THE THREE AGRIBUSINESS MEGA-MERGERS: GRIM REAPERS OF FARMERS’ SOVEREIGNTY

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The ACB carries out research, analysis, capacity and movement building, and advocacy, and shares information to widen awareness and catalyze collective action and influence decisionmaking on issues of biosafety, agricultural biodiversity and farmer-managed seed systems in Africa. Its work both informs and amplifies the voices of social movements fighting for food sovereignty in Africa.
The global agricultural system is increasingly being shaped by corporations in their own interests. In the past 40 years we have witnessed a significant shift in power from nation states to corporations as the drivers in the global agri-food system. There are multiple dimensions to this change, including trade liberalization, privatization, deregulation and reregulation in favor of corporate interests, and corporate globalization. This has led to greater authority to corporations to dictate systems of governance and allocate risk in production and distribution systems, and has generated waves of mergers and acquisitions resulting in corporate concentration. Nation states continue to play a role, but not so much as mediators of power relations between capital and national populations. States are increasingly subordinated to the logic of capital accumulation, economies of scale and concentration of technical and financial expertise. This era has also expanded financialization of the system in numerous ways. Since the birth of capitalism, finance has been an integral feature of the system—the lubricant that animates processes of production and distribution. However, in the contemporary era, financial capital relies increasingly on financial engineering to create products (such as derivatives) that enable profit without investment in productive processes.

It is well known that trade liberalization under the General Agreement on Trade and Tariffs (GATT) and then the World Trade Organization (WTO) from 1994 onwards exposed agricultural producers to the discipline of global ‘competition’, generating a relentless drive towards economies of scale. This distorted type of competition operates in a completely uneven playing field. The trade regime under the WTO is heavily rigged in favor of United States, European, Canadian and Japanese corporate interests. These advanced capitalist economies continue to provide enormous subsidies to corporations. This allows them to export surpluses below the cost of production, undermining productive activities by smaller producers around the world. The trade regime has forced the opening of trade even if this is not required through minimum market access agreements. Developing countries have been stripped of the tools that could allow them to build domestic production and protect strategic sectors (e.g. agriculture for food production); tools which the core capitalist economies used to protect and build their own industries in the face of global competitors in earlier eras.

The focus of this piece is on the three agribusiness mega-mergers taking place in agricultural biotechnology, seed and agrochemicals. These mergers are indicative of broader processes and the threats they pose to economic participation, social equity and ecological sustainability, as well as to food and seed sovereignty.

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Photo
Activists resisting against Monsanto (Córdoba, Argentina, 2015). Photo by Pablo Ernesto Piovano.
MERGING PRIVATE INTERESTS FIRST, PUTTING PEOPLE’S LIVES SECOND

The global commercial seed and agrochemical sector is dominated by the proverbial ‘Big Six’ seed and agrochemical giants: BASF, Bayer, Dow, DuPont, Monsanto and Syngenta. These behemoths currently control 75% of the global agrochemical market, 63% of the commercial seed market and over 75% of all private sector research and development (R&D) in these sectors. This oligopolistic situation, which has already resulted in loss of peasant autonomy, deepened structural inequalities and environmental damage, is about to get a lot worse with three mergers, which are going through competition authorities at the time of writing: US chemical giants Dow Chemical and DuPont are set to merge, China National Chemical Corporation (ChemChina) is set to acquire Syngenta, and Bayer to acquire Monsanto. The proposed Bayer-Monsanto merger will give control of 30% of the world’s commercial seed market and 25% of the world’s commercial pesticide and herbicide (agrochemical) markets to just one company.

Competition authorities in 30 countries are evaluating these mergers. Antitrust and competition laws typically focus on narrow competition issues within segmented markets and consider the mergers on a ‘first-come, first-served’ basis. Competition authorities do not take into account public interest issues, unless these are directly linked to competition matters. The authorities will look at areas where merging companies have overlapping assets or their combined market share in a specific segment of the market (e.g. broad spectrum herbicides used on maize). But they are unlikely to consider the extent to which the mergers exacerbate the social inequities and ecological problems caused by industrial farming. What will not bear on decision-making is the effect of the dominance of a cartel-like technological platform in biotechnology traits, seed production and patented agrochemicals that lock out competition from alternative technologies and production systems. Significant cross licensing reinforces the dominance of this platform, which is constructed around genetically engineered and hybrid seeds, and integrated with particular chemicals that cannot be ‘uncoupled’; the traits, seed and chemicals form indivisible packages. The mergers will entrench this platform, as future R&D will be structured to seek ways of taking advantage of new combinations of intellectual property (IP), seed and chemicals available in the enlarged technology pool of the merged entities.

