Seedling

biodiversity • cultures • food sovereignty

- Big Meat in the South
- Greenwashing palm oil
- Defending Mother Earth in Cochabamba

October 2010

GRAIN

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Back cover: "We are the backbone of the United States of North America". Demonstrator in Phoenix, Arizona, USA, July 2010. People converged to protest against a racist anti-immigrant law that was supposed to come into effect in Arizona on 29 July. On 28 July a federal judge issued a preliminary injunction blocking the law's most controversial provisions. The US food system relies heavily on poorly paid migrant workers, many of whom are working in the US illegally. (Photo: Anita Sarkeesian)

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GRAIN is a small international non-profit organisation that works to support small farmers and social movements in their struggles for community-controlled and biodiversity-based food systems.
To find out more about GRAIN, visit www.grain.org.

Seedling

Seedling is GRAIN's quarterly magazine, published in January, April, July and October. It provides background articles, news, interviews and much more on the issues that GRAIN works on. Seedling is available free both in paper format and on GRAIN's Seedling website (www.grain.org/seedling). To receive Seedling in paper format or to inform us of a change of address, please contact GRAIN at the address or email above.

Seedling is published as a collective effort of GRAIN staff. If you would like to contribute an article or other information to Seedling, please contact us. Outside contributions are attributed to their respective authors.

Printed on 80% recycled paper. Deposito Legal No. B-25.166.92, Spain. ISSN: 1002-5154

Wrong road to Cancún

editorial by the World Rainforest Movement

The World Rainforest Movement (WRM) is an international organisation that, through its work on forest- and plantation-related issues, contributes to bringing about recognition of and respect for local peoples' rights over their forests and territories.

The pulp and paper industry has grown over the years through an expansion of monoculture tree plantations over millions and millions of hectares of land. Disguised as "forests", these "green deserts" have encroached on vast territories and rich ecosystems of poor countries. The United Nations Food and Agriculture Organisation (FAO) has helped to perpetuate this distortion by including tree plantations in its definition of "forests", under the category of "planted forests". Other UN bodies, such as the Convention on Biological Diversity (CBD) and the Framework Convention on Climate Change (UNFCCC) recognise the FAO's definition.

But for communities whose land, soil, water resources, livelihoods and culture are devastated by monoculture tree plantations, the difference between a rich biodiverse forest and the barren life of an industrial tree plantation is crystal clear. These communities are being joined by a growing chorus of environmental and other organisations that also believe that "tree plantations are not forests". The Association for Tropical Biology and Conservation (ATBC) – a large world professional society on tropical forests – recently released a resolution urging the UN to remove tree plantations from its definition of "forest". The importance of a true and genuine definition of "forest" is crucial for the future of the world's forests.

Forests are increasingly subject to exploitation by corporate interests, who look at the rich complexity of forests with reductionist eyes. For forest peoples, the forest not only provides them with food, clothing, medicines, fuel and livelihoods but is also the schoolhouse of their children and the resting place of their ancestors. For big logging, oil, mining, pharmaceutical, or pulp and paper companies, such biodiversity-rich ecosystems are just a source of a single profitable commodity – whether wood, oil, gold, diamonds, or genetic resources.

This reductionist approach to forests is now being applied to an even less tangible "product": carbon. Forests are now being referred to as "carbon stocks" that can be traded in the global carbon market through a mechanism called "Reduced Emissions from Deforestation and Forest Degradation" (REDD), which has quickly become one of the main topics of discussion for governments within the UNFCCC negotiations.

Several rounds of talks are under way in the lead-up to the next International Climate Change Conference in Cancún, Mexico at the end of this year. Up to now, these negotiations have focused on guidelines for carbon reporting and assessment that will facilitate "creative" accounting and allow polluting countries to escape obligations to reduce their emissions.

At the same time, real proposals for addressing climate change are being ignored, such as those agreed upon at the World People's Conference on Climate Change and the Rights of Mother Earth held in April 2010 in Bolivia. The People's Agreement from that Conference states:

> *The definition of forests used in the negotiations of the United Nations Framework Convention on Climate Change, which includes plantations, is unacceptable. Monoculture plantations are not forests. Therefore, we require a definition for negotiation purposes that recognizes the native forests, jungles and the diverse ecosystems on Earth.*

Forest peoples themselves are also making their voices heard. For instance, the Baka, Bagyeli and Bakola communities in Cameroon are speaking out against REDD projects that the Cameroon government is attempting to put in place with funding from the World Bank's Forest Carbon Partnership Facility.

While the present climate crisis demonstrates the fundamental problems with the dominant global development paradigm, its driving forces are reluctant to change. This is why "solutions" for climate change are being devised around carbon trading and offsetting and the use of markets as financial mechanism for programmes and action. Such business incentives will fail to transform the processes and players that are at the root of the climate crisis – particularly large corporations – and will contribute to keeping "business as usual". They are a distraction from the urgent measures that must be taken to cut fossil-fuel emissions at source.

Within such a context, carbon shopping in forests is clearly the wrong road to Cancún.

Big Meat is growing in the South

GRAIN

People in the South appear to be eating a lot more meat these days. The UN Food and Agriculture Organisation (FAO) says that per capita meat consumption in developing countries doubled between 1980 and 2005, while the consumption of eggs more than tripled. What happened? According to some, the main factor has been rising incomes in Asia. But the bigger factor is on the supply side. Agribusiness corporations, backed by massive subsidies and government support, have ramped up global industrial meat production to formidable levels over recent decades, with devastating consequences for people, animals and the environment. Much of this is now happening in the South, where a rising group of home-grown transnational corporations (TNCs) is joining ranks with the older firms from the North to push Big Meat into every corner of the planet.

What is fuelling the galloping market for meat in the countries of the South? The short answer is an abundance of cheap, factory-farmed meat, behind which stands an abundance of cheap feed. Today's explosion in meat consumption in the South is really just round two of what happened years ago in the North, when companies began setting up factory farms and feedlots to convert mountains of subsidised cereals and oilseeds into animal protein for fast-food kitchens and supermarket aisles. The excess meat, from frozen chicken legs to cow entrails, was – and continues to be – dumped on poorer countries.

Big Meat – a collective name for the large corporations running meat production and trade – gets all kinds of subsidies in the US and Europe. Some argue that the actual price of a pound of hamburger meat in the United States should be around US$30 instead of the US$1–2 it sells for at mass retail centres.[1] If subsidies on feed alone were removed, the operating costs for US meat companies would be about 10 per cent higher, and you would likely start seeing fruit and vegetable stands replacing KFCs and McDonald's in poor neighbourhoods.[2] Meanwhile, the average cow in the European Union gets US$2.50 per day in subsidies, while two-thirds of the people in sub-Saharan Africa live on less than US$2 a day.[3] People in the US and Europe, especially the poor,

Photo: AP

Workers at the Bertin meat processing plant in Lins, São Paulo. JBS took Bertin over in 2010

are pretty much forced to eat cheap meat. And that model is now being pushed the world over.

Cheap feed is the bedrock of the US and European meat industry, and the lobbies of the transnational meat corporations such as Cargill, Tyson and Danish Crown, and their allies in food service and retail, are bent on making sure that these subsidies will not disappear soon. Of course, new sources of cheap feedstock have been opened up – especially the new expanses of soya production in the Argentine Pampas and the Brazilian Amazon – but this has not altered the dynamics. It has only fuelled the expansion of the meat industry to other parts of the globe.

Soya production has grown tenfold since 1960 (*see* Graph 1). The amount of fertile land devoted to producing this animal feed crop increased by 58 per cent since 1990, most of it in Brazil and Argentina. During the same period, the amount of land available for crops that people can eat directly has been in steady decline.[4] Moreover, soya is just one of the commodities typically turned into animal feed. Cassava, maize and other cereals have also witnessed a tremendous expansion in their production and use as industrial animal feed.

Table 1 shows the growth in the use of commercial feed around the world over the past 20 years. What is striking is the growth in the South. This increase in commercial feed mirrors an increase in industrial meat production. It tells us that factory farming is booming in poorer countries. People around the world are not just eating more meat, they are eating more industrial factory-farmed meat, and the implications of this are huge.

Table 1: Use of feed concentrate by region, 1980/2005

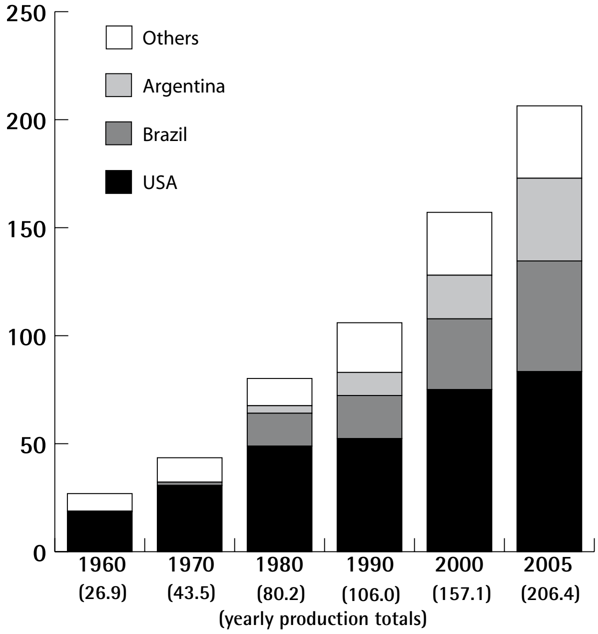
(million tonnes)

	1980	2005
Developed countries	**668.7**	**647.4**
Former centrally planned economies	296.5	171.9
Other developed countries	372.2	475.4
Developing countries	**239.6**	**602.7**
East and South-east Asia	113.7	321.0
China	86.0	241.4
Rest of East and South-east Asia	27.7	79.6
Latin America and the Caribbean	64.3	114.1
Brazil	33.4	54.9
Rest of Latin America and the Caribbean	30.9	59.3
South Asia	20.9	49.7
India	15.5	37.1
Rest of South Asia	5.4	12.6
Near East and North Africa	25.8	70.1
Sub-Saharan Africa	15.0	47.6
WORLD	**908.4**	**1,250.1**

Source: FAO

Graph 1: Global soya production, 1960–1985

(million tonnes)



Big Meat, developed by corporations in the North, is now a global phenomenon. And, as we shall see, in its rampage across new frontiers its armies are now often marching with flags of countries from the South. The old North–South lens needs some readjustment.

A new crop of meat giants

One of the reasons why industrial meat production is booming in the South is that the large meat conglomerates, like corporations in other sectors, have been using the architecture of neoliberal globalisation to shift their operations to poorer countries where they can produce more cheaply. US-based Smithfield, the largest pork producer in the world, has set up farms in Mexico and Eastern Europe. Another giant US meat company, Tyson, began producing poultry in China in the 1990s on a relatively small scale until 2010, when it brought two new poultry farms into production that will produce a total of 150 million birds per year. At around the same time, Tyson established a joint venture in India, bought into cattle feedlot operations in Argentina and took over three major poultry producers in Brazil. Several European poultry ☛

1 This is claimed by Moby and Miyun Park in their book *Gristle*, New York, The New Press, 2009.

2 "Below-cost feed crops: An indirect subsidy for industrial animal factories", IATP, June 2006: http://www.agobservatory.org/library.cfm?refid=88122
KFC stands for Kentucky Fried Chicken.

3 Gumisai Mutume, "Mounting opposition to Northern farm subsidies", *Africa Recovery*, Vol.17, No. 1, May 2003, http://www.un.org/ecosocdev/geninfo/afrec/vol17no1/171agri4.htm

4 See GRAIN, "Global agribusiness: two decades of plunder", *Seedling*, July 2010, http://www.grain.org/seedling/?id=693

☛ companies have also outsourced their operations to Brazil. The French company Doux, which led the transformation of the French poultry industry into a heavily industrialised export producer, began shifting its operations to Brazil in 1998 through the acquisition of a Brazilian poultry company and with generous incentives from the Brazilian government. By 2002, Doux, the world's fifth largest poultry company, was producing half of its total output in Brazil.[5] Japanese meat companies, for their part, have been actively relocating much of their production to China, while Danish pork producers have been relocating production to eastern Europe.

But it's not just a story of big companies from the North. Increasingly, the fresh capital being put on the table to build factory farms and feedlots, produce and transport the feed and set up the meat-packing plants is flowing from and through companies from the South. As the United Nations Conference on Trade and Development (UNCTAD) points out, 40 per cent of all global cross-border investment in agricultural production in 2008 was South–South.[6] In the process, a number of meat companies based in the South have grown into full-fledged transnationals, with their own aggressive overseas expansion strategies.

