tour was at Argentina's Department of Agriculture, where we met with the department's director of economics, Carmen Nava. He shared considerable information on his country's agricultural industry, which he says is currently in an economic crwww. He noted the gradual transformation of Argentinian agriculture over the past decade, which has made great strides in adopting technology, but at the same time has caused greater concentration of production. Currently, his department is conducting a program they call "Rural Change", to assist agricultural producers in linking with the markets. This program is geared toward supporting medium and small-sized farms with information and education. 25,000 producers are involved in 2500 Rural Change groups throughout the country. Mr. Nava stated that there are 380,000 agricultural producers in Argentina, half of which would be considered very small farms.

Agricultural output has improved steadily over the last four years, he told us. Increased use of fertilizer and other crop inputs and technology have led to that in good part. However, agricultural income is going the other way. Agricultural producers in Argentina are currently carrying about \$7 billion dollars in debt. 40 percent of that debt is provided by the private sector. Mr. Nava's department is working to encourage more lending to producers through private lenders, to help agriculture survive the transition toward full privatization.

There are signs that his department's efforts are succeeding. For instance, farmer use of futures and options has gone up 10 percent in the past two years. On the other hand, crop insurance is hardly used by producers...only 5 percent of all production is insured. But the Argentinian government intends to become more aggressive in promoting crop insurance, as soon as they find a successful system to model. They are watching what happens in the United States, in that regard. Mr. Nava's department wants to increase the "safety net" for its farmers from the current level of \$25 million dollars per year, which would hopefully reduce interest rates for producers, currently running around 13 to 15 percent.

With respect to foreign investments in Argentinian agriculture, Mr. Nava states that affordable land makes that prospect attractive. One limiting factor, however, is the need for an improved infrastructure. Production transportation is a major issue. His government hopes to maintain an equilibrium between foreign and domestic capital investment in agriculture there...and that this is a leading interest of his department. He was quick to point out, though, that protectionist policies are not in the best interest of Argentinian agriculture. Remaining competitive through technological advancements will be emphasized instead.

The economic and political problems in neighboring Brazil and Paraguay, both partners with Argentina in the trade organization MERCOSUR, are hurting Argentinian agriculture. And Mr. Nava believes that those problems are just beginning.

Secretary Nava concluded by saying that, while agriculture makes up only 7 percent of Argentina's gross national product, it accounts for 60 percent of the country's exports. Therefore, agricultural interests in Argentina need to become more organized in their lobbying efforts, to assure the long-term viability of the industry.



At the conclusion of the meeting we proceeded to the airport for the cross country flight west again to Santiago, Chile where we would wait for our overnight flight home on Continental airlines. We arrived in Newark early enough to see the sun rise over New York City. Our flight to Kansas City was next. A spectacular KARL international study seminar was complete.



We arrived in New Jersey at Dawn to see the sun rising near the Twin Towers...we were home!

"With Leadership Comes Responsibility"