This dominant technological pathway is strongly characterized by specialization, especially in terms of the food crops that are researched and developed, resulting in a focus on only a few commercial crops and providing limited alternatives. Such a regime removes innovation from peasants and other people working in rural areas and converts them into passive recipients of top-down innovations that favor private corporate interests. IP protection—either through patents or plant variety protection based on the International Convention for the Protection of New Varieties of Plants (UPOV)—plays a critical role in entrenching market control, through long term exclusive ownership and control of technologies, licensing and bundling of technologies. This locks farmers into an externally constructed seed system, both obliging them to use proprietary brands and prohibiting them from exercising their historical rights to save, use, exchange and sell farm-saved seed, despite these rights being recognized in the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA).
The IP regime has permitted Monsanto to construct a dominant technological platform based on its own patented technologies, seed traits and agrochemicals. Of particular importance are its (now expired) patent on glyphosate herbicide, sold under its brand name ‘Round Up’, and thousands of patents on genetically modified (GM) traits, sequences and processes. Monsanto has been able to use licensing to control processes of innovation. All major seed companies produce on the basis of licensed technologies from Monsanto. Ironically, thus, despite the existence of global competition policies, all the merging companies are also locked into the technological platform built on Monsanto’s patented biotechnology traits and agrochemical compounds built on the basis of a few core crops—maize, soybeans and cotton. These mergers will merely reinforce the stranglehold of this platform.

**FIGHTING BACK THE Mergers: Planting the Seeds of a Global Struggle**

Civil society groups globally are contesting this consolidation of the hegemony of large-scale commercial farming and corporate agri-business within agricultural value chains. This is driven by a strong ethos of food and seed sovereignty, supporting the struggles of peasants around the world to build alternative food systems. In the United States, Food & Water Watch (FWW) and the National Farmers Union (NFU) have strongly challenged the merger between Dow and DuPont. Groups in South Africa have opposed the locking of agri-food systems into a high input technological pathway driven by corporate profitability and shareholder returns. In Europe, a coalition of groups representing millions of farmers and consumers oppose these mergers as ‘a marriage made in hell’, presenting major threats to Europe’s food and farming systems.

It is estimated that, globally, we have lost 90–95% of farmers’ varieties over the last 100 years and that the rate of loss is 2% per year. This has a huge impact on farmers’ resilience and rights, and is ecologically unsustainable, because hybrid and genetically modified seed programs on offer by these merging entities are for a mere handful of commercial crops. In Africa, Asia and Latin America in particular, peasants and smallholder farmers—especially women—continue to play a central role in maintaining and enhancing agricultural biodiversity. However, corporate expansion into seed, soil health and crop protection is displacing this diversity. This poses serious threats to the long-term future of agricultural production linked to a natural base. Techno-utopian dreams, such as synthetic biology, to replace natural processes of food production will only widen the gap between the rich in their enclaves and those who are locked out of access to resources required to reproduce themselves and their communities. As long as control and access to technologies remain in the hands of private interests, each new technological wave will deepen social and ecological crises.

For peasants, the real challenge lies in increasing diversity and building resilience to climate change. What they need are holistic approaches to pest management and diversity, locally adapted varieties, which they can save and reuse without paying royalties. Peasants and consumers (and our ecosystems) also need a diversity of crops, both to diffuse risk in challenging farming conditions and to ensure a sound and diverse nutritional base.

The economic repercussions of concentration play out in an even more insidious manner for peasants and rural communities. As explained by the United...
Nations Special Rapporteur on the Right to Food, smallholder farmers produce 70% of the food consumed worldwide and yet are traditionally the least competitive players in the food value chain. The stronger market power of a few firms and decline in public sector research—a consequence of neoliberal extractivist economic policies and concomitant concentration—means that peasants will pay higher prices for corporate seed, as the firms will carry over the cost of their R&D investments into the products that they sell.

Rising seed prices are also a result of stacked GM traits, with increasing technological fees and royalties on seed. These mergers will generate more of these stacked seeds at a high price for farmers. Seed prices are a significant share of input prices, especially for peasants and smallholder farmers. Their customers are more often the rural poor, and this constituency will, therefore, be hit the hardest by rises in seed and input prices in the form of higher food prices.