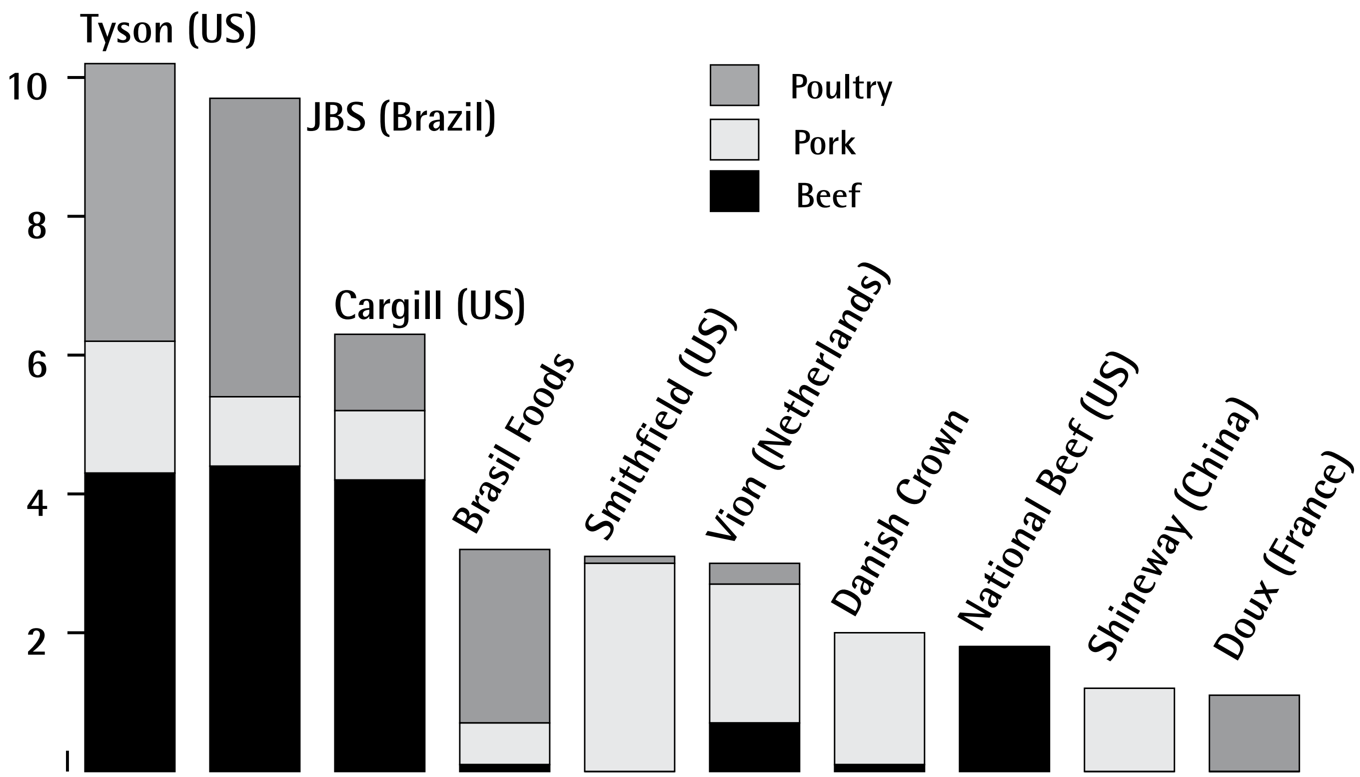
Graph 2 gives the global ranking of the top meat companies, and shows how transnational corporations from the South have joined the big boys' meat club. But a graph cannot convey the speed at which they are buying each other up, nor the complexity of their relations.

Engines of expansion

A company needs capital to grow. And, as of late, the global finance industry, which sits on most of the world's money, has been eager to funnel its investment into meat production in the South. Since the financial crisis of 2008, private investors, from hedge funds to pension funds, have developed a big appetite for equity stakes in meat and dairy companies in the South, and even for direct investment in farms. For example, Goldman Sachs and Deutsche Bank have invested hundreds of millions of dollars buying into China's top pork producers over the past few years, as the market is in full growth. Barclays Bank is among several institutional investors that have acquired major stakes in Zambeef, Zambia's largest agribusiness company. Further north, Citadel Capital, an Egyptian private equity fund buying up land for food production across Africa, has taken over a domestic farm of 11,000 cows (*see* Box 1).

But there is also a great deal of government manoeuvring to boost the bank accounts of meat companies in the South. Some governments, most notably Brazil's, are determined to develop their own multinational meat giants that can take on the TNCs from the North in supplying international markets and fast-food chains. Brazil's National Economic and

Graph 2: The top ten global meat corporations' production, 2009
(million tonnes)



Source: Gira, Rabobank, GRAIN

Foreign investors take over Uruguayan farms

Uruguay's beef and dairy sectors, prized for their export potential, have become hot destinations for foreign investors. Exports of beef from Uruguay have more than quadrupled since 1995. But in the same period, the industry has been taken over by foreign meat packers, and even the country's cattle ranches are being bought up by foreign investors. Around 60 per cent of Uruguay's beef exports are controlled by foreign companies, with Brazil's Marfrig alone controlling nearly 30 per cent.

When it comes to dairy, Uruguay is the world's fastest-growing producer and the fifth-largest exporter. Here, too, a similar surge of foreign investment has occurred. One company buying into Uruguayan dairy operations is New Zealand Farming Systems Uruguay. It was set up by Kiwi investors, but is now the subject of a hostile takeover bid from one of the world's largest commodity traders, Olam, of Singapore, which already owns around 14 per cent of the company's shares. In August 2010 there was a rival bid for the company from a Uruguayan firm. But appearances deceive. The firm in question, Union Agriculture Group, is hardly Uruguayan at all. Its two founders from Montevideo control just 14 per cent of the shares. The rest is owned by BlackRock, Deutsche Bank and other foreign financial investors who have poured money into UAG as a way to boost their portfolios.[1]

1 Marta Steeman, "Competing offer drives up shares", Business Day, 17 August 2010.

Social Development Bank (BNDES) has dished out US$4.4 billion in financing to the four biggest Brazilian meat companies since 2008.[7] The bank now owns 20 per cent of JBS and 14 per cent of Marfrig, the country's two largest meat multinationals.

Other governments are more motivated by long-term food security issues. The governments of Libya and South Korea, for instance, are working with national companies to acquire farmland overseas to produce food for export back home or to the international market. When it comes to meat, this means both promoting offshore crop production to grow feed for domestic livestock and investing in livestock production overseas. China, for example, is securing land for the production of feed crops in Brazil and Argentina while negotiating livestock projects in the Bahamas and Tanzania. And its state-owned commodity trading giant COFCO is rapidly becoming one of the largest meat and dairy producers within China, while also getting a foot in the door overseas by taking a 5 per cent stake in the US pork producer Smithfield in 2007. Paradoxically, Singapore is looking to China for its future pork supplies. In 2010, a subsidiary of Temasek, Singapore's sovereign wealth fund, announced a massive investment in a joint venture project with China's largest pork producer that will eventually churn out one million pigs per year at farms in Jilin province, mainly for export to Singapore.

Many countries in the Middle East, with their populations booming and having limited access to arable land and water, are extra nervous about the vulnerability of their meat supplies. Meat

Photo: Washington Post

Poultry farm, India

imports have skyrocketed, as have imports of feed. Diplomatic assurances of future supplies from Brazil, New Zealand, the US and other major meat and feed exporters do not seem to be having the desired effect, since several governments in the region are continuing to support, if not actively promote, their private companies' efforts to invest in meat and feed production overseas. Saudi Arabia's fourth-largest poultry company, HADCO, which is owned by the Kingdom's largest dairy company, Almarai, has started producing cereals and fodder on 10,000 hectares of land in Sudan, and says it will eventually raise production to 100,000 ha. State-owned Hassad Food is building new livestock farms in its home market of Qatar, while it acquires overseas lands for feed production and livestock projects in Australia, Brazil, Turkey and Uruguay. Iran, too, has joined the rush. In November 2009, the Brazilian government rejected a formal request from Iran to purchase farmland in the country. A few months later, it was reported that Iranian investors were launching a US$40-million cattle and feed mill operation in southern Russia, and contemplating the construction of a 1.2-million-bird poultry facility there.[8]

But these various governmental initiatives are just creating space for the big guys to move in. The global food system is run and managed by corporations, and corporate strategies define the investment flows. As Kentucky Fried Chicken expands in China, so does DaChan, one of Asia's largest poultry companies and a KFC supplier. As African supermarket leader Shoprite sets up shops in Nigeria, Zambeef, its main supplier for southern Africa, constructs meat-packing plants nearby. As Wal-Mart expands into Mexico, so does Pilgrim's Pride, the largest US poultry company, now owned by Brazil's ☛

5 Tristan Coloma, "Quand les volailles donnent la chair de poule", *Le Monde Diplomatique*, July 2008, http://www.monde-diplomatique.fr/2008/07/COLOMA/16084
6 UNCTAD, World Investment Report 2009, Geneva, September 2009.
7 Stuart Grudgings, "Cattle a tough target in Amazon protection fight", Reuters, 1 June 2009.
8 See http://farmlandgrab.org/cat/iran.

☛ JBS. Likewise, when JBS buys feedlots and builds packaging plants in Uruguay, the US or Australia, it does so to be better able to supply beef to its global clients like McDonald's and Carrefour in markets that are closed to Brazilian exports because of restrictions on foot-and-mouth disease (*see* Box: McMarfrig, p. 8).

Flags of convenience

The role of governments in this game is mainly to help their companies and elites to navigate these markets, whether by signing bilateral trade and investment agreements or launching diplomatic missions to overturn import restrictions. The Thailand–Australia Free Trade Agreement, for instance, was mainly a horse trade (so to speak): Australian dairy companies took over the Thai dairy market, and Charoen Pokphand (CP), the Thai agribusiness giant, got the Australian poultry market.[9] Or consider the recent trade negotiations between Brazil and China on poultry. In May 2009, when Brazil's President Lula was in Beijing, he succeeded in getting the Chinese government to lift the trade sanctions it had imposed on Brazilian poultry imports because of outbreaks of Newcastle disease. This does not mean that "Brazil" is now free to export poultry to China, but that the five meat plants in Brazil authorised to export to China can resume exports. The first shipment to arrive in China after the embargo was lifted consisted of 300 tonnes of chicken sent by the French company Doux from its Brazilian subsidiary Frangosul.

Similarly, in 2008, the EU lifted a six-year import ban on Chinese chicken by allowing in exports from Shandong province. An official with Shandong's provincial department of foreign trade remarked, "It is good news for Chinese producers and especially farmers." But this was hardly a victory for Chinese farmers. The European decision came just two weeks after Tyson took over one of Shandong's largest poultry exporters – one of six companies that the European Commission has authorised for exports of chicken meat from China.[10]

If corporate chickens have identity issues, so do cattle. Ever since mad cow disease was confirmed in US herds in 2003, many countries closed their borders to US beef. Both Washington and the American meat industry lobby made enormous efforts in the years since to sweet-talk, if not arm-twist, foreign governments to open their borders again.[11] They even rewrote the rules at the World Organisation for Animal Health (OIE), the global standard-setting body, to declare US beef safe.[12] Nevertheless, citizen concern about not only the health implications but also the socio-economic and political impacts of US beef imports – primarily local farmers being pushed out of business – has had many campaigns going in Korea, Australia and Taiwan. So strong have these social movements been that "US beef" is commonly called "mad cow beef". The terms, at least in Asia–Pacific, are interchangeable. However,

McMarfrig

McDonald's was an early mover in setting up meat supplies from Brazil. Back in 1982 it sent its main US beef supplier, OSI Group, to open an operation in Brazil to produce for its restaurants in the Middle East. This company, Braslo Produtos de Carnes Ltda, became the exclusive supplier of beef and chicken products to McDonald's restaurants in Saudi Arabia, the United Arab Emirates, Oman, Bahrain, Lebanon and Pakistan. In 2008, Braslo was acquired from OSI by Marfrig, one of Brazil's largest meat companies, along with OSI's European poultry operations. The European buyout included the massive Moy Park operation in northern Ireland, which sells about 200 million chickens per year. Marfrig thus became the largest global meat supplier to McDonald's outside the US, while OSI acquired a seat on Marfrig's board of directors and around 10 per cent of the company's shares.

Shortly after, Marfrig moved even deeper into McDonald's orbit by taking over Cargill's Brazilian poultry company, Seara, in 2009 and Keystone Foods in the US in 2010. Keystone is one of the main suppliers of meat to McDonald's US and global restaurants. It has 54 meat plants in the US, New Zealand, Australia, EU, Asia and the Middle East. Its Malaysian subsidiary, MacFood, ships seven million pounds of halal meat to the Middle East every year. Keystone says that it supplies more than 28,000 fast-food restaurants around the world, bringing in net sales of US$6.4 billion in 2009.

With these acquisitions, plus the 35 previous acquisitions it made between 2006 and 2008, Marfrig has become Brazil's second-largest meat company and the world's largest supplier of meat to McDonald's, which claims to serve 1.6 billion people a day. All of this has, of course, only happened with the blessing of McDonald's. In fact, Marfrig's expansion strategy is primarily based on satisfying the needs of McDonald's and other major global clients, who want to source meat as cheaply as possible from a few suppliers. To this end, Marfrig has to be able to produce meat outside Brazil. For beef, for example, 61 per cent of the global market is closed to Brazilian exports, because of restrictions against foot-and-mouth disease. Now, thanks to its recent acquisitions, Marfrig can turn to its operations in Australia, Uruguay or the US to send beef to the restaurants that its fast-food clients operate in the markets that are closed to Brazilian beef. The company can also use its global spread to put pressure on workers. Workers at a Marfrig meat plant in Argentina, for instance, are locked in a labour dispute over what they feel are "inhuman" working conditions at the plant.[1]

To go global, Marfrig also had to globalise its ownership. The company sold off shares and offered ownership as a way to fund its expansion. It also borrowed heavily from foreign banks. From a private, family -owned company in 2006, Marfrig has become a publicly traded corporation with only 43 per cent of the firm still in the hands of its Brazilian founders, 13 per cent owned by BNDES and the rest held by OSI and other foreign investors.

1 "Pré-conflito em um frigorífico da Marfrig", REL-UITA, 19 May 2010: http://www.rel-uita.org/sectores/frigorificos/preconflicto_en_un_frigorifico_de_marfrig-por.htm

One of Brazil's new feedlots

what people often do not realise is that Brazil's JBS has progressively bought up the largest position in the US beef-packing industry. The cows may be initially reared by independent herders on US farms, but the feedlots, abattoirs and processing plants are mostly run and controlled by Brazilian executives.

Counting the costs

What all these investment flows amount to is more industrial meat: more factory farms, faster assembly lines and more fast food. The cost to people and the planet is devastating.

Farmers are the first casualties. In the countries importing cheap meat, local farmers lose markets. In the countries where these companies set up operations, local farmers lose their livelihoods and simply get wiped out. The rise of China's industrial poultry companies since the mid-1990s has forced 70 million small farmers to abandon poultry production.[13] In a country like Romania, the opening of its markets to imports and the entry of corporations into pork production, by both foreign and domestic firms, has resulted in the dramatic loss of 90 per cent of its pig farmers between 2003 and 2007 – 480,000 farmers dwindled to 50,000 in just four years.[14]

Those farmers who remain in business have to accept the dictates of contract production arrangements or a precarious existence at the margins, where corporate concentration and private standards make it increasingly difficult for them to access markets and continue their traditional farming practices.[15] Measures to combat bird flu in Vietnam, for instance, exclude small-scale poultry producers from major urban markets and prohibit backyard poultry, placing the livelihoods of millions of Vietnamese peasants in jeopardy. The measures are all the more ridiculous given that a CP farm is known to have been the source of an outbreak that led to the spread of the disease in northern Vietnam.[16]

Workers also suffer badly. In the US, workers in the meat-packing industry were able to organise unions and force the companies to provide decent wages and working conditions in the 1980s. But the meat packers fought back, using heavy union-busting tactics and hiring migrant workers whose precarious legal status made union organising more difficult. The companies were able to push down wages to half of what they were in the 1980s while vastly speeding up production. Today, the average worker in a US poultry plant repeats the same movements from 10–30,000 times per shift, and the meat industry has become the most dangerous place to work in America.[17] *(continued on p. 12)* ☛

9 "Behind every FTA lie the TNCs: examples from Thailand", interview with Witoon Lianchamroon of BIOTHAI, conducted by Aziz Choudry of bilaterals.org, for *Fighting FTAs*, November 2007: http://www.bilaterals.org/multimedia/audio/Thailand/Behind+every+FTA+lie+the+TNCs+examples+from+Thailand+ per cent28November+2007 per cent29.mp3.php

10 The three companies are Shandong Zhucheng Foreign Trade, Qingdao Nine-Alliance and Anqiu Foreign Trade.

11 Arm-twisting is when the US government tells Taiwan or Korea that unless they open their markets to US beef the US will not give them a free trade agreement.

