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

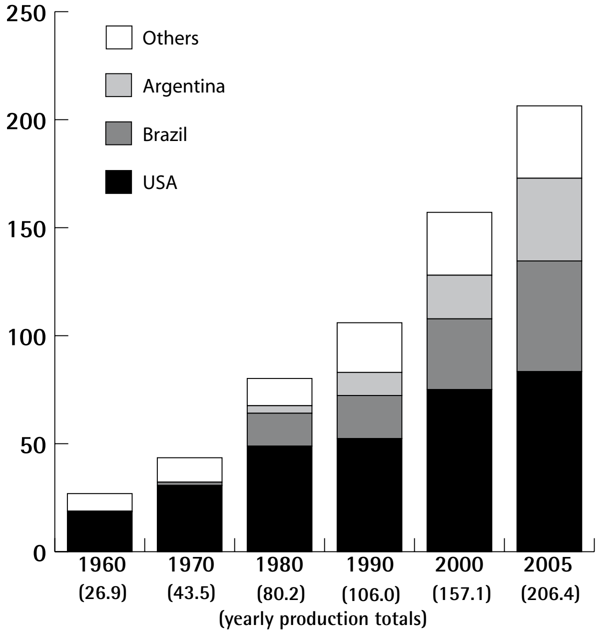
(million tonnes)

	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.

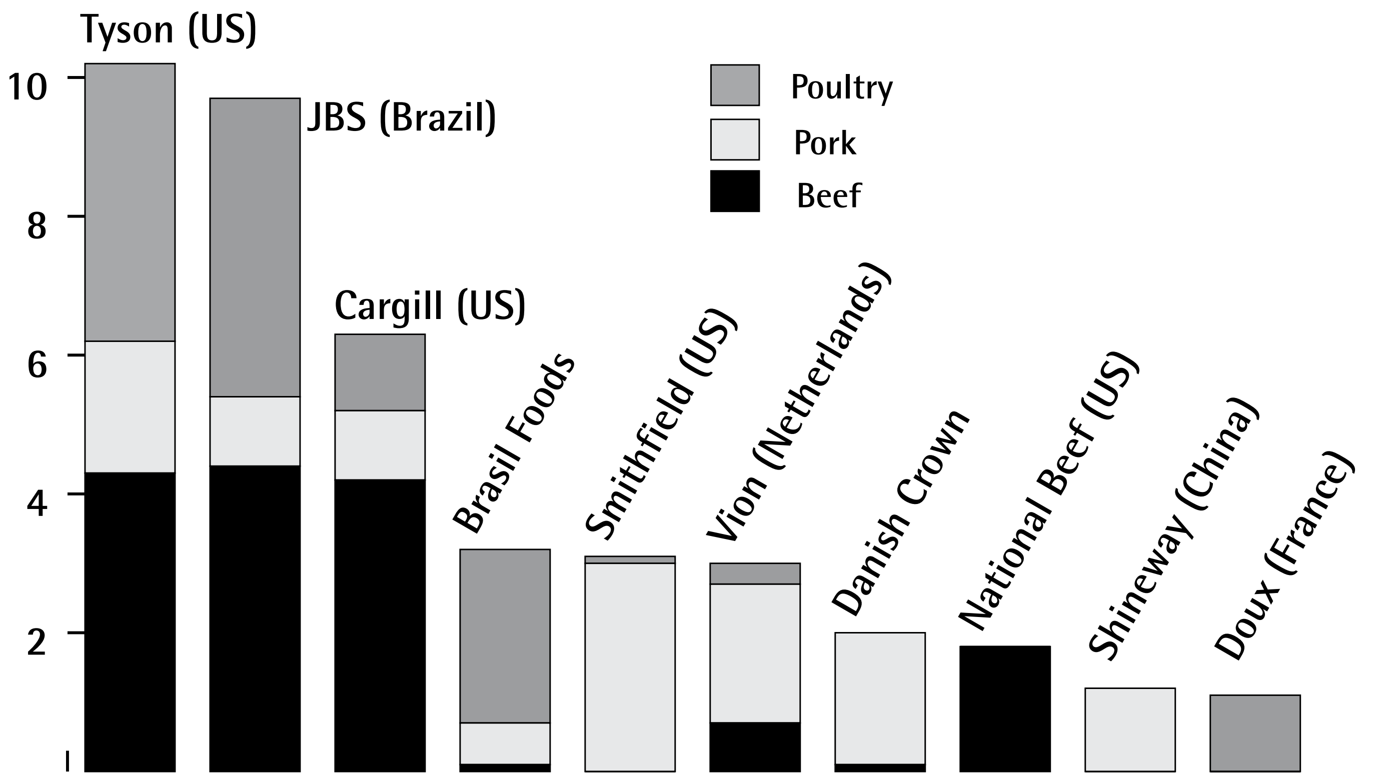
Graph 2 gives the global ranking of the top meat companies, and shows how transnational corporations from the South have joined the big boys' meat club. But a graph cannot convey the speed at which they are buying each other up, nor the complexity of their relations.

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.

Poultry farm, India

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 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