**TIME TO RECLAIM PEASANTS’ FOOD AND SEED SOVEREIGNTY**

In a nutshell, these mergers will expose peasants to seed price shocks and limit the variety of seeds that they access, while also further undermining the contribution made by women—as seed custodians—to food and seed sovereignty. As fewer resources are made available for alternative, more context-appropriate seeds and crop protection methods, smaller farmers will simply fall by the wayside, unable to compete at the necessary scale to justify the expense of adopting the predominating technological packages.

Our demands must, thus, be that states take political decisions to stop these mergers. It is vital that states fulfill their human rights obligations by adopting policies and laws that recognize and protect peasants’ rights, as currently discussed in the negotiations for a UN Declaration on the Rights of Peasants and Other People Working in Rural Areas. States must ensure that peasants are at the center of programs that support and develop a diversity of resources and production methods appropriate for their conditions; and that support their own capacities to revive and use indigenous seed varieties and maintain and enhance agricultural biodiversity. Peasants are uniquely positioned to play this role.

**INSIGHT 7.1 Fumigated and Undernourished: Argentina Fights Back to Reclaim Food Sovereignty**

Marcos Ezequiel Filardi

Since the dawn of the 19th Century, Argentina’s dominant class has implemented an extractivist and export-oriented agriculture and livestock model that has fed on plunder. This has led to the loss of rights, as well as to the belittling and partial annihilation of the peasantry and of indigenous peoples. Over the last 20 years, the negative consequences of this model have been exacerbated by the ‘commodity consensus’, i.e. the expansion of industrial agriculture based on monocultures, genetically modified organisms and agrochemicals, as well as the export-oriented agribusiness and supermarket industry.
AN OPEN-AIR LABORATORY FOR GENETICALLY MODIFIED ORGANISMS AND AGROCHEMICALS

The glyphosate-resistant soybean was swiftly approved for use in Argentina: It took a mere three months over the summer of 1996, a 135-page dossier and a sole Monsanto corporation report. With the exception of a few critical voices, the introduction of genetically modified organisms did not initially face major resistance. This is a clear example of the process known as ‘bio-hegemony’. Today, these soybeans cover 60% of the country’s cultivated land, turning Argentina into a province defined by Syngenta as the ‘United Republic of Soybeans’. Over the last 20 years, the National Commission on Biotechnology (CONABIA) has given commercial authorization to 41 varieties of genetically modified soybeans, maize, cotton and potatoes, 38 of which contain or are resistant or tolerant to different agrochemicals.

The intensive use of agrochemistry is not limited to genetically modified crops, but is used in almost all agricultural production. By December 2016, there were 4,727 authorized commercial formulations, 249 of which were approved during the previous year, leading to an annual turnover of more than $US 3 billion. Between 2003 and 2015, consumption of agrochemicals increased by 850%, going, in the case of glyphosate, from 3 kg per hectare per year in 2003 to 11.7 kg per hectare per year in 2015. During this period 360,000,000 kg of agrochemicals were spread over 30 million hectares of land. As a result, between 12 and 15 million people are exposed to the fumigation of agrochemicals on a daily basis. In different locations across the entire country, areas have become known as the ‘fumigated towns’. Additionally, the use of agrochemicals has hit the entire population of Argentina (42 million) through the contamination of water, air, soil, breast milk, fruit, vegetables and highly processed foods, where pesticide residues are being detected at ever-higher levels.

Many human rights and environmental organizations, as well as academics and scientists undertaking ‘dignified science’, are increasingly reporting higher rates of genetic damage and chronic non-communicable diseases linked to exposure to agrochemicals in fumigated towns. Examples include: cancer, deformities, disruption of the endocrine system, neurodegenerative disorders, infertility, miscarriage, respiratory diseases and skin conditions.

A MODEL THAT VIOLATES HUMAN RIGHTS AND DESTROYS FOOD SOVEREIGNTY, NATURAL RESOURCES AND THE COMMONS

The agri-food system that is dominant in Argentina worsens forced displacement of peasants and indigenous peoples and increases land concentration, land grab and the transfer to foreign ownership; clearing and deforestation; flooding; soil erosion and desertification; destruction of wetlands and rainforests; and loss of biodiversity. It also increases carbon emissions that contribute to climate change.

