



Monsanto's royalty grab in Argentina

Or: How corporations get their way with a little help from their friends in government

A dramatic comedy in three acts (with more to come)

Behind many big promises of “technology transfer” and “feeding the world” lies a brutal truth: biotechnology corporations like Monsanto only care about profits. They are not offering genetically modified (GM) seeds to the South out of charity. They want to take over seed markets and squeeze farmers for as much as they can get – which, even in poor countries, can be a lot. The formula seems to be this: focus on the major cash crops (cotton, soybeans, maize, etc), find an entry point, contaminate the seed supply and then step in to take control. Argentina, the first country outside of North America to start planting GM crops, is a case in point. But the same pattern is being reproduced around the world, as with GM cotton in India and West Africa. The story of what has happened in Argentina should serve as a stark warning of what occurs when GM agriculture takes root.

Act One: The Infection

1996 – The government of Argentina approves the commercial planting of Monsanto's GM Roundup Ready (RR) soybeans. Farmers save, multiply and sell the seeds to other farmers, as they always have, and the area planted to RR soybeans grows exponentially – from less than a million hectares in 1996 to 14 million hectares in the 2003-2004 growing season. RR soybeans also start to cross Argentina's borders, with people smuggling them into neighbouring Brazil, Paraguay and Bolivia, where cultivating GM crops is banned.

Monsanto's patents on RR soybeans are not recognised in Argentina. The company's rights over the GM seeds are limited to the country's Seed Law – a plant breeders' rights regime that allows farmers to save seeds for their own use but not to sell them “over the fence”.¹ Still, Monsanto does nothing to stop the large-scale “brown-bagging” taking place. It sits back and watches its GM seeds and the use of its RoundUp herbicide expand over the Southern Cone, as the large landholders of the Pampas and surrounding areas adopt the industrial no-till farming system of RR soy on a massive scale.

For many, the absence of any complaints from the company during these early years confirms what they suspected from the start: the spread of GM crops through contamination and the violation of national laws is a conscious and intentional strategy of the transnational seed corporations.

Act Two: The Threats

2001 – With GM soy agriculture entrenched in Argentina and spreading fast throughout the region, Monsanto begins to threaten farmers over their “illegal” use of RR seeds and demand that the Argentine government enforce the law. Some police raids are carried out, but the selling of farmer-saved seeds goes on. Soybean plantations also continue to spread, moving beyond the farming frontier into the last remaining forests of the Chaco region and other fragile ecosystems in Argentina, Paraguay and Brazil. By now the “Maradona” soybeans, as the GM seeds smuggled from Argentina have come to be called, are famous in Brazil.

Against the Grain

Meanwhile, Monsanto, under pressure from US soybean farmers complaining about unfair competition, starts to put in place its own measures. In 1999, it begins selling its seeds through contracts that require “extended royalties”. Under this system, Argentine farmers are required to pay US\$2.00 plus tax for each 50-kilo bag of seeds that they save from their harvests for their own use.² While the contract violates the country’s Seed Law, which allows farmers to use their own seeds with no strings attached, the government of Argentina does not object.

Monsanto defends the “extended royalty” scheme as a way to recover its investments in research and development. The company says the royalties are merely minimal fees, applied on “a broader and fairer base, together with the royalties charged for seed certification.” But this is not where the story ends...

Act Three: The Takeover

2004 – Monsanto begins the year with a dramatic *mise-en-scène*. In January, it announces, “We are suspending our soybean business [in Argentina] because it’s simply not profitable for us.” The company points its finger at brown-bagging farmers as the culprits of its misfortune.³ It threatens to limit its activities in Argentina to its maize and sorghum seed businesses, while vigorously denying that its decision has anything to do with “pressuring the government”.