12 See GRAIN, "Food safety, rigging the game", *Seedling*, July 2008, http://www.grain.org/seedling/?id=555

13 FAO, "The state of food and agriculture, 2009", http://www.fao.org/publications/sofa/en/

14 Doreen Carvajal and Stephen Castle, "A US hog giant transforms Eastern Europe", *New York Times*, 5 May 2009.

15 GRAIN, "Contract farming in the world's poultry industry", *Seedling*, January 2008; Isabelle Delforge, "Contract farming in Thailand: A view from the farm", a report for Focus on the Global South, 2008; "Thailand Livestock Report", Italia Trade Commission, 2008: http://www.ice.gov.it/paesi/asia/thailandia/upload/177/Thailand per cent20Livestock per cent20Report.pdf

16 GRAIN, "Bird flu: a bonanza for 'Big Chicken'", *Against the grain*, March 2007.

17 Ana Grabowski of the UFCW, speaking in Brazil, 1 July 2008: http://www.rel-uita.org/; Tom Philpott, "How the meat industry thrives, even as costs rise", *Grist*, 13 September 2007: http://www.grist.org/article/hog-futures/

New kids on the block: emerging meat TNCs

Brasil Foods (Brazil)

Brasil Foods was formed in 2009 through the merger of Brazil's two largest poultry companies, Perdigao and Sadia. The merger was viewed as a desperate attempt to rescue Sadia from the huge losses it suffered when the financial crisis spoiled its US$1.3 billion-worth of bets on currency derivatives. With the merger, Brasil Foods surpassed Tyson Foods to become the world's largest poultry producer. It operates 42 plants in five countries and has sales offices in 17 countries across Europe, South America, the Middle East and Asia. Exports account for 42 per cent of total sales. BNDES, which provided the financial backing to facilitate the merger, now owns 2.6 per cent of the company.

Charoen Pokphand (Thailand)

Charoen Pokphand (CP) is a Thai conglomerate founded and still tightly controlled by business tycoon Danin Chearavanont, Thailand's richest individual. CP began as a small vegetable seed company and has grown into one of south-east Asia's largest corporations, with involvement in agribusiness, retail, real estate, finance, industry and telecommunications. UNCTAD ranks it as the fifth-largest agriculture-based TNC in the world. Its overseas operations account for a quarter of the revenues for its agribusiness and food sector, and CP says that it plans on increasing this to 40 per cent within the next five years through a US$1-billion expansion strategy.

CP's core business is meat. It is the world's largest producer of animal feed and one of the world's largest poultry exporters. It controls nearly one third of the Thai commercial poultry market, three quarters of the chicken processed in Indonesia and four-fifths of the industrial poultry farmed in Vietnam. It also has significant poultry operations in Bangladesh, Burma, Cambodia, India, Laos and Turkey. In recent years, CP has been expanding aggressively in pork production, with large-scale pig farms soon to come into operation in China, Russia, the Philippines, Laos and Vietnam.

In China, CP is pursuing a project with the Chinese government and China's Development Bank to develop "model farms" in Jilin province that will eventually produce an annual total of five million birds and one million pigs. In Russia, it signed an agreement with the Governor of Moscow to build and operate a large US$200-million pig farm outside the capital. CP says that by the end of 2013 it will have up to one million pigs on its farms in Russia. Other livestock projects are in the works in Pakistan, where it has acquired land in Sindh, and in Kenya and Tanzania, where CP has set up subsidiaries each with an initial capital of US$5 million.

Over the past two years, CP has met regularly with government officials and business representatives from Bahrain to discuss the country's strategies for securing long-term food supplies. In 2009, CP signed a memorandum of understanding with Bahrain's Al Salam Bank to form a strategic alliance for agro-industrial investments.

DaChan Great Wall (Taiwan)

Great Wall Enterprise is a Taiwanese conglomerate involved in grain and oilseeds trade and processing, shrimp farming, poultry and fast-food chains throughout Asia. In 1990, it established DaChan Food to develop its poultry and animal feed business in China. By 2005, DaChan was the largest chicken producer and one of the top ten animal-feed producers in China. It was also the second-largest supplier of animal feed in Malaysia and the third-largest in Vietnam. DaChan is registered in the Cayman Islands and listed on the Hong Kong Stock Exchange. Great Wall owns around 53 per cent of its shares, and other major investors include the US agribusiness corporation ContiGroup, which owns 6 per cent of the company, and the Singapore government's investment arm, GIC, which also owns 6 per cent. All three are considered founding members of the DaChan Group.

DaChan operates ten poultry farms in China, each with an average annual capacity of 20 million birds, and the company plans to build another 50 farms of similar size. For now, more than 80 per cent of its poultry production in China is still outsourced to around 4,000 contract farmers.

DaChan has grown by hitching on to the expansion of foreign fast-food companies in China, where it is the main poultry-meat supplier to McDonald's and responsible for one-third of the chicken-meat supply for KFC. In June 2009, US-based Yum! Co. signed a three-year US$250-million purchasing agreement with DaChan. DaChan is also a major supplier of processed poultry meat to Japanese companies, mainly through its Chinese joint venture, Dalian Investment, with Japanese trading house and agribusiness giant Marubeni. DaChan is the largest processed-food exporter from China for Ito-Yokado and 7-Eleven in Japan.

In May 2010, DaChan entered into a joint venture with companies owned by the governments of Singapore and China to establish a fully integrated pork operation in Jilin province, China. The farms are expected to produce one million pigs per year. The joint venture is part of a US$1.5-billion project that the Singapore government is pursuing in Jilin to secure its own food supplies and to develop export markets in Japan and Korea.

International Foodstuffs Company (UAE)

The International Foodstuffs Company (IFFCo) is a private company run by Emirates businessman Iqbal Othman established in the UAE in 1975 by its holding company, the Allana Group. The Allana group, owner of Allanasons, is one of India's largest exporters of agricultural products and the world's largest producer of halal buffalo meat. Two members of the wealthy Allana family sit on the IFFCo board. IFFCo's poultry farms in the UAE produce around 2.5 million birds per year.

In 2009, the company began to step up its international meat operations. It launched a 50:50 joint venture with Oman Flour Mills to build one of the largest poultry farms in the Gulf, with a capacity of 15,000 tonnes of chicken and two million hatching eggs per year. The farm is to be set up on 6,000 ha of land in Oman, along the border with the UAE. Also in 2009, IFFCo purchased a 20 per cent stake in the Australian Agricultural Company (AACo), making it the main shareholder of the largest cattle breeding company in Australia, with approximately 610,000 cattle and ownership of over seven million ha of land. IFFCo has since transferred its shares in AACo to a 50:50 Malaysian joint venture with the world's largest oil palm plantation company, the Federal Land Development Authority (Felda) of Malaysia. A year later, Felda and IFFCo announced the creation of another 50:50 joint venture, Felda Global Ventures Livestock Sdn Bhd, which will rear livestock on 850,000 ha of Felda palm oil estates in Malaysia.

JBS (Brazil)

The origins of JBS date back to the early 1950s when José Batista started buying cattle in central Brazil and selling them to meat packers. He established a small slaughterhouse in 1957, gradually expanding over the next four decades into one of Brazil's largest beef companies, with a kill capacity of 5,000 cattle per day by 2000. It was at that point that JBS embarked on a massive expansion strategy. Over the next five years, it brought several Brazilian meat plants into its fold and picked up five plants in Argentina that were struggling in the country's economic crisis. By 2006, it had boosted its daily slaughter capacity to 22,600 cattle, making it the largest beef processing company in South America.

But things were just getting going for JBS. In March 2007, after changing its name from Friboi to JBS, the company went public on the São Paulo Stock Exchange, raising US$800 million for its expansion plans. Soon after, it began a multi-billion-dollar spending spree that would see it take over some of the largest beef companies in the US, Europe, and Australia, as well as one of its main Brazilian competitors, Bertin. It also picked up a major lamb company in Australia and Pilgrim's Pride of the US (which, until recently, was that country's largest poultry company and a major producer in Mexico).

JBS is now the largest meat company in the world, with annual revenues of around US$29 billion (ten times its 2006 revenues) and a slaughter capacity of 47,000 cattle per day. It is the largest beef company in Brazil, the largest beef packer in Australia (21 per cent market share), the largest beef packer in the US (32 per cent market share), the largest lamb processor in Australia, one of the largest poultry companies in the US and Mexico, and the third-largest pork producer in the US. Its acquisition of the Italian meat packer Inlaca in 2007 increased its presence in the growing markets of Russia, Eastern Europe and North Africa, while its Australian acquisitions gave it greater access to the Middle East, Europe, Japan and other Asian markets. In 2009, JBS announced that it would be opening its first Russian operation – a US$119-million hamburger plant that will supply McDonald's Russian restaurants.

JBS's most recent acquisition was in July 2010, when it acquired a feed mill and feedlot operation in the US with the capacity to confine more than 130,000 head of cattle at any one time. All told, JBS now controls more than 10 per cent of the world's meat processing capacity.[1]

"We have already passed Tyson and we're just starting", says JBS CEO Joesley Batista, the 37-year-old son of the founder, who is now in charge of one out of ten of the world's industrial beef cattle.

JBS is now pushing to develop more US-style feedlots in Brazil. In July 2008, the company opened JBS Bank, which will offer US$4 billion in loans to finance the construction of feedlots by 4,000 farmers who are main suppliers to JBS. JBS plans to extend its banking operations to Europe and Australia, and expects about 60 per cent of its cattle suppliers to be using feedlots in two years, up from about 40 per cent today.

JBS is controlled by the Mendonça Batista family through its holding companies, J&F Participações and the ZMF Fund. But BNDES, which has bankrolled much of JBS' acquisitions over the years, now holds around 20 per cent of the company.

New Hope Group (China)

New Hope is a Chinese conglomerate based in Sichuan province. It has over 60,000 employees and close to 400 subsidiaries involved in everything from agribusiness and chemicals to real estate. The company was founded in 1982 as a poultry breeding enterprise by Liu Yonghao and his three brothers, one of the first private companies allowed to operate under new rules adopted by the communist government. The company grew rapidly, and by 2009 Liu Yonghao was China's 17th-richest individual. He also climbed the political ladder, taking on key positions within some of China's most influential national committees and associations.

New Hope is China's largest producer of animal feed and one of the country's top producers of poultry and pork. In 2002, it entered into the dairy industry and today has a herd of at least 100,000 dairy cows. It began expanding overseas in 1996 and now has operations in Vietnam, Bangladesh, the Philippines, Indonesia and Cambodia, where it has a joint-venture feed operation with Japan's Sojitz. The World Bank's International Finance Corporation invested US$45 million in New Hope in 2005.

In May 2010, the New Hope Group bought 115,000 tonnes of genetically modified maize from the US for its feed mills – the largest purchase of GM maize to enter China in over a decade.[2]

Zambeef (Zambia)

The Zambeef Products PLC Group is the largest agribusiness corporation in Zambia, controlling 65 per cent of the market for beef, 25 per cent for poultry, 15 per cent for eggs and 20 per cent for dairy. It also grows crops on 6,500 ha of land it owns in Zambia, and is developing a palm oil plantation on another 20,000 ha. Zambeef's growth has occurred largely through an exclusive supply agreement it has with Shoprite, one of the largest retail chains in Africa. It is in the process of building a US$5-million beef abattoir and poultry operation on 200 ha of land it has acquired outside Lagos, Nigeria, which will supply Shoprite stores in West Africa.

Zambeef trades on the Zambian Stock Exchange. One of its largest institutional investors is Barclays Bank. In April 2010, it was reported that the World Bank's IFC would be providing US$7 million in debt equity to Zambeef and would be purchasing another US$3 million in equity, making IFC one of Zambeef's major shareholders. The IFC investments will be used to fund Zambeef's expansion programmes in Zambia and Nigeria.

1 Lucia Kassai, "Pilgrim's may absorb JBS's US unit in reverse merger, CEO Batista says", Bloomberg, 17 August 2010, http://www.bloomberg.com/news/2010-08-16/jbs-says-reverse-merger-of-jbs-usa-pilgrim-s-pride-units-is-possible.html

2 Mindi Schneider is compiling profiles of New Hope and other Chinese meat companies on her website Pig Penning: http://pigpenning.wordpress.com/

☛ The US model is now being globalised. Meat workers' unions in Europe are fighting similar battles against outsourcing, the hiring of migrant workers and the relocation of operations to countries with poorer wages and working conditions.[18] In Brazil, where unions in the meat industry are strong, negotiations with the country's meat companies are becoming more difficult as these firms go global. The last decade of export-oriented growth has been particularly nasty for workers in the poultry sector, most of whom are women.[19] Sérgio Irineu Bolzan, a worker at a Cargill poultry plant in the state of Mato Grosso do Sul, says that the pace of work has doubled since he began working at the plant in 1997. He says that, as a result, repetitive strain injury among workers has risen exponentially, particularly among women, because they tend to occupy positions that demand high motor skills. A recent national study in Brazil found that a quarter of women working in Brazil's poultry plants had serious repetitive strain injury, and that this was directly related to depression. Nearly 40 per cent of women in Brazil's poultry industry suffer from depression.[20] Workers say that the companies have created "epidemics" of severe health problems for them.[21]

Indeed, from a public health standpoint, industrial meat is a disaster. The crowding of large numbers of animals in factory farms, an obscene treatment of animals in its own right, causes the overuse of antibiotics and facilitates the emergence and spread of dangerous pathogens. It makes food that is toxic for people, and its scale means that when something goes wrong huge numbers of people are affected, as the recent salmonella outbreak in the US egg supply shows (*see* "A high-risk food system", in Seeds, p. 26) . Factory farms also make life miserable for local communities, releasing odours and hazardous gases that cause respiratory problems and pollute local water supplies. In China, where factory farms are expanding faster than anywhere else, the country's first national pollution census, released in 2010, shocked many people when it reported that agriculture was a bigger source of water pollution than industry, with the authors putting the blame squarely on factory farms.[22] It is for these reasons that companies generally locate their barns in poor communities with little political power.[23]

The scale of the environmental devastation is huge. Factory farming is driving the loss of animal biodiversity (industrial pig production, for instance, relies on only five breeds),[24] spewing out greenhouse gases (the meat industry is responsible for 18 per cent of total greenhouse gas emissions)[25] and mowing down forests (both directly, by clearing forest for cattle, and indirectly, through the clearing of forest for the production of crops for animal feeds).[26] Overall, the global boom in industrial meat is responsible for a massive expansion of industrial production of commodity crops such as soya, which push local communities off their lands and convert small-scale sustainable farms into corporate plantations, transforming and destroying rural landscapes in the process.