This model impedes people enjoying and exercising their human right to adequate food and nutrition and food sovereignty. Firstly, if the external commodities market is prioritized, then the internal availability of food is not guaranteed, and production for the local population is removed, displaced or marginalized. Secondly, access to food is hindered for large sectors of the population, who consequently suffer from hunger and malnutrition. This is due to a limited supply of local food coupled
with the high concentration of economic power across the entire agri-food chain, the high levels of unemployment, poverty and destitution and the lack of an integrated social security system. Thirdly, by offering cheap calories and expensive nutrients, and foods (including water) contaminated with agrochemicals and heavy metals, the adequacy of food is badly impacted. This is also linked to the intensification of other food production methods (such as animals fed with grain produced from genetically modified organisms with agrochemical, hormone and antibiotic residues), and to the oversupply of highly processed foodstuffs that are high in fats, sugars, salt and additives. As a result, this model does not only create hunger, but also leads to malnutrition, obesity and chronic non-communicable diseases that are linked to diet.43 Finally, by destroying natural resources and the commons, food sustainability is affected, putting at risk the rights for present and future generations.

IMAGINING AND BUILDING OTHER POSSIBLE WORLDS TOGETHER

The state—at all levels—has been captured by the interests of those who support, benefit or legitimize the dominant agri-food system. These include cereal and seed corporations, producers and suppliers of agrochemicals, and the chemical, food, pharmaceutical, oil, transport, logistics, finance and supermarket industries.44 The government is therefore failing to fulfil its obligations to respect, guarantee and adopt measures to ensure the Argentinian people’s basic human rights to life, to adequate food and nutrition, to water, to health, to a healthy environment and to the rights of children.

However, the resistance movement against the dominant agri-food model is mounting and other possible worlds are being built collectively. There are numerous examples that show that people are waking up: the strengthening and organization of indigenous peoples, peasant and social movements;45 the Network of Doctors of Fumigated Towns;46 the Lawyers for Fumigated Towns;47 the National University of Rosario socio-environmental camps;48 the Network of Chairs for Food Sovereignty (CALISA) and related groups;49 and socio-environmental assemblies.50 There is a growing awareness about the consequences of the dominant model, leading for instance to the formation of a National Network of Municipalities and Communities that support Agroecology.51 Additionally, farm to plate festivals,52 farmers’ and producers’ markets, as well as cooperatives and fair trade partners have multiplied manifold,53 whilst young neo-ruralists are spreading across the country. What is more, Argentina has witnessed a legal battle led by the Mothers of Ituzaingó Anexo;54 the withdrawal of Monsanto from the Malvinas Argentinas municipality, in the province of Córdoba, as a result of social protest;55 and ever-larger mobilizations taking to the streets to stand up for natural resources and the commons.56 Furthermore, there is a strong presence of Argentinians and the inclusion of a chapter on Argentina in the International Monsanto Tribunal.57 There was also a multidisciplinary action against the ‘Monsanto Seed Law’.58

These are just but a few examples that illustrate how the people of Argentina are rising up, joining forces and and fighting back to reclaim food sovereignty and buen vivir.

40 As this article was being reviewed in April 2016, five provinces of Argentina were flooded. For more information on the link between the soybean industry and flooding, please see Behrend Kramert, Filipe et al., ‘Desplazamiento de la ganadería por la agricultura en una cuenca de La Pampa undada: efectos sobre el escenario superficial y erosión hídrica’, Ciencia Suelo 51(3) (2013): 83–92. Available in Spanish at: www.cedla.org.ar/cce/g御o/ced/ as_cedla19751292672205950090008.html. Please also see: Bertram, Nicolas y Sebastian Chiaschiera. Ascenso de mapos en la Región Pampeana: consecuencia de los cambios en el uso de la tierra, INTA EEA Marcos Juárez, 2013. Available in Spanish at: www.abcspueblosfumigados.blogspot.com.ar/.
43 The last Survey of Risk Factors revealed that 60% of the adult population of Argentina is overweight and 50% is obese, while 35% of children and adolescents are overweight.
45 Amongst others, the National Peasant and Indigenous Movement (MNCI), La Vía Campesina, and the Confederation of Workers of People’s (CTEP). For more information, please visit: mnci.org.ar/ and ctepargentina.org/
46 For more information, please visit: www.redtvivir.org/.
47 For more information, please visit: www.abcspueblosfumigados.blogspot.com.ar/.
48 For more information, please visit: www.fcm.unr.edu.ar/index.php/es/campamentos-sanitarios
49 The Network of Chairs for Food Sovereignty (CALISA) comprises over fifteen spaces in Argentinean public universities, which work as a network. They discuss the dominant food model and contribute to the collective construction of another model based on food sovereignty. For more information, please see: de Gorban, Miyan K., ed. Seguridad y Soberanía Alimentaria. Buenos Aires: Editorial Akadis, 2015; and, among others, catedralibredesoberaniaalimentaria.blogspot.com.ar/
50 Self-organized collectives of citizens who meet and collectively confront environmental problems that affect them. For more information, please visit: catedralibredesoberaniaalimentaria.blogspot.com.ar/
In 2011, the French dairy products group Lactalis acquired the Italian dairy giant, Parmalat along with its 70,000 plus employees. In doing so, it positioned itself as a world leader in dairy products. Shortly after, in 2016, the conglomerate followed this up by launching a buyout offer for the remaining shares in Parmalat, another dairy global player. In the meantime, company buyouts are being pursued in all four corners of the globe (Tirumala Milk in India, A2K Gida in Turkey, Batavo and Elegé in Brasil, Emeralda in Mexico and Lactalis in Eastern Europe). This article aims to bring to light the impacts of the activities undertaken by transnational corporations such as Lactalis on the lives of the men and women engaged in dairy production and peasants, especially in Italy and France.