A few days later, National Agriculture Secretary Miguel Campos happens to announce that the government is studying a draft “global royalties” law that would be built around a new “technology compensation fund”. The fund would be managed by his Department and financed by a 0.35 to 0.95% fee paid by farmers on the sale of their soybeans to elevators and exporters. Royalties, in recognition of “inventors’ rights”, would be paid out to seed companies from the fund.⁴ Like some form of “farmers’ rights” turned inside out, the scheme boils down to a federal tax levied on farmers that goes directly into Monsanto’s pockets. When the proposal is widely denounced by farmers’ organisations, the President of Argentina sends it “informally” to some Parliamentary committees where it sits, unable to make any progress.

Out of the deadlock comes another tactic. Even though Monsanto does not have patent rights over the RR transgene in Argentina, the company announces on the 19th of August that it will start enforcing patent rights on it anyway – by collecting royalties on incoming shipments of Argentine soybeans in any country where Monsanto’s gene patent is in force.⁵ Monsanto launches this new offensive with advertisements in major newspapers claiming that during the 2003-2004 season, “the legal, certified seed market does not account for more than 18 percent of the 14 million hectares of the planted [soybean area of Argentina].”

The government responds with its own special effects. The Secretary of Agriculture proclaims that Monsanto’s scheme amounts to “extortion” and is “unacceptable” because “in a serious country, the payment of rights should take place through institutional channels.”⁶ But on the 22nd of August, authorities sit down with Monsanto and the seed organisations. They set aside the histrionics and strike an agreement to set up a “Technology Compensation Fund” within the next 45 days, to be made operational by year end through a law or some new Ministerial Resolution.⁷ Once again, the government has made Monsanto very happy.

Epilogue

Of course, this story will go on. All we know for sure at this point is that small farmers are suffering and will continue to suffer the most as this plot unfolds, and that Monsanto’s royalties are certain to be drawn from the pockets of Argentine society.

We also know that Argentina is not an isolated case. In neighbouring Brazil and Uruguay the same pattern was set off with the runaway spread of RR soybeans. At first, Monsanto worked with the illegal GM soy producers to pressure governments to legalise the crop. In Brazil, once the GM soy became legal, the company moved in to put an end to the “black market”. The government offered an amnesty to farmers registering their crops as “GM” soy, and then Monsanto worked out an agreement with certain producer organisations, soybean crushers, cooperatives and exporters to force farmers to pay royalties. Under the agreement, farmers pay a fee of between US\$3.45 and US\$6.90 a tonne when they drop their harvests off at the elevators. The elevators are responsible for collecting the fees and, in exchange, they keep a percentage. If farmers don’t declare their soybeans as “GM” they’ll have their soy crops tested, leaving them liable to thousands of US dollars in fines and penalties if the tests prove positive, even if they unknowingly planted GM soybeans.

Will the next royalty grab unfold in India, where Bt cotton is out of control? Or in Mexico, where the centre of origin for maize has been deeply contaminated? What about in West Africa, where the introduction of Bt cotton appears imminent, putting the entire region on the verge of rapid contamination? Or in South Africa, where GM agriculture is expanding and where the borders to neighbouring countries are even more fluid than those of southern Latin America? The situation is still uncertain, but one thing is for sure: no one should expect the biotech industry to be fair, charitable or accountable.

Endnotes:

- ¹ Ley de Semillas 20247, <http://infoleg.mecon.gov.ar/txtnorma/34822.htm>
- ² Nidera, <http://ebiz-nidera.com.ar:8087/catalogo/regalia.aspx>
- ³ La Opinión de Rafaela, <http://www.laopinion-rafaela.com.ar/opinion/2004/01/22/p412209.htm>
- ⁴ Bolsa de cereales (Argentine grain exchange), <http://www.bolsadecereales.com/vermedio.asp?id=1100>
- ⁵ AGM News, <http://www.agmnews.com/noticias/main.cfm?notc=32461>
- ⁶ INFOBAE, <http://www.infobae.com/notas/nota.php?Idx=141067&IdxSeccion=100419>
- ⁷ La Nación http://www.lanacion.com.ar/economia/nota.asp?nota_id=638765

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