Upsetting the meat cart

Fortunately, struggles that challenge the expansion of industrial meat production in and from the South are underway. Groups in Thailand have joined together to take on CP and have started reaching out to groups in other countries where CP has operations, just as groups in Brazil that monitor and challenge the investments by the BNDES in Brazilian multinationals are starting to make connections with people in African countries where the companies are active. At the local level, communities in Mexico affected by factory pig farms are linking their struggles to national networks for social and environmental justice. And, from within the leading Southern meat multinationals, workers are building bridges across borders through their unions, as the Marfrig and JBS workers in Brazil are doing with their counterparts in Uruguay, Argentina and Europe.

It is crucial to support, learn from and build upon this alliance-building. Greater attention also needs to be paid to the flurry of deal-making going on between governments of the South. And more needs to be done to forge connections and cooperation between groups standing up to meat multinationals from the South and people affected by their overseas expansion strategies. The stakes are high. Big Meat is too much of a big disaster to let its growth in the South go unchecked.

18 See, for example, the Italian union CGIL FLAI Modena: http://www.nuovocaporalato.it/

19 Work in Brazil's beef sector is not necessarily better. In 2007, 60 per cent of the allegations of slave labour or degrading treatment received by the Pastoral Land Commission occurred in the cattle industry. See REL-UITA: http://www.rel-uita.org/sociedad/hambre/hombres_esclavizados_ganado_subsidiado-por.htm

20 See REL-UITA: http://www.rel-uita.org/agenda/encontro_setor_avicola-2008/con_sergio_bolsan.htm

21 Carta de Atibaia, "Declaración Final del Encuentro Internacional de los Trabajadores en la Industria Avícola", 18 June 2008: http://www.rel-uita.org/agenda/encontro_setor_avicola-2008/carta_de_atibaiahtm

22 Jin Zhu, "Animal waste a threat to clean water supply", *China Daily*, 15 July 2010; Mindi Schneider, "China: agriculture a bigger polluter than industry", *Pig Penning*, 20 July 2010: http://pigpenning.wordpress.com/

23 For more information, see the excellent interview with David Kirby on Democracy Now!, "The looming threat of industrial pig, dairy and poultry farms on humans and the environment", 24 August 2010: http://www.democracynow.org/2010/8/24/david_kirby_on_the_looming_threat or Fabrice Nicolino, *Bidoche : L'industrie de la viande menace le monde*, Editions LLL, September 2009. For an important documentary on the community of La Gloria, Mexico, and its experiences with nearby hog farms, see Télévision Suisse Romande, "H1N1: Why did it strike the Mexicans first?", September 2009: http://www.grain.org/articles/?id=58

24 For a larger analysis of the issue, see Susanne Gura, "Livestock breeding in the hands of corporations", *Seedling*, January 2008, http://www.grain.org/seedling/?id=528

25 GRAIN, "The international food system and the climate crisis", *Seedling*, October 2009, http://www.grain.org/seedling/?id=642

26 During Brazil's beef export boom, 1990–2002, the total cattle herd grew from 26 million to 57 million, and 80 per cent of this growth was in the Amazon. See Sven Wunder, Benoit Mertens, Pablo Pacheco and David Kaimowitz, "Hamburger connection fuels Amazon destruction", CIFOR, 2004, http://www.cifor.cgiar.org/publications/pdf_files/media/Amazon.pdf

From Cochabamba to Cancún

the urgency of real solutions to the climate crisis

GRAIN

After the debacle of the 2009 climate summit in Copenhagen, the government of Bolivia took an unusual step: it launched a call to "the peoples of the world, social movements and Mother Earth's defenders" to come together to analyse the causes behind the climate crisis and to articulate what should be done about it. The gathering happened in April 2010 in Cochabamba, Bolivia, and brought together more than 35,000 people from around the world. For once, "the people" – and not the governments – took centre-stage, and their deliberations and conclusions provide a solid basis on which to move forward. If only governments would listen! Here, we focus on the links they draw between climate, food, and agriculture.

There seems to be (almost) universal agreement that the 2009 Climate Change Summit in Copenhagen was a total failure. The governments of the countries most responsible for global warming refused to even discuss the main causes of climate change, let alone come with meaningful solutions. Outside the Copenhagen Summit's doors the protests of social movements were silenced with violent police repression and preemptive arrests. Inside the conference rooms, meanwhile, the talks were dominated by the most polluting countries leaving the poorest nations to rubber stamp a pre-fabricated text under the threat of losing desperately needed adaptation funds. It was a charade, a sell out, whose only redeeming quality was that it laid bare the complete lack of political will among governments and the degree of their complicity with business.

The next UN Summit on climate change will take place in Cancún, Mexico, and there is widespread scepticism about whether this conference will fare any better than the last. But something interesting took place in between.

Given the failure of Copenhagen, the Government of Bolivia decided to take an unusual step. It launched the "People's World Conference on Climate Change and Mother Earth's Rights" to bring in the views and experiences of social movements on how to stop the climate crisis. The objectives of the conference (see Box) went far deeper than any other government-initiated process on climate change has gone. This was probably the only time in recent history that a government, faced with an urgent international crisis, has called on collectives, groups, movements and communities for a fundamental discussion about what can and must be done.

The number of participants to the Cochabamba Conference surpassed all expectations. Over 35,000 people came, with at least 10,000 coming from outside Bolivia. Discussions were divided between 17 working groups that were run collectively. The documents that came out of these working groups are extremely valuable in their own right, since they provide a basis for international positions that echo the views of social movements, civil society organisations and researchers. They provide a counterweight to the official texts produced behind closed doors by the powerful countries in Copenhagen. ☛

The diversity of experiences, backgrounds and cultures did not get in the way of discussions or collective decisions, which made Cochabamba an example of how people can work together. It may be thought impossible to extract focused, coherent proposals from a group that consists of thousands of people with thousands of experiences, but that is precisely what Cochabamba managed to achieve.

Group 17 focuses on the food system

One of the best-attended and most important working groups in Cochabamba was “Group 17”, which the global small farmers’ movement La Via Campesina had expressly called for to focus on the relationship between food sovereignty, agriculture and the climate crisis. The group was coordinated by Via Campesina’s Latin American regional grouping, CLOC–Via Campesina. By anchoring the debate within the framework of food sovereignty, the group was not only able to analyse the main sources of greenhouse gases, but also to come to an understanding of the complexity of the forces generating the ecological crisis and the various other crises affecting the planet – finance, energy, food, migration and others. From there, they were able to identify strategies to reverse global warming. Food sovereignty was put squarely at the centre of such strategies, recognised as a concept central to the global movements of peasants and indigenous peoples and their ever-expanding alliances.

The group that focused on the food system came to several major conclusions. The first was that

> *“agribusiness, through its social, economic and cultural mode of development under globalized capitalist production (…), does not fulfil the right to adequate food and is a major cause of climate change. The change of land usage (deforestation and expansion of the agricultural frontier), monocrops, production, marketing and use of agrochemical inputs, industrial food processing and the logistics to transport them thousands of kilometres to reach the consumer (…), are major causes of the climate crisis and the growing number of hungry and malnourished peoples in the world.”*

With regard to water, a basic resource for food production and survival, the group noted that, while people are losing access to water for their own needs, corporations are grabbing it without restrictions for their large-scale operations. The group also decried the subsidies that are dished out to promote dangerous techno-fixes to cool the planet – such as biofuels, GMOs, nanotechnology, synthetic biology, biochar, artificial trees, and geo-engineering. In essence, these technocratic approaches just allow the world to continue on its suicidal path from which a few get rich.

The group also condemned “clean” mechanisms of trade and speculation for clearing forests and sowing plantations in the name of averting climate change. Such mechanisms create markets for rights to pollute while treating rural communities as servants and denying them access to their own territories. It was clear to the group that carbon credits are a scam, and the programmes that are advertised as Reducing Emissions from Deforestation and Forest Degradation (REDD) are particularly bad, since they take land management out of the hands of forest peoples and give it to carbon traders.

Another key conclusion of the group was that

> *“the advance of free trade through economic partnership agreements, free trade treaties and investment protection, among other things, are a direct attack on the sovereignty of countries and peoples, autonomy of states and the capacity for multilateral action by international agencies.”*

Seed laws were condemned for undermining the sovereignty of communities by robbing them of their foundations for building their future: seeds. Similarly, intellectual property rights were described as “instruments of privatisation that destroy local, traditional and scientific systems of knowledge”. According to the group, “the current concentration of landownership and ocean exploitation by economic groups, corporations and hedge funds both state and private are one of the most serious and imminent attacks faced by people and their food sovereignty.”

Of course, all of this has been said before in various ways. But what is new and powerful is that a diverse group working together has been able to systematise, recombine and reach a consensus on such a complex picture of devastation. Through

Photo: GRAIN

Via Campesina members at the opening of the People’s World Conference, Cochabamba, Bolivia, April 2010

wider dissemination these conclusions can become a guide and framework for future action.

The way forward

The outcome of Cochabamba provides clear guidance as to how to orient our struggles on climate change. Cooling the planet must start with the indigenous peoples and peasant communities who demand self-government, food sovereignty, and autonomy. As a way forward out of the climate crisis, they defend their forests, their water sources, their native crops, their agricultural, pastoral and fishing practices, their health systems and traditional medicine. They defend their territories and biodiversity against projects of environmental devastation that seek to extract resources from their lands and waters. They demand that their resistance is not criminalised.

Indigenous and peasant communities can cool the planet but to do so there must be, as Cochabamba points out,

> *"broad-based, deep, genuine agrarian reform and a reconstitution of indigenous and afro-descendent territories, as well as the building of participatory policies with a gender focus, so that farmers and indigenous peoples, their cultures and lifestyles regain a central and fundamental role, vital in world agriculture to achieve food sovereignty and restore harmony to achieve global climate balance."*

Real solutions require that we properly identify the causes of climate change, and that we challenge the industrial model, particularly agribusiness and the corporate food system, since they are responsible for half or more of global greenhouse gas emissions. Above all, real solutions require a defence of peasant agriculture, which produces food according to local need outside the global corporate food system. Cochabamba has made all of this much clearer than ever before, and has helped to open a horizon for long-term mobilisations and action.

Photo: GRAIN

Banner at Cochabamba: Bolivia, capital of dignity

On to Cancún

Whether and to what extent the Cochabamba proposals and mobilisation will influence the official governmental negotiations remains to be seen. It has managed to stimulate discussion, to say the least. Some of the conclusions of Cochabamba were incorporated into the official UN text for the approaching negotiations. But, perhaps more importantly, Cochabamba has made a major contribution in advancing two ideas: that the climate crisis is part of a much larger crisis of environmental devastation caused by incessantly expanding industrial and trade interests; and that there are feasible solutions at hand, if we focus on eliminating the causes of the problem.

The next UN climate summit will be in Cancún, at the end of November. Already a collective mobilisation of networks, groups, communities and environmental organisations from many parts of the world is under way, and the Cochabamba gathering has given impetus to this. Vía Campesina and Mexico's Asamblea Nacional de Afectados Ambientales (National Assembly of the Environmentally Affected) have build an alliance to promote a huge mobilisation around the Cancún negotiations in November. Indeed, the likelihood that governments will come to any meaningful agreement in Cancún might already be vanishingly small – as is convincingly argued by George Monbiot overleaf.[1] But social movements' mobilisation and common understanding of what is at stake and what needs to be done grows and becomes clearer by the day.

The Cochabamba objectives

1. To analyse the structural and systemic causes that drive climate change and to propose radical measures to ensure the well-being of all humanity in harmony with nature.
2. To discuss and agree on the project of a Universal Declaration of Mother Earth Rights.
3. To agree on proposals for new commitments to the Kyoto Protocol and projects for a COP Decision under the United Nations Framework for Climate Change that will guide future actions in those countries that are engaged with life during climate change negotiations and in all United Nations scenarios.
4. To work on the organisation of the Peoples' World Referendum on Climate Change
5. To analyse and develop an action plan to advance the establishment of a Climate Justice Tribunal
6. To define strategies for action and mobilisation to defend life from Climate Change and to defend Mother Earth's Rights.

1 George Monbiot's article (*see* page 16) was published in the *Guardian*, 21 September 2010. A fully referenced version can be accessed at: http://www.monbiot.com/archives/2010/09/20/the-process-is-dead/

The process is dead

George Monbiot

It's already clear that the climate talks in December will go nowhere – so what do we do?

The closer it comes, the worse it looks. The best outcome anyone now expects from December's climate summit in Mexico is that some delegates might stay awake during the meetings. When talks fail once, as they did in Copenhagen, governments lose interest. They don't want to be associated with failure, they don't want to pour time and energy into a broken process. Nine years after the world trade negotiations moved to Mexico after failing in Qatar, they remain in diplomatic limbo. Nothing in the preparations for the climate talks suggests any other outcome.

A meeting in China at the beginning of October is supposed to clear the way for Cancún. The hosts have already made it clear that it's going nowhere: there are, a top Chinese climate change official explains, still "huge differences between developed and developing countries". Everyone blames everyone else for the failure at Copenhagen. Everyone insists that everyone else should move.