In Italy alone, the Lactalis Group comprises five large companies (Parmalat, Locatelli, Invernizzi, Galbani and Cadermartori) and holds 33% of the traditional market for Italian milk, representing 34% of the mozzarella industry, 37% of fresh cheeses and 49.8% of cheeses like ricotta. In France, Lactalis is the second largest firm in the agrifood sector (with 20% of the national market for fresh products, 18% of the market of milk for consumption and 15% of the butter sector), and its year on year growth continues. But this logic—based on profit and market expansion—succeeds only to the detriment of small local milk producers and not without impact on the quality of the final product consumed by the population.

In fact, the constant reduction of the price at the farm gate forces producers to industrialize their production methods and pushes cows to produce more than their natural potential, making production more artificial and degrading the natural qualities of the milk.

Lactalis has always pursued a supply policy with a strong dependence on producers that are positively engaged with the company’s policies. This is, in part, due to the provision of tankers and ‘in-house’ producer groups (i.e. producer organizations set up by the industrial buyer) under exclusive contract for the company. Aside from this exclusivity, Lactalis also keeps its farmer-suppliers under its control by using intimidation. The contracts implemented in 2012 with the European ‘Milk Package’ have accentuated the enslavement of producers and their economic dependence on dairies. Lactalis, known for the harshness of its policy towards employees in its own factories, took this opportunity to include unfair clauses in contracts for the supply of milk, one of which bans farmers from inflicting damage on the company’s image.

In Italy, the French group reduced the amount paid to milk suppliers, even though they had requested the price paid should at least cover production costs, which range from €0.38 to €0.41 per liter. During the journey from field to shelf, the price of milk can quadruple. The difference between the price paid by Italian consumers and that paid to milk producers is the highest in Europe.

In France, Lactalis recently notified five producers that it was terminating their collective contract on the basis of its own clauses, in particular the one relating to the protection of the company’s image. The group reproached them for having testified about the company’s practices during a French television documentary, ‘Special Envoy’, on the Lactalis empire and its CEO, Emmanuel Besnier. An ‘explanatory’ letter sent to one of the farmers reads: ‘You appear to disagree with
our milk supply policy, this nevertheless remains our responsibility and cannot in any case be subject to such denigration.”

“The inequity of current dairy contracts is no longer in doubt: moral harassment, abuse of economic dependence, and interference with freedom of association among others. In the countryside, the harm has been done. Almost all of the producers supplying Lactalis no longer dare to express themselves. Without income or prospects for the future, they are more and more isolated, and now deprived of their freedom of speech and action. In 2016, in order to denounce this situation, the Confédération Paysanne filed complaints for extortion against several dairies, including Lactalis, in several French departments.

The lesson to be learned from the actions of Lactalis is the urgent need to reintroduce systems to regulate dairy markets and mechanisms to distribute wealth at all levels through renewed government involvement. It is, indeed, the latter’s disengagement which makes such abusive practices possible. The examples presented here also illustrate the importance of establishing producer groups independent from dairies to defend farmers and vulnerable producers because of the contracts imposed by agribusiness multinationals. But it is important to recognize that the disengagement of public authorities is first and foremost the cause of these abusive practices. It is essential that governments monitor dairy companies and ensure that national and European rules are respected in order to protect workers, the public and, above all, our land’s productive resources. Any revision to the Common Agricultural Policy (CAP) must absolutely include the reintroduction of market management measures.