
Dow, DuPont, Monsanto and Syngenta Take Over Brazil's Corn

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Recent news from media sources would have readers believe that Brazil is euphoric in its corn production. It is true that we are seeing some impressive figures, and never have we exported so much corn. Predictions show that corn production will only increase in 2008.

And according to analyses being done by agribusiness, the expectation is that Brazil will become the biggest exporter of corn in the world.

On the other hand, the scene has never been so sober for family farms and food security. For some time now, big multinational corporations have been investing in and gaining control over the food chain on a global scale. In this strategy, the seed industry holds a key role.

Big corporations have adopted an aggressive policy of acquiring seed companies on all continents, setting up an growing oligarchy in this sector. One example is that of Monsanto, which according to a 2005 report of the ETC Group, controls 41% of the global commerce of corn seed.

In Brazil, it is the same reality. Since the 1990s, multinationals have increased their control of the seed market. Soon after the approval of the Law of Protection for Cultivation in 1997, the multinationals have acquired 22 companies.

And the corn industry in particular has been a preferred target in this offensive, demonstrating very clearly that there exists a situation of oligarchy in this area.

In the last few months, two big multinationals have deepened their involvement in this situation. In August, Dow Agroscience bought out Agromen, which held 10% of the Brazilian corn seed market. In September, Monsanto then announced its acquisition of the corn division of Agroeste. It is estimated that both Dow and Monsanto dolled out US\$ 100 million each in these purchases.

With the acquisition of Agromen, Dow now has more than 20% of the corn seed market, while Monsanto increased its participation in the same market to 30%, nearing DuPont/Pioneer, the front-runner with 33%. These three companies along with the Swiss company Syngenta almost totally control the Brazilian seed market.

But they are not ready to stop. Now it seems there is great interest in another Brazilian company, Santa Helena, in the state of Minas Gerais. Christian Pflug, manager of biotechnology and licensing of Monsanto corn left the company's intentions clear in a recent interview in the magazine, Valor Econômico:

"We are going to take every opportunity that comes our way to consolidate our position in the corn seed market, just as we have done in the United States."

One of the reasons for this frantic rush to corn is that it is currently a hot commodity in the international market. The United States announcement of its corn-based ethanol production plan has had a devastating effect on corn sales and its surge in price.

Certainly, other products will rise in price as US farmers abandon other crops in favor of corn for ethanol production. With the high demand for corn, principally in Europe, there has been a huge escalation in price, from US\$ 116.60 per ton in July of 2006, to nearly US\$ 165 in 2007.

Although Brazil may be a big producer of corn, the crop has never occupied a distinctive place in exports. Until this year, the record for corn export happened in 2001 when 6 million tons were exported. In 2006, 4 million tons were exported. But the high demand has caused a real boom in Brazilian export.

It is estimated that by the end of this year, 8 million tons will be exported, double that of 2006. The favorable performance of corn on the market has generated high expectations. Even the Ministry of Agriculture is now saying that exports will soon reach 10 million tons.

And these expectations are not just limited to short term gains, but will extend themselves over the next 2-3 years when the US plans to substantially increase its ethanol production.

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