But no one cares enough to make a fight of it. The disagreements are simultaneously entrenched and muted. The doctor's certificate has not been issued; perhaps, to save face, it never will be. But the harsh reality is that the process is dead.

In 2012 the only global deal for limiting greenhouse gas emissions – the Kyoto Protocol – expires. There is no realistic prospect that it will be replaced before it elapses: the existing treaty took five years to negotiate and a further eight years to come into force. In terms of real hopes for global action on climate change, we are now far behind where we were in 1997, or even 1992. It's not just that we have lost 18 precious years. Throughout the age of good intentions and grand announcements we spiralled backwards.

Nor do regional and national commitments offer more hope. An analysis published a few days ago by the campaigning group Sandbag estimates the amount of carbon that will have been saved by the end of the second phase of the EU's emissions trading system, in 2012. After the hopeless failure of the scheme's first phase we were promised that the real carbon cuts would start to bite between 2008 and 2012. So how much carbon will it save by then? Less than one third of one per cent.

Worse still, the reduction in industrial output caused by the recession has allowed big polluters to build up a bank of carbon permits which they can carry into the next phase of the trading scheme. If nothing is done to annul them or to crank down the proposed carbon cap (which, given the strength of industrial lobbies and the weakness of government resolve, is unlikely) these spare permits will vitiate phase three as well. Unlike the Kyoto Protocol, the EU's emissions trading system will remain alive. It will also remain completely useless.

Plenty of nations – such as the United Kingdom – have produced what appear to be robust national plans for cutting greenhouse gases. With one exception (the Maldives), their targets fall far short of the reductions needed to prevent more than two degrees of global warming.

Even so, none of them are real. Missing from the proposed cuts are the net greenhouse gas emissions we have outsourced to other countries and now import in the form of manufactured goods. Were these included in the UK's accounts, alongside the aviation, shipping and tourism gases excluded from official figures, the UK's emissions would rise by 48%. Rather than cutting our contribution to global warming by 19% since 1990, as the government boasts, we have increased it by around 29%. It's the same story in most developed nations. Our apparent success results entirely from failures elsewhere.

Hanging over everything is the growing recognition that the United States isn't going to play. Not this year, perhaps not in any year. If Congress couldn't pass a climate bill so feeble that it consisted of little but loopholes while Barack Obama was president and the Democrats had a majority in both houses, where does hope lie for action in other circumstances? Last Tuesday the Guardian reported that of 48 Republican contenders for the Senate elections in November only one accepted that manmade climate change is taking place. Who was he? Mike Castle of Delaware. The following day he was defeated by the Tea Party candidate Christine O'Donnell, producing a full house of science deniers. The Enlightenment? Fun while it lasted.

What all this means is that there is not a single effective instrument for containing manmade global warming anywhere on earth. The response to climate change, which was described by Lord Stern as "a result of the greatest market failure the world has seen", is the greatest political failure the world has ever seen.

Nature won't wait for us. The US government's National Oceanic and Atmospheric Administration reports that the first eight months of 2010 were as hot as the first 8 months of 1998 – the warmest ever recorded. But there's a crucial difference: 1998 had a record El Niño – the warm phase of the natural Pacific temperature oscillation. The 2010 El Niño was smaller (an anomaly peaking at roughly 1.8°C, rather than 2.5°C), and brief by comparison to those of recent years. Since May the oscillation has been in its cool phase (La Niña): even so, June, July and August this year were the second warmest on record. The stronger the warnings, the less capable of action we become.

Where does this leave us? How should we respond to the reality we have tried not see: that in 18 years of promise and bluster nothing has happened? Environmentalists tend to blame themselves for these failures. Perhaps we should have made people feel better about their lives. Or worse. Perhaps we should have done more to foster hope. Or despair. Perhaps we were too fixated on grand visions. Or techno-fixes. Perhaps we got too close to business. Or not close enough. The truth is that there is not and never was a strategy certain of success, as the powers ranged against us have always been stronger than we are.

Greens are a puny force, by comparison to industrial lobby groups, the cowardice of governments and the natural human tendency to deny what we don't want to see. To compensate for our weakness, we indulged a fantasy of benign paternalistic power, acting, though the political mechanisms were inscrutable, in the wider interests of humankind. We allowed ourselves to believe that, with a little prompting and protest, somewhere, in a distant institutional sphere, compromised but decent people would take care of us. They won't. They weren't ever going to do so. So what do we do now?

I don't know. These failures have exposed not only familiar political problems, but deep-rooted human weakness. All I know is that we must stop dreaming about an institutional response that will never materialise and start facing a political reality we've sought to avoid. The conversation starts here.

The "greening" of a shady business – Roundtable for Sustainable Palm Oil

World Rainforest Movement

Oil palm plantations have spread rapidly around the globe in recent decades, with profound implications for local communities and the environment. A"Roundtable for Sustainable Palm Oil" (RSPO) was formed to promote sustainable production practices. But is this possible? Or does the RSPO merely amount to the greenwashing of an inherently destructive industry? The World Rainforest Movement produced an analysis.[1]

Over the past few decades, oil palm plantations have rapidly spread throughout Asia, Africa and Latin America, where millions of hectares have already been planted and millions more are planned for the next few years. These plantations are causing increasingly serious problems for local peoples and their environment, including social conflict and human rights violations. In spite of this, a number of interests – national and international – continue actively to promote this crop, against a background of growing opposition at the local level. It is within this context that a voluntary certification scheme has emerged – the Roundtable for Sustainable Palm Oil (RSPO) – with the aim of assuring consumers that the palm oil they consume – in foodstuffs, soap, cosmetics or fuel – has been produced in a sustainable manner.[2]

To pretend that a product obtained from large-scale monocultures of mostly alien palm trees can be certified as "sustainable"[3] is – to say the least – a misleading statement, especially for oil palm plantations, with their history of tropical deforestation and widespread human rights abuses.[4] This, however, is precisely what the RSPO is doing.

The first shipment of palm oil certified as "sustainable" arrived in the Netherlands in November 2008, under enormous controversy. Greenpeace pointed out that "United Plantations, the company producing the sustainable palm oil, is cutting down trees from vulnerable peat forests in Kalimantan, Indonesia." It added that this company "does not comply with local Indonesian laws that protect the environment" and that it is "entangled in land conflicts with the local population." It was not a good start for RSPO's credibility.[5]

The RSPO has been a long, time-consuming and expensive process, involving industry, commerce and some social and conservation NGOs.[6] The question is: why did the private sector get involved in it? The ☛

1 This article is an edited version of a briefing by the WRM. The full briefing, which was published in March 2010, can be downloaded from: http://www.wrm.org.uy/publications/briefings/RSPO.pdf

2 The website of RSPO is: www.rspo.org

3 Although the concept of sustainability is open to many interpretations, most people would probably agree with the following definition from Wikipedia: "Sustainability is the capacity to endure. In ecology the word describes how biological systems remain diverse and productive over time. For humans it is the potential for long-term maintenance of well-being, which in turn depends on the well-being of the natural world and the responsible use of natural resources."

4 See section on oil palm plantations on the WRM's website at http://www.wrm.org.uy/plantations/palm.html

5 http://www.earthtimes.org/articles/show/241082,greenpeace-first-sustainable-palm-oil-shipment-not-sustainable.html

6 The RSPO was established in 2004 and the process for starting certification was completed in August 2008

☛ answer is given very clearly in an "Overview of RSPO" included in a press release on 24 November 2008:

> *As a result of all the above-mentioned issues [tropical deforestation, social conflicts over land rights, food versus fuel] some environmental and social NGOs are actively campaigning against palm oil. There is a risk that the adverse publicity might lead the European Union to stop buying palm oil for biodiesel blending or remove tax support for palm biodiesel until palm oil meets the minimum sustainability criteria. Consumer outcry for sustainably produced palm oil in their food, soaps, detergents and cosmetics is also growing louder and must not be ignored.*[7]

When the RSPO process started, the oil palm industry had already managed to achieve a bad reputation as a result of its direct involvement in human rights violations and environmental destruction. Documentation of these include Eric Wakker's 1999 publication, *Forest Fires and the Expansion of Indonesia's Oil Palm Plantations*, and one year later, Wakker and others produced the book *Funding Forest Destruction*.[8]

In 2001, having documented the impacts of oil plantations over several years, WRM published its first book on the subject (*The Bitter Fruit of Oil Palm*), which included three case-studies in countries that were major players in Asia (Indonesia), Latin America (Ecuador) and Africa (Cameroon), accompanied by a number of articles describing struggles in those and other countries against oil palm plantations. Apart from the environmental impacts of these plantations, the book documented a large number of human rights violations linked to oil palm expansion.[9]

The fact that both issues – forest destruction and human rights violations – had been well documented led large corporations linked to the palm oil chain (from plantations to retailers) to think strategically about the negative effects that growing opposition and negative publicity might have on their businesses in the future. What they felt they needed was a mechanism that could certify that the activity – from the production of oil palm fruit to the industrialisation of palm oil – could meet "minimum sustainability criteria" and garner sufficient credibility with importing country governments and consumers.

The "solution": voluntary certification

The chosen mechanism –the RSPO – was to a large extent modelled on the previous WWF-led process of the Forest Stewardship Council (FSC). As in the FSC, the RSPO came up with a set of Principles and Criteria resulting from a negotiation process involving a broad range of "stakeholders"; compliance with those standards would be assessed by third-party certification. Both mechanisms also assure consumers that their certified products are sustainably produced: the RSPO through its own name, "Sustainable Palm Oil", and the FSC through its stated commitment that "products carrying the FSC label are independently certified to assure consumers that they come from forests that are managed to meet the social, economic and ecological needs of present and future generations".[10]

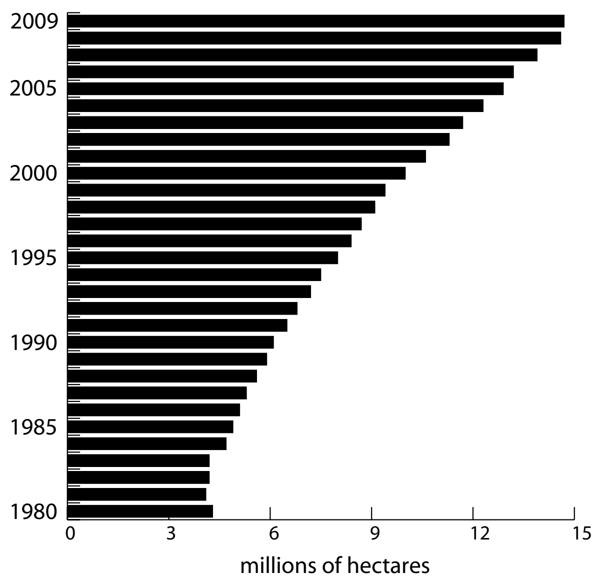
The fundamental problem here, however, is that large-scale monoculture tree plantations cannot be socially and ecologically "sustainable". In the case of FSC, WRM has produced ample documented evidence proving that large-scale monoculture tree plantations are uncertifiable due to their social and environmental impacts.[11] The same is true for large-scale monoculture oil palm plantations. The only forms of palm oil production that are ecologically sustainable is that of local communities using natural palm stands in West Africa – where oil palm is a native species.[12]

However, most of the oil traded internationally – even from West Africa – comes from large-scale monoculture oil palm plantations with profound social and environmental impacts. As with plantations of other trees – such as eucalyptus and pines – the problem is not the species planted but the form and scale in which they are cultivated.

To avoid confusion, it is important to note that industrial production[13] of palm oil fruit is carried out in three main forms: 1) large, corporate-owned plantations; 2) smallholder farmers' land; 3) a combination of both – the "nucleus estate-outgrowers" model. However, in all three cases the result is the same: a large area of contiguous land is occupied by monoculture oil palm plantations.

The impact of such plantations on plant and animal biodiversity is enormous, because they destroy the habitat – usually forest ecosystems – of a

Global oilpalm area, 1980–2009
from 4.3m to 14.7m hectares



Source: FAOSTAT

Corporations' firm grasp

The power balance between corporations and NGOs is clearly shown in the RSPO's current Executive Board (February 2010), where the majority of its members represent corporations or associations of corporations:

President: Jan Kees Vis - Unilever
Vice-President I: Adam Harrison - WWF Scotland
Vice-President II: Derom Bangun - Indonesian Palm Oil Producers Association (GAPKI)
Vice-President III: Jeremy Goon - Wilmar International
Vice-President IV: Marcello Brito – Agropalma, Brazil
Treasurer: Ian McIntosh - Aarhus United UK
Members:
Marc den Hartog – IOI Group (Malaysia/Netherlands)
Paul Norton – HSBC Bank Malaysia Berhad
Johan Verburg – Oxfam International
Timothy J. Killeen – Conservation International
Faisal Firdaus – Carrefour Group, France
John Baker – Rabobank International
Christophe Liebon – Intertek
Tony Lass – Cadbury plc
Mohd Nor Kailany – FELDA
Abetnego Tarigan – Sawit Watch

Only two environmental/nature conservation NGOs (WWF and Conservation International) and two social/development NGOs (Oxfam and Sawit Watch) are represented on the board. The other 12 members represent oil palm growers (4), palm oil processors and/or traders (2), consumer goods manufacturers (2), retailers (2), banks/investors (2).

Additionally, its ordinary and affiliate members include some very well-known corporations typically associated with social and environmental damage – Cargill, Cognis, International Finance Corporation, British Petroleum, Bunge, Syngenta and Bayer, among others.

large number of species. This impact is magnified by the heavy use of agrotoxins, ranging from herbicides to insecticides, that result in the elimination of yet more animal and plant species. The chemicals pollute local water resources, which are also affected by the extensive drainage systems put in place for the plantations. Monoculture plantations, moreover, provoke erosion, because land formerly covered by forest is cleared prior to plantation, leaving the soil exposed to heavy tropical rains.

The consequences of plantations for local communities are often severe, particularly in corporate-owned plantations that appropriate large areas of land which had hitherto been in the hands of indigenous or peasant populations and had provided for their livelihoods. The dispossession generates resistance from local people, who are then confronted by repression from state forces and the oil palm companies themselves. The violation of land rights is thus typically followed by other human rights violations, including even the right to life.

