



**News Release:**  
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## **The Five Gene Giants are Becoming Four:**

# **DuPont and Monsanto – “Living in Sinergy”?**

**Rather than enter into a marriage that even the U.S. Government would find unpalpable, the world’s two most powerful Gene Giants have decided to live in sync by sharing their proprietary agricultural biotechnologies with one another. Unless the two titans are committing to long-term monogamy, such a tech-swap is the corporate equivalent of “unprotected sex”. It seems the risks in this particular union will be offloaded on farmers with fewer choices and higher prices - the corporate notion of “Fee Love”?**

**Corporate Coupling:** The low-key announcement by DuPont and Monsanto (85% owned by Pharmacia) April 2<sup>nd</sup> was presented as a “win” for farmers who, the companies’ joint statement claimed, will have access to more technology choices. The companies are not proposing to merge. Instead the world’s first and second largest seed enterprises are agreeing to swap their key patented technologies and to drop a bushel of outstanding patent lawsuits that have festered for years. The agreement creates the kind of non-merger monopoly that is overlooked by government regulators.

The DuPont – Monsanto alliance does not extend to the whole range of products and processes controlled by the two companies. Only agricultural biotechnology patents are involved but the companies’ roles in crop chemicals as well as in seeds are implicated since the lion’s share of their biotech activity relates to herbicide-tolerant and insect-resistant transgenes.

DuPont is the world’s largest seed company with sales of more than \$1.9 billion in 2000. Monsanto ranks a close second in the global seed trade with 2000 sales of \$1.6 billion. Together they account for almost 15% of annual world commercial seed sales. In the lucrative U.S. seed corn market, the companies control 73% of sales.<sup>1</sup> More to the point, the two Giants together command 41% of all significant agricultural biotechnology patents and share about 93% of the GM seed market worldwide. In addition, Monsanto is number two in global sales of crop chemicals and DuPont is number five. In 2000, their combined sales amounted to \$6.6 billion or 22% of global agrochemical sales. (For further details, please see ETC *Communique*, “Globalization Inc.”, September-October, 2001, at [www.etcgroup.org](http://www.etcgroup.org) )

**“Unprotected Sex”?** The deal gives both titans cross-licenses to technologies for maize, canola (edible oilseed rape) and soybean crops. In their joint statement on the alliance, a DuPont VP said, “farmers can use the best of what both companies have to offer.” Monsanto’s spokesperson added, “This is a win for farmers”. Among the particulars of the deal: DuPont wins a royalty-bearing license to Monsanto’s latest Roundup Ready maize and soybean technologies, and DuPont’s current license for Monsanto’s corn borer technology will be opened up to allow DuPont

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At the end of 1998, Gregory Gaff of the University of California (Berkeley) calculated that the top 30 assignee enterprises receiving agricultural biotechnology patents in the United States controlled 1370 patents and that 74% of these patents were held by just six companies. With this new alliance, five companies now have three-quarters of the main patents and DuPont and Monsanto share 41% or 566 of the 1370 patents Greff analyzed.

greater geographic coverage and better terms.<sup>2</sup> In return, Monsanto wins “freedom to operate” access to DuPont’s maize transformation technologies. Most significantly, the two giants have struck a deal on access to their proprietary germplasm for plant breeding. “Exactly why this should thrill farmers is not clear,” Pat Mooney, Executive Director of the ETC group, says, “The agreement appears to encourage the two corporations to extend the use of existing technologies rather than to invent better ones and it cuts the number of major players down from five to four. This means less choice and less innovation for the same or higher prices.” Mooney concludes. ETC group, and many scientists monitoring the world’s rapid decline in crop genetic diversity, have argued that corporate concentration and technology monopolies destroy diversity. Commenting on the woes of maize genetic diversity late last week, Cornell’s Dr. Jeffrey Bennetzen told *The New York Times*, “I personally do not believe that we can rely on the private sector to maintain genetic diversity. In fact, we can rely on them not to.”<sup>3</sup>

**Rites of Spring - Starlinked lovers:** The DuPont – Monsanto alliance comes just as another biotech union is nearing consummation. This week, Bayer will seek European Union approval to acquire Aventis Crop Science. The merger was proposed last fall for \$6.65 billion. Aventis is seeking a safe suitor following the famous “Taco Debacle” -- the escape of a restricted GM maize technology known as StarLink that somehow seeped into the human food chain in the USA and quickly spammed the Pacific Rim. The merger may only be blessed in Brussels and Washington if the new entity divests some of its agricultural products. On the eve of DuPont’s purchase of Pioneer Hi-Bred (then the world’s largest privately-held seed enterprise), Wall Street was actually expecting DuPont to make a bid for Monsanto. Once Pioneer was absorbed, however, there was no way that U.S. regulators were going to allow a DuPont – Monsanto merger.

**DINCs (Double Income – No Controls):** This is why some giants are favouring alliances over wedding bells. After more than a decade of frenzied merging, global corporations are discovering that marriages aren’t all they’re cracked-up to be. When titans mate, the commotion embarrasses even the most sanguine anti-combines regulators. Some multinationals have reached a size now where they must either not grow further or they have to enter into what polite society euphemistically terms “liaisons”. “We used to talk about the worry-free ‘DINKS’,” Mooney explains, “Double Income – No Kids. For DuPont and Monsanto, this is ‘Double Income – No Controls – ‘DINCs’”. According to *The Economist*, between 1996 and 1998, the world’s biggest multinationals established over 20,000 such liaisons. The top 20 life industry companies more than doubled their number of liaisons with biotech enterprises in a single decade. More than one-fifth of multinational revenues are now drawn from these alliances – double their share from a decade ago.<sup>4</sup> One of the major pressures to establish liaisons comes from the ambiguity and costs of patent litigation which has tied even the biggest companies up in knots for years at a time. Often it is cheaper and faster to establish an alliance than it is to continue courtroom battles. “The Gene Giants are being allowed to create global technology cartels that run below the radar screens of anti-trust regulators,” Hope Shand, ETC group Research Director, concludes, “Patented technology monopolies need to be stopped at the international level.”

**UN Conventional Action:** The ETC group is urging governments to monitor corporate technology transactions that could impact on the environment and on biodiversity through the UN Convention on Biological Diversity. The CBD began three weeks of meetings in The Hague, Netherlands yesterday. In addition, ETC group is calling for an International Convention on the Evaluation of New Technologies (ICENT). Agreement to negotiate ICENT should be reached at the “Rio+10” (World Summit on Sustainable Development) that will be held in Johannesburg, South Africa at the end of August. Finally, the group believes that the issue of proprietary biotech monopolