


Farming mega-mergers threaten food security, say campaigners

Deals would put the majority of seeds, chemicals and GM traits in the hands of three companies, deepening poverty for small-scale farmers

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When an Indian farmer plants his cotton crop, there's at least a 75% chance the seeds have been bought from a company owned by Monsanto. If a Latin American farmer sprays insecticide on her genetically engineered soya beans, the chemical is more than likely to have been provided by German chemical and drugs company Bayer or by US firm Dupont.

And when African farmers add chemicals to their maize fields or plant it's odds-on that they have come from Swiss company Syngenta.

Until recently, six or seven global agri-food businesses competed with each other for a share of the world market for seeds and chemicals. But if EU and US regulators allow a series of mega-mergers to take place, within months just three companies will be left in control of nearly 60% of the world's seeds, nearly 70% of the chemicals and pesticides needed to grow food and nearly all of the world's GM crop genetic traits.

The mega-deals now being scrutinised by governments and the EU include the \$66bn (£51bn) agreed takeover of US seed, chemical and biotech company Monsanto by drug and German gene firm Bayer; US chemical company Dow's intention to merge with chemical conglomerate rival DuPont; and ChemChina's plan to buy massive Swiss seed and gene group Syngenta for \$43bn (£33bn).

Include the mergers of several of the world's biggest fertiliser companies, and moves by the world's largest farm equipment companies to invest in big data, robotics and farm surveillance technologies, and the consolidations are seen as taking global agriculture into a new era.

Alarmed EU, US and Latin American consumer, environment and anti-trust groups this week claimed that the three mega deals have the potential to concentrate political and financial power dangerously and could force more countries to adopt a single model of farming that excludes or impoverishes small farmers.

With seeds, chemicals, research and lobbying power in the hands of a tiny group of immensely powerful companies, they say, the small farmer will inevitably be blown away, competition could be stifled, and food and farm input prices will rise.

In a report to be shortly published on the growing concentration of power in the agri-food industry, the International Panel of Experts on Sustainable Food Systems (Ipes) is expected to say that "an unprecedented wave of corporate consolidation is under way".

“New technology and data-driven synergies could lead to three companies controlling 60% of seeds and 70% of agrochemicals worldwide with still greater oligopoly possible - a historic power shift throughout global agricultural inputs and even greater crop and livestock vulnerability through uniformity,” says an early draft of the report seen by the Guardian.

The consolidation means that each of the big three corporates will also be positioned to access massive banks of genetic data, seen as crucial to companies growing in places like sub-Saharan Africa with burgeoning populations and food shortages.

“The mergers will enable pharmaceutical and agriculture companies to become big data companies,” says Catherine Wood, CEO of Ark investment management. “When you sequence a human genome, or a seed, what you get out of it is data.”

Olivier De Schutter, former UN special rapporteur on the right to food and a co-chair of Ipes, says the mergers will make developing countries a more attractive target for corporate farming.

“The frontier of industrial agriculture is moving towards sub-Saharan Africa. There is a huge market there which the seed companies [say] will grow very significant in the next few years.

“They will be in a position to dominate this market. Sub-Saharan Africa is becoming the battleground of the giants,” says De Schutter.

Colin Hamilton is Maquarie bank’s global head of commodities research in London: “These mergers show companies are looking for technological advance and improved yields. China gets half the corn output of the US, so it wants to catch up. It wants technology from Syngenta.”

Some of the shift to corporate consolidation and a US system of agriculture led by genetic engineering is being driven by demography and technology, he says. “Most farmers in countries like China are aged over 50. Young people [no longer] want to farm.”

Technology and agriculture watchdog group ETC argues that the takeover frenzy is no longer just about seeds and pesticides but about global control of agricultural inputs and world food security.

“Anti-competition regulators should block these mergers everywhere, and particularly in the emerging markets of the global south, as the new mega companies will greatly expand their power and outcompete national enterprises [there],” said ETC’s director, Pat Mooney, a group which monitors global agribusiness and agricultural technologies.

Mooney says the mergers are linked to companies wanting control of big data and access to patents, gene traits and intellectual property.

“These deals are not just about seeds and pesticides, but also about who will control big data in agriculture. The company that can dominate seed, soil and weather data and crunch new genomics information will inevitably gain control of global agricultural inputs - seeds, pesticides, fertilisers and farm machinery.”

“Dominance may go to the biggest companies best able to manage the data and the DNA to their own advantage,” he says.

The mergers have created alarm throughout Latin America and raised concerns about increased prices, more privatisation of research and political pressure, says Silvia Ribeiro,

director of ETC's Latin American office in Mexico.

“[There is] huge pressure from these giant companies to make laws and regulations in our countries that allow them to dominate markets, crush farmers' rights and make peasant seeds illegal,” he says.

“Together, these mergers are set to re-shape world farming, potentially raising prices for growers and consumers around the world,” says Adrian Bebb, senior food, agriculture and biodiversity campaigner for Friends of the Earth Europe, who has described the Bayer-Monsanto takeover as a “marriage made in hell”.

By concentrating market control and access to seeds and land among a handful of corporations, Bebb says millions of small farmers in developing countries stand to become impoverished. “From Africa and Asia to Latin America and the EU, corporate control over markets and supply chains is displacing millions of small-scale farmers.

“These dynamics have created some of the world's highest rates of poverty and hunger among small-scale food producers and rural communities worldwide.”

Bebb and others argue that the mergers have little to do with solving world hunger. “Research consistently demonstrates that world hunger is not a problem of supply, but rather of poverty, lack of democracy and unequal access to land, water and other resources, especially for women.

To avoid the absolute control of the global food supply by a few companies, money should be invested heavily in grassroots farming, he says.

“Smallholders are the backbone of world food supply; they represent over 90% percent of farmers worldwide and provide more than 80% of the food consumed throughout much of the developing world, particularly southern Asia and sub-Saharan Africa.

The battle to stop the mergers will not just be decided by regulators. Powerful farm movements in many developing countries frightened by the immense power that the corporates will wield, plan to take their concerns to the UN and international meetings in Indonesia, Mexico and elsewhere over the next few months.

One of the most important meetings will be in Rome where the UN's Food and Agriculture Organisation's committee on world food security meets next month.

“Virtually all of the world's governments, farmer organisations and many agribusinesses companies will be in the same room for a week, with food security on the official agenda. There are going to be a lot of angry people there wanting to stop these mergers,” says Ribeiro.

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