Leaving aside other social and environmental impacts, it is a well-known fact that most of the plantations owned by companies involved in the RSPO process have been established at the expense of tropical forests. In spite of that, the fruit harvested from those same plantations will be industrialised and sold as "sustainable" palm oil. This is made possible by one of the RSPO's criteria (7.3), which states that certification will check that "New plantings since November 2005 have not replaced primary forest". This of course means that all deforestation prior to that date will not be taken into account, and that plantations where such deforestation occurred will still receive the RSPO seal of approval. Given that oil palms can be harvested for up to 30 years, this implies that much of the palm oil traded with the RSPO "sustainable" seal in the next 10–20 years will be harvested from plantations that have "replaced primary forest".

The scenario most likely to result from the RSPO process is that in the future there will be two production sectors supplying different markets. On the one hand there will be a group of companies with certification that will attempt to a greater or lesser extent to comply with the principles and criteria adopted by the RSPO, while on the other hand there will be a second group of uncertified companies that will continue with "business as usual". The first will cater for markets like the European Union, where consumers – and governments – demand compliance with certain social and environmental standards, while the second will supply all the other, less demanding markets.

To complicate matters further, what is being certified is not the overall performance of an oil palm company, but specific plantation areas. This means that it is possible that one company will have some of its operations certified under RSPO principles and criteria while it carries out other operations ☛

7 http://www.rspo.org/resource_centre/Press%20Release%20-%20Post%20RT6_1.pdf
8 Eric Wakker et al., Funding Forest Destruction. The Involvement of Dutch Banks in the Financing of Oil Palm Plantations in Indonesia, Amsterdam, Bogor, Castricum: AIDEnvironment, Telapak and Contrast Advies, 2000.
9 In September 2006, WRM published a second book: Oil Palm: From Cosmetics to Biodiesel – Colonization Lives On.
10 http://www.fsc.org/vision_mission.html
11 See WRM web page section on certification: http://www.wrm.org.uy/actors/FSC/index.html
12 Wild groves are harvested by subsistence farmers, who extract the oil by traditional methods. In West Africa, palm oil is a major food item and it is typically used for making foodstuffs, as its natural flavour has a distinguishable effect on dishes. Palm oil is also used to make palm wine and local medicines. The leaves may also be used to make thatches, which are used as roofing material in certain areas.
13 Harvesting from wild groves or small scale plantations is not considered to be "industrial production".

that violate those same principles. This would be a likely scenario in plantations owned by one company in different regions within a country, as well as in different countries.

The final result will be that the cultivation of oil palm will continue to expand, and the accumulated impacts of both "sustainable" and other plantations will continue to have serious impacts on people and their environment. The RSPO will have fulfilled its main objective: growth (as stated in the RSPO website: "Promoting the Growth and Use of Sustainable Palm Oil").

Sustainable, improved or greenwashed?

The problem with the RSPO is that it conveys the message that palm oil can be certified as "sustainable". Confronted with that claim, the only possible response from anyone who knows about the impact of large-scale oil palm monoculture is that RSPO certification is a fraud.

Most people would of course agree that a company that complies with some of the more progressive social and environmental criteria included in the RSPO's principles and criteria will have improved its performance. Even when the wording of almost every criterion allows for some "flexibility" in its interpretation, some criteria are at least a step forward as compared with currently prevailing practices. For instance, criterion 6.5 establishes that "Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages." It is not much to require "minimum standard" wages, and it is difficult to define what the phrase "decent living wages" means, but it is obviously better than nothing.

Some social organisations, particularly in Indonesia have seen this process as an opportunity for helping to open up political space for indigenous peoples and affected communities. It is clear to them that the RSPO cannot solve the fundamental problems of land tenure and community rights, but it has been successfully used by some communities to assert their rights, and to force member companies to respect the rights of communities affected by their oil palm operations. As some companies attempt to apply the RSPO standard, this is helping to show that companies and the industry overall will not be able to respect indigenous peoples' and communities' rights unless there is legal reform.

The bigger question, however, is not whether the RSPO contributes to improving current practices –which it probably will in some cases – but whether it can be a useful means for addressing the industry's most severe impacts on forests, local peoples, soils, water, biodiversity and climate. And the answer is: no.

With forests, the RSPO legalises past, present and future destruction of all types of forest, with the exception of "primary forests" and "rare, threatened or endangered species and high conservation value habitats". As for the rights of local people, the criteria do not provide sufficient safeguards against the further expansion of oil palm plantations over their territories, which will deprive them of their lands and means of livelihoods and adversely affect their health. When it comes to soils, water and biodiversity, the RSPO will serve only to disguise the inevitable impacts of oil palm plantation management on these three crucial resources, while forest

No World Bank money for palm oil

Rettet den Regenwald*

The World Bank has invested US$2 billion in palm oil cultivation and use since 1965, at least half of it in Indonesia and Malaysia. Palm oil companies such as Wilmar International were regularly granted loans and development funds by the World Bank and the International Finance Corporation (IFC), a member of the World Bank Group. Over the last 45 years, oil palm plantations have grown eightfold worldwide – 23-fold in Indonesia, according to the World Bank. The World Bank has financed 15 palm oil projects in Indonesia and boasts about the "successful establishment of 100,000 hectares of oil palm plantations".

The impacts have been disastrous: oil palm expansion is the main cause of hundreds of – often violent – land conflicts, rainforest destruction and species extinction in south-east Asia. Indigenous peoples have been deprived of their homes and livelihoods for palm oil. Thousands of orang-utans are killed as rainforest is cut and burned down for plantations. In Africa and Latin America, too, people and nature are suffering as a result of fast-expanding, export-oriented oil palm plantations.

Last year, the World Bank could no longer ignore the complaints: in August 2009, World Bank President Robert Zoellick suspended all palm oil funding and announced a comprehensive palm oil strategy. Now, however, the World Bank seems determined to go back to "business as usual". The new World Bank Draft Framework for Palm Oil is a farce.

The World Bank claims to want to promote "sustainable" palm oil production, but the vast industrial plantations which they want to continue funding and the production of great quantities of palm oil for the global market can be neither environmentally nor socially sustainable. Palm oil production consumes vast quantities of energy, land, fertile soils and water. RSPO certification cannot change this fact. Palm oil is now contained in ever more products, from food to cosmetics and cleaners, and it is being increasingly used for biodiesel and in power stations. This disastrous development must be stopped.

On 21 September 2010, environmental and social campaigners worldwide marked the International Day Against Tree Monocultures. Several NGOs collected signatures to a letter to be sent to the World Bank. The letter can be read at: http://www.rainforest-rescue.org/protestaktion.php?id=623

* Rettet den Regenwald ("Save the rainforest") is a German-based NGO. For more information, see: http://www.rainforest-rescue.org/index.php

destruction will add further CO_2 emissions to the atmosphere.

Widespread civil society opposition

In contrast to the Forest Stewardship Council – and probably as a result of experience with it – few civil society organisations have joined the RSPO process, and many are actively opposing it.

In October 2008, a large number of national and international organisations responded to the first Latin American meeting of the RSPO with an "International Declaration Against the 'Greenwashing' of Palm Oil by the Roundtable on Sustainable Palm Oil".[14] The choice of Colombia as the site of the meeting only confirmed the concerns of those organisations. The Colombian military and paramilitary forces have routinely used murder, torture, rape and "disappearances" in evicting whole communities to make way for oil palm plantations.

The declaration called the RSPO "a tool for the expansion of the palm oil business" and "another attempt at camouflaging and denying the true situation, providing 'a green-wash' to make a model of production that is intrinsically destructive and socially and environmentally unsustainable, appear to be 'responsible'." It gave several reasons for rejecting the RSPO, including:

- that the principles and criteria proposed by RSPO to define sustainability include large-scale plantations;
- that the RSPO is designed to legitimate the continuous expansion of the palm oil industry;
- that any model that includes the conversion of natural habitats into large-scale monoculture plantations cannot, by definition, be sustainable;
- that the RSPO is interested in economic growth and opening up markets for palm oil, not social and environmental sustainability;
- that the RSPO is dominated by industry and does not genuinely consult affected communities;
- that the participation of NGOs in RSPO, such as the WWF, only legitimates an unacceptable process;
- that the RSPO allows companies to certify individual plantations, eluding overall assessment of their whole production.

A year later, just before the RSPO's 2009 general assembly in Malaysia, an open letter was sent to RSPO and WWF by a number of organisations under the heading "Oil palm monocultures will never be sustainable".[15] The letter stated:

> *We are deeply concerned that RSPO certification is being used to legitimise an expansion in the demand for palm oil and thus in oil palm plantations, and it serves to greenwash the disastrous social and environmental impacts of the palm oil industry. The RSPO standards do not exclude clear cutting of many natural forests, the destruction of other important ecosystems, nor plantings on peat. The RSPO certifies plantations which impact on the livelihoods of local communities and their environments. The problems are exacerbated by the in-built conflict of interest in the system under which a company wanting to be certified commissions another company to carry out the assessment.*

The need to step up the struggle

Regardless of the good intentions of the NGO representatives participating in the RSPO process, or even those of participants from other sectors, it is obvious that the majority of the members and affiliate members of the RSPO do not question the expansion of oil palm monocultures. On the contrary, they are actively seeking to boost both production and consumption in traditional markets (food, soaps, detergents and cosmetics) and in the emerging market of agrofuels. While it is true that many aspects of the production process can be improved, it is equally true that the model as a whole – even with these improvements – continues to be unsustainable.

The RSPO process did not emerge out of the blue, but was in fact an industry response to the many local resistance struggles and national and international campaigns waged to denounce the current situation. Therefore, rather than supporting or opposing the RSPO process, what is most important now is to step up these struggles and campaigns to curb the further advance of this essentially destructive industrial model. The key challenge today is not to improve large-scale monoculture oil palm plantations, but rather to halt their expansion.

GOING FURTHER

- WRM, "RSPO: The 'greening' of the dark palm oil business", Montevideo, March 2010. http://www.wrm.org.uy/publications/briefings/RSPO.pdf
- "International Declaration Against the 'Greenwashing' of Palm Oil by the Roundtable on Sustainable Palm Oil" signed by 256 Organisations. http://www.biofuelwatch.org.uk/docs/17-11-2008-ENGLISH-RSPOInternational-Declaration.pdf
- "Oil palm monocultures will never be sustainable" Open letter to RSPA and WWF. http://www.wrm.org.uy/plantations/RSPO_letter.html
- "Sustainable monocultures no thanks!", GRAIN, Against the grain, June 2006. http://www.grain.org/articles_files/atg-6-en.pdf
- The WRM website, with a special resource page on plantations: http://www.wrm.org.uy/

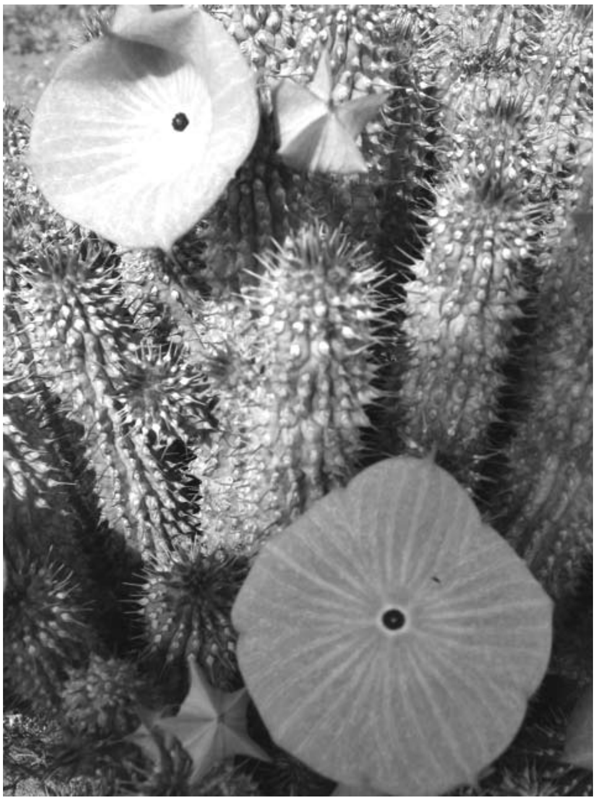
14 See: http://www.biofuelwatch.org.uk/docs/17-11-2008-ENGLISH-RSPOInternational-Declaration.pdf

15 http://www.wrm.org.uy/plantations/RSPO_letter.html

Hot air over Hoodia

Rachael Wynberg

Almost 20 years ago the Convention on Biological Diversity was signed into existence. Now one of its core provisions – the creation of a regime that provides for equitable access to and benefit sharing from biodiversity – appears close to agreement. In October, the Parties to the Convention will meet in Nagoya, Japan, and are expected to agree on a final text. Meanwhile, at the national level, governments have started legislating on this issue. In this article, Rachel Wynberg[1] analyses what this benefit sharing amounts to in the case of the San people of southern Africa, who have seen Hoodia – a plant used locally to stave off hunger – propelled into the centre of commercial interest.



Rachel Wynberg is a senior researcher at the Environmental Evaluation Unit, University of Cape Town, and a founder member and current trustee of Biowatch South Africa.

Hoodia is surely one of the most famous biopiracy cases. It is often used to demonstrate the benefits of bioprospecting for indigenous peoples and the way biopiracy issues might be resolved. The reality, however, is a lot more complex, raising more questions than answers about access and benefit sharing, and the implications of benefit-sharing agreements.

The story emerges from the arid regions of southern Africa, where the succulent plant has long been used to stave off hunger and thirst by the indigenous San peoples, one of the oldest – and most marginalised – human communities of Africa. Their knowledge of the plant was published by colonial botanists and was used by the South African-based Council for Scientific and Industrial Research (CSIR) to investigate the plant's potential as an appetite suppressant. In 1997, after a lengthy period of development, the CSIR patented the use of the plant's active constituents responsible for suppressing appetite. A subsequent agreement was developed in 1998 between the CSIR and the UK-based company Phytopharm, followed by a further licence and royalty agreement between Phytopharm and Pfizer, the US-based pharmaceutical giant.

Until 2001, the San had no idea that their knowledge of *Hoodia* had commercial application, and that this knowledge had led to research, scientific validation, and the filing of international patents by the CSIR. They were, moreover, excluded from lucrative deals being struck to develop commercial products. In 2001 the San were alerted to the use of their knowledge without consent. In fact, the CSIR had told Phytopharm that the 100,000 strong San "no longer existed"! Political pressure and intense media coverage forced the CSIR to negotiate with the San, leading to the adoption of a benefit-sharing agreement in 2003.

