

Argentina Tells Soros, To 'Git'

by Cynthia R. Rush

U.S. Democrats could learn a lot from Argentine President Néstor Kirchner on how to deal with the corrupting influence of financial predator George Soros within their party. Kirchner, in collaboration with Venezuelan President Hugo Chávez, just dealt a lethal blow to the Soros-controlled Adecoagro company which thought it had a deal to buy up 62.3% of Sancor, one of Argentina's oldest and most important dairy cooperatives. Sancor's \$170 million in debt had brought it to the brink of bankruptcy, and Soros was going to bail it out for \$120 million, in one of his typically sleazy asset-stripping swindles that would have meant the cooperative's demise.

Now that deal is on the ropes, thanks to Kirchner's intervention and Chávez's alternative offer of \$80 million to Sancor, announced from Caracas on Dec. 5. The \$80 million would constitute the "first phase" of an advance payment for 20,000 tons of powdered milk and baby formula annually, in addition to having access to Sancor's technological expertise in helping Venezuela set up its own dairy industry. Should the offer be accepted, which appears likely, it will allow Sancor to both remain in Argentine hands and maintain its legal status as a cooperative, instead of the foreign-owned private corporation it would have become under Adecoagro's management.

No to Looting

The news that Adecoagro had signed a letter of intent with Sancor in mid-September, which was to have been approved within 90 days, caused a national furor. The provincial governments of Córdoba and Santa Fe, where most of Sancor's operations are located, as well as farm, business, and political leaders, demanded that the Kirchner government intervene to stop the Soros grab.

Sancor, founded in 1938, is a venerated agricultural enterprise in Argentina. It includes 70 cooperatives and 2,300 affiliated dairy farmers in Córdoba, Santa Fe, and Buenos Aires, and employs 1,500 people in its 17 plants. Its current financial distress is a result of the devastating 2001 economic crisis, which forced it to take on large amounts of debt to stay afloat.

When it became known that the Argentine Petersen Group had made Sancor an offer as good as, if not better

than Adecoagro's, the national outcry escalated. Kirchner made no secret of the fact that he preferred that "national capital" play a role in rescuing Sancor instead of Soros. Córdoba Governor José Manuel de la Sota pointed out that Sancor was basically being bought out by an investment fund, "and you never even know very well where they are located." Moreover, he added, "we don't know whom the investor Soros represents."

EIR has exhaustively documented Soros's looting operations on behalf of largely European-based oligarchical financier interests, and his bid for Sancor is exactly that. In remarks published in the April 2, 1997 edition of the daily *Clarín*, he boasted: "I only put money into sectors that generate profit. Investments in land are real estate investments, unrelated to production." Although by 2000 Soros had divested himself of many of the Argentine holdings he had acquired years earlier, he started buying up land again after the 2002 peso devaluation, which made land very cheap.

Adecoagro was founded in 2002, and quickly bought up 225,000 hectares of land at bargain-basement prices in Argentina, Uruguay, and Brazil. One of Soros's partners in Adecoagro is the Wabash, Indiana-based Halderman Farm Management Services, which appears to deal largely in real estate, helping financially strapped American farmers buy up cheap land in South America that bankrupt farmers there have been forced to abandon. Buenos Aires Capital Partners (BAC), an outfit with a history of involvement in hostile takeovers of Argentine companies by speculative vulture funds, is another Adecoagro partner, along with the Dallas, Texas-based international hedge fund manager HBK Investments. Farming? Not exactly.

Adecoagro has not yet officially withdrawn from negotiations with Sancor, although one Argentine daily euphorically reported Dec. 5 that Chávez's offer had "buried" Soros's plan, and that he was preparing to pull out to minimize "the discrediting caused by the national government's decision to intervene in this matter."

According to Argentina's Ambassador in Caracas, Alicia Castro, with Venezuela's \$80 million, which would most likely come from its National Development Bank (Bandes), Argentina's state-run Banco de la Nación then could step in to help refinance some of Sancor's debt. Unlike Adecoagro's plan, she told Buenos Aires Radio Mitre, the Venezuelan option would be a "virtuous" one. "It could become a structural project that would establish an unprecedented model of cooperation in the entire region."

In a Dec. 5 meeting with President Kirchner, Governor Jorge Obeid of Santa Fe province delivered a letter urging him to intervene to help defend the cooperative system which had aided so many small farmers. He later told reporters that Kirchner "has given us some really encouraging information as to various specific investment possibilities. . . . I'm really optimistic," he said, "about the President's firm decision" to keep Sancor in Argentine hands.