The benefit-sharing agreement stated that the San would receive 6 per cent of all royalties received by the CSIR from Phytopharm for products, and 8 per cent of milestone income when certain targets were reached. Money was to be paid into a Trust set up jointly by the CSIR and the South African San Council "to raise the standard of living and well-being of San peoples of southern Africa". Strict rules were developed to distribute the funds. San representatives recognised that knowledge about the plant was held collectively by the San community, and therefore agreement was reached to share the money between all southern Africa's San.

Cracks start to show

The agreement was hailed initially as a significant breakthrough in the access and benefit-sharing impasse. Here was an example of how the CBD could work in practice to benefit both indigenous communities and those seeking to reap profit from traditional knowledge and biological resources. The dietary control of obesity is valued at US$3 billion per annum in the US alone, and thus returns were expected to be lucrative. But very soon the cracks began to show. Analysis of the agreement revealed that, although the San might receive a considerable amount of money, this would be only a minuscule sliver of a very large cake. Moneys received by the San would be extracted from royalties received by the CSIR, but profits accruing to Pfizer and Phytopharm were to remain untouched. Was this equitable benefit sharing? The requirement for the San to have an exclusive agreement with the CSIR was also troubling as it would reduce any other opportunities that may arise for the San to benefit from the use of *Hoodia*. What if the Pfizer deal fell through? Additionally, the inflow and distribution of potentially huge sums of money to the San were worrying because local San institutions are fragile and weak. What impact would this have on the San, and how could a system be created that ensured fairness and equity across three countries? This matter was especially complex because of the wide distribution of San across very remote parts of southern Africa.

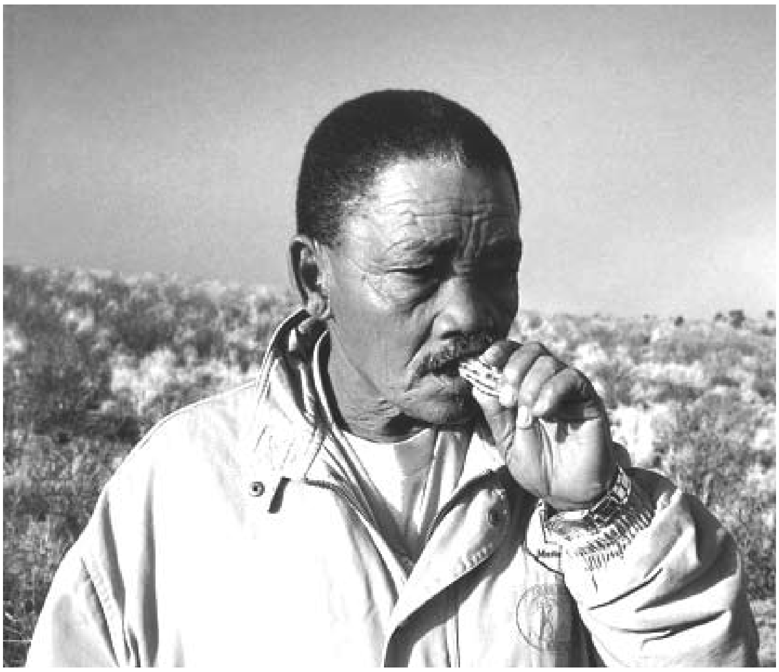
These concerns were to some extent prophetic. In 2003, Pfizer merged with Pharmacia and closed its Natureceuticals group, which had been responsible for developing *Hoodia*. Pfizer discontinued clinical development of the drug and handed the rights back to Phytopharm. In 2004, the consumer giant Unilever stepped in through a joint development agreement with Phytopharm, and began investigating *Hoodia* as an ingredient for its line of Slim Fast® drinks. A massive cultivation programme was launched, involving over 300 ha of *Hoodia* in South Africa and Namibia, clinical safety trials, manufacturing, and an agreement to develop a 750-million-Rand (c. US$105 million) extraction facility. ☛

Pelargonium benefits?

The recent patent challenge of the Pelargonium plant from South Africa and Lesotho clearly illustrates the ease with which government and companies manipulate power relations and select the communities and issues that they will deal with. The knowledge about the healing properties of Pelargonium was first obtained from traditional healers in Lesotho in the early nineteenth century by a Swiss doctor. Schwabe, a German pharmaceutical company has been producing a very effective drug from the root of the plant for decades. It is just one of many biological products from the South to be used as medicine in industrialised countries. But when Schwabe was granted a number of patents at the European Patent Office, a challenge was launched by a community from the small town, Alice, in South Africa's Eastern Cape. With support from national and international NGOs, their challenge was successful. The South African government is now forced to respond to this issue and is considering issuing a national bioprospecting permit to Schwabe, which would include benefits flowing back to a local chief. Meanwhile, the provincial government went ahead and gave Schwabe monopoly access by granting a permit to local middlemen with the condition that they should supply Schwabe exclusively. So the South African authorities choose to deal with the issue by ignoring the community that challenged the patent, and instead working out deals with a pharmaceutical company, a handpicked local chief and a newly formed community trust. In the process they avoid having to work with the more informed Alice community and the NGOs. Is this equitable sharing of the benefits?

Hoodia ***seedlings of various ages in a polytunnel***

1 In 1997, Rachel Wynberg came across the *Hoodia* patent filed by South Africa's Council for Scientific and Industrial Research, did research to uncover the traditional use of the plant, and began a campaign through Biowatch to alert the media and the San to the exploitative use of this knowledge. She has been involved in research relating to *Hoodia* and its commercialisation for the past 10 years and recently published a book about the case, together with Doris Schroeder and Roger Chennells (see the "Going further" section at the end of the article.)



The San remain among the most marginalised people in southern Africa, with a long history of dispossession, persecution and relocation. Most live in remote, harsh, and arid environments, scratching a living from agriculture, livestock, wage labour and the harvesting of non-timber forest products. Many San live in poverty and face extreme hardship in terms of access to social services, employment and income-generating opportunities. Introducing large sums of money into such communities could have potentially divisive and even catastrophic impacts.

☛ Caught up in the *Hoodia* frenzy, a swathe of opportunistic *Hoodia* growers and traders emerged. The CSIR patent was focused on the *Hoodia* extract, and nothing prevented other companies from simply selling raw *Hoodia* for incorporation into herbal supplements. Unregulated collection from the wild soared, and by 2004 concerns about the threat posed to natural populations had led to the inclusion of *Hoodia* species in Appendix II of the Convention on International Trade in Endangered Species (CITES). Dozens of *Hoodia* products were advertised on the internet and sold in drugstores and pharmacies as diet bars, pills, creams, and drinks, traded by myriad companies using the publicity and clinical trials of Phytopharm and Unilever. The San were receiving no benefits from these products, many of which were of dubious authenticity and quality. Growing concerns about the environmental impact and about quality led to a more regulated industry based on cultivated material. Those involved in growing *Hoodia* for the herbal and dietary supplement market also negotiated another benefit-sharing agreement with the San. As the *Hoodia* industry became more organised, it was dealt a blow by the sudden withdrawal of Unilever in 2008, which announced that it was abandoning plans to develop *Hoodia* as a functional food because of concerns about safety and efficacy. Although some *Hoodia* herbal products remain on the market today, the multi-million dollar projections of profit remain elusive.

Important points have emerged from the *Hoodia* case. Most significantly, it has revealed that expectations of what bioprospecting can bring are both unrealistic and, often, misleading. Bioprospecting is far more likely to help to build scientific and technological capacity than it is to alleviate poverty or improve biodiversity conservation. The development of commercial products is costly and risky and seldom benefits communities on the ground. Where benefit-sharing agreements are developed, these are no solution to problems of development, and may end up causing worse problems than they resolve. To date, only US$100,000 has been received by the San *Hoodia* Trust, but already the challenges of distributing this money are immense, and divert energy away from other needs. Many of the organisations set up to represent the San politically are very new, lack capacity, and are unable to handle the introduction of large sums of money.

Questions also need to be asked about the relevance of ABS for indigenous peoples in the context of other development challenges and priorities. These involve securing rights to the resources, knowledge and land that have been alienated from them over centuries. ABS debates have typically taken place without recognising these realities, and the broader threats to biodiversity and culture – such as logging, mining and commercial agriculture. Greater integration of these issues is vital if the dual objectives of achieving equity and conserving biodiversity are to be achieved.

GOING FURTHER

- Rachel Wynberg, Doris Schroeder and Roger Chennells, *Indigenous Peoples, Consent and Benefit Sharing: Lessons from the San Hoodia Case*, Springer Press, 2009. http://www.springer.com/law/environmental/book/978-90-481-3122-8
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Seeds

Food crisis or agribusiness as usual?

The narrative for the "2010 food crisis" is already being cast: Russian drought triggers export ban, causing a spike in the price of wheat, leading to global food inflation and, as a result, riots in the streets of Mozambique. This sounds eerily like the shallow story lines of 2008, except this time the distortion is even worse.[1]

The news from Russia is not about a food crisis, it's about agribusiness. There is a link with the protests in Maputo, but it is not explained by drought or Moscow's export ban.

The price of wheat on international markets had already climbed dramatically before the Kremlin imposed a ban on wheat exports on 5 August 2010. Between early June and the end of July it rose by 40 per cent in Chicago and 80 per cent in Paris. But it was in Russia where the price of wheat really went through the roof, surging by 100 per cent as the drought set in, according to one FAO economist.[2]

Much has been said about the role of international speculators in pushing up wheat prices, and this is valid. But Russia's market is not accessible to such speculation. It's another form of speculation that's at work there. Over the past few years, foreign investors and local business magnates have been buying up Russian farmland, mainly for the production of wheat. They've set up huge, vertically integrated "agro-holdings", particularly in the southern grain belt where they now control 40–50 per cent of total grain production.

As the drought took hold, the corporate farmers held back their harvests and demanded higher prices.[3] The Russian government did nothing to intervene, even though it could easily have unloaded some of its massive wheat stockpiles on the market. Moscow has a grain intervention fund of over 9 million tonnes and total stockpiles of over 21 million tonnes, which is well beyond what it needs to ensure ample domestic wheat supplies.

The Kremlin moved only when the profit-taking started to pinch the grain traders who were locked into export contracts they'd signed before the drought began. Glencore, a private Swiss company that is Russia's largest wheat exporter, stood to lose millions.

> Some companies have already faced the fact that the contracts for the supply of wheat for July–August were agreed at the price of US$160–170 per tonne, and now the grain cannot be purchased for less than US$220 per tonne, which forces exporters to meet contract agreements with losses,

said Nikolai Demyanov, deputy chief executive officer of Glencore's Russian subsidiary, International Grain Co.

According to reports in the Russian and international press, on 3 August Demyanov lobbied the Kremlin for an export ban, which would allow Glencore to cancel its export contracts because of *force majeure* – circumstances beyond its control.

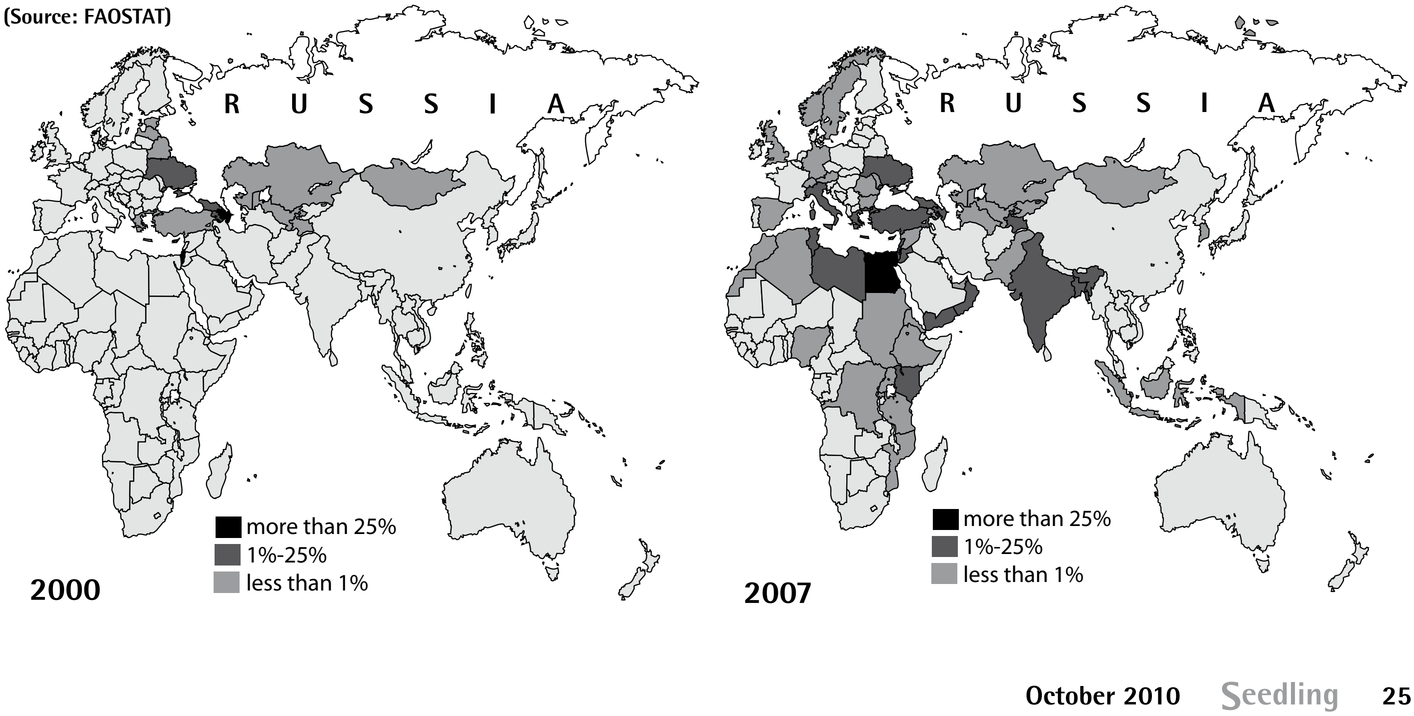
"The government should set a temporary ban on grain exports immediately; it should set a ban rather than an export duty because a duty doesn't qualify as *force majeure* for exporters," said Demyanov in an email.[4]

And two days later the Kremlin did exactly what Glencore asked for. Russia's President, Dmitry Medvedev, even made a public statement to ensure that Glencore's clients got the message: "This is a real *force majeure*, an unforeseeable circumstance."[5]

Russia's corporate farmers, some of whom are also major grain traders, were not

Distribution of Russian wheat exports to recipient countries, 2000 and 2007

(Source: FAOSTAT)



altogether thrilled with the decision, but it was better than a large release of stockpiles, since they could still sell at high prices on the local market. Alongside the export ban, the Kremlin pledged US$1 billion in low-interest loans and subsidies for grain producers. Most of this money will go to the corporate farmers who are already talking about taking advantage of the crisis to expand their land holdings.[6] One of the companies buying farmland in Russia is none other than Glencore.[7]

The ban means little for Russian consumers who are already dealing with rampant food inflation, and not just for grains. The French dairy company Danone, which has recently taken control of nearly a quarter of the national market for dairy, used the drought as an excuse to ramp up its wholesale prices by 31 per cent.

The biggest losers in all of this are the poor countries that were expecting shipments of wheat from Russia. Since 2000, agribusiness corporations, with heavy support from Moscow, have turned Russia into the world's most important exporter of cheap wheat. If you look at the two maps on page 25, you can clearly see how Russia's market growth has taken off in poor countries that are heavily dependent on wheat imports – from South-east Asia to North Africa. With this "*force majeure*" they not only lost their contracts for Russian wheat, but had to scramble to sign new contracts with the same grain traders at much higher prices, since in the intervening time speculators on the international market sent the price of wheat skyrocketing.

The costs are huge for countries that can hardly afford it. To cover a contract that it lost for 100,000 tonnes at US$210/tonne, Jordan had to settle for a new contract at US$324/tonne. Bangladesh had to deal with the cancellation of contracts for 345,000 tonnes of Russian wheat. Egypt, the biggest importer of Russian wheat, bought 540,000 tonnes at US$239/tonne, for which it now had to pay US$310/tonne. The Government of Egypt says that the price change will add US$705 million to its budget for bread subsidies this year.

So the real story is this: instead of Cargill, Bunge and Glencore taking a hit on bad futures bets, they passed on the price hike to countries like Mozambique and then cashed in on a new round of extortion. *Force majeure*? It's more like organised crime.

1 Worse still is IFPRI's bizarre response, which blames "suggestions" of similarities with the 2008 food crisis for inciting food price increases this year. IFPRI dismisses increases as "minimal" (tell that to consumers throughout the South coping with food inflation), and panic as not justified because the US has ample wheat stocks (cold comfort for those now having to buy wheat in dollars at high prices). See: Maximo Torero, "Wheat Price Volatility: Panic is Baseless and Hurts Poor People," IFPRI, 13 September 2010. (Thanks to Rahul Goswami for sharing comments on this).
2 http://www.bloomberg.com/news/2010-08-13/wheat-rally-will-increase-budget-deficits-in-north-africa-iran-fao-says.html
3 "Grain speculation as prices rise prompts intervention comment", RT, 4 August 2010: http://rt.com/Business/2010-08-04/russia-grain-prices-export.html
4 Ibid.
5 Dmitry Medvedev, "Kremlin – Opening remarks at meeting on domestic grain market stabilization", 13 August 2010, http://www.isria.com/pages/13_August_2010_52.php
6 Isabel Gorst, "Investors fear re-run of great grain robbery", *Financial Times*, 6 August 2010, http://farmlandgrab.org/14728
7 "Russia. Valars group buys 100,000 hectares of land for grain exports", Kommersant, http://www.blackseagrain.net/agonews/11868

A high-risk food system

In mid-August 2010, news broke that over half a billion eggs were being urgently recalled in the United States because they were contaminated with Salmonella. Another "tainted food" scandal in the US? Yes, but given the astonishing number of eggs involved it was difficult not to sit up and take a closer look.

In the space of one week, 550 million eggs were identified as potentially dangerous. That is a full 1 per cent of the country's annual production. Some 1,300 people had reported falling ill from eggs since the outbreak began in May, four times the normal rate.[1] It turned out that the toxic eggs came from two farms, both in the state of Iowa and both sharing the same feed and chick supplier.

No food safety system to speak of

There are two bodies mandated to look after the quality of food being bought and sold in the United States. The US Department of Agriculture (USDA) is supposed to monitor meat, poultry and egg products. The Food and Drug Administration (FDA), under the Department of Health, is supposed to keep an eye on "everything else" – 80 per cent of the food supply. This has led to absurd divisions of responsibility (as in cheese pizzas falling under the remit of the FDA while pepperoni sausage pizzas go to USDA). Yet no one has any authority to pull toxic food off the shelves. They can only invite companies to do so.[1] And the FDA has no real regulatory power, a minuscule budget and less than 900 staff dealing with food safety. In its endless drive to keep costs down (and profits up), the US food industry has managed to retain self-regulation when it comes to safety controls. There are no truly constraining rules and no one breathing down anyone's neck.

1 One should not assume that companies will withdraw offending products in their own self-interest. For example, in 1997 when contaminated ground beef infected 16 people in Colorado, a USDA official had to negotiate for days with Hudson Food, the producer, over how much beef to recall. The federal government had identified 25 million pounds as potentially dangerous. The company wanted to keep it to down to 20,000. As they argued, more and more Hudson Valley beef was being sold to consumers. (Barry Yeoman, "Dangerous food", Redbook, August 2000, http://www.barryyeoman.com/articles/food.html)

People quickly realised that this was the crux of the problem; they know that there is hardly a food safety system to speak of in the United States. A former associate commissioner of the US Food and Drug Administration, one of the two regulatory pillars of that system, bluntly describes it as "a relic of the 19th century" (*see* Box).[2]

But while many called for the rapid adoption of new legislation and for real means to implement it, the problem is clearly not just lack of regulation, but the structure of the industry – factory farming itself. The US food supply is so extremely concentrated – with very few companies involved in production, processing and retail – that when something goes wrong the effect is massive. In eggs, just ten companies account for 95 per cent of the entire country's production. In fact, the owner of Wright Farm, the larger

Photo: USDA

of the two firms implicated in the recall, is himself one of the country's ten largest egg producers. And he has accumulated this amazing power despite decades of illegal corporate practice.[3] Just four companies control 85 per cent of the beef packing industry, 66 per cent of the pork packing, 60 per cent of broiler chicken production, 80 per cent of the soya crushing, and so on. Only cattle rearing itself might still be considered not concentrated, with many independent herders raising beef cows until their last months of life, when they are shipped off to huge feedlots for finishing and slaughter.

All the food safety regulation in the world won't contain the risk that is inherent to such gargantuan scales of operation and the few fists of control behind them. That is the maths that policy makers need to do. Public health needs to be protected, and governments are responsible for dealing with that. Equally, the US – the birthplace of industrial agriculture and a timeless model of corporate agribusiness, which too many countries from Brazil to Saudi Arabia emulate as a path to food security – has to get its food safety act together, and not rely on corporate good will and voluntary recalls. But the real key to a safe and healthy food supply is in decentralised systems, where food is produced, processed and marketed on much smaller scales. True, you can have any disease or pathogen on a small farm. But it will never hurt so many people as in the magnified world of factory farming and vast plantation agriculture. That is what more and more people are learning from these crises, which may – one lives in hope – lead to more people supporting the right solutions.

1 The US Centres for Disease Control estimate that for every food poisoning incident that is reported, 30 similar cases are not reported. Therefore, 39,000 people are assumed to have got sick in this outbreak.

2 William Hubbard, speaking before Congress on 11 March 2009. See Nicole Gaouette and Edwin Chen, "Hamburg, Sharfstein Picks for FDA Add Focus on Public Health", Bloomberg, 12 March 2009, http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aKpk7omI173s

3 Jack DeCoster has an ugly history of offences for flouting labour laws, environmental laws, animal welfare standards, immigration rules and sheer decency. In all cases, though, the matters were dealt with through mere payment. See Mary Clare Jaolink, "Egg recall: Supplier Austin 'Jack' DeCoster has history of health, safety violations", Huffington Post, 22 August 2010, http://www.huffingtonpost.com/2010/08/22/egg-recall-supplier-violations_n_690400.html

Groups take on the causes of hunger in India

As stocks of food grains rot in government warehouses and food inflation pushes millions more people into hunger, groups in India are increasing their calls for an overhaul to the country's food system. In early August, more than 2000 people from across India gathered in Rourkela, in the eastern state of Odisha, for the Fourth National Convention of the Right to Food Campaign.[1] The Convention allowed for reflection on a broad range of issues, from hunger and food security to control over resources such as land, forests and water, as well as for specific demands such as an enforceable call on the State to guarantee food for all.

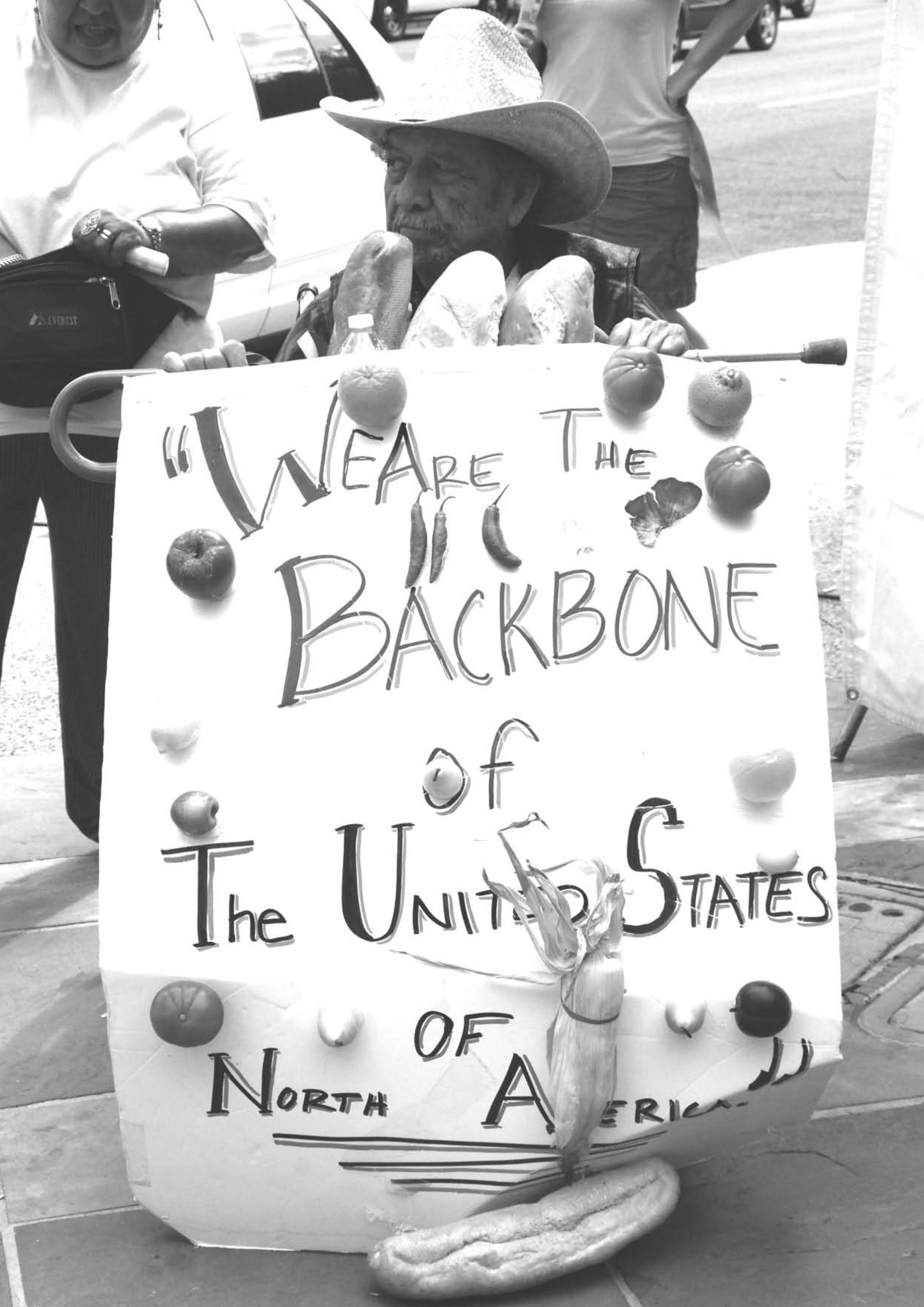
The National Convention delved deeply into food production issues – looking not only at access to food but also at how that food is produced. It ended with calls to stop the diversion of agricultural lands to non-agricultural uses and food-crop lands to non-food uses, and for access to and control over food production resources to remain in the hands of local communities. A resolution was passed supporting "biodiverse, pro-Nature agricultural technologies", and climate-friendly agricultural practices, while all toxic and unsustainable technologies, including chemical pesticides, GM seeds and chemical fertilisers, were condemned. The Convention also asked for the fixing of fair and remunerative prices for primary producers to stop the constant under-valuation of agricultural labour and produce.

One of the election promises of the ruling Congress Party has been a National Food Security Law for India. But the government's version of food security is forcefully rejected by the Right to Food Campaign and other groups in India. They say the law would not guarantee people enough food to provide for their needs, and that it falls short of what the Supreme Court has already ruled that the Central Government must provide. Moreover, for them, India's food crises cannot possibly be addressed by a single law. A profound overhaul is necessary, requiring tough political decisions to stop the corporatisation and commodification of agricultural inputs (seeds, land and water) and outputs (food processing, retail), to reject intellectual property rights on the agricultural resources and related knowledge that belongs to farming communities, and to reject free trade agreements, especially when it comes to agriculture.

The Government is doing little to support this people's vision. Instead, it is pushing ahead with a National Food Security Mission, one of the main focuses of which will be the promotion of hybrid rice.[2] Along the same lines, India's Prime Minister announced in August that a Borlaug Institute for South Asia will be opened shortly, not far from the site of the Right to Food Campaign convention, to usher in another "Green Revolution" for India!

1 http://www.righttofoodindia.org/

2 http://nfsm.gov.in/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BACKBONE
of
The United States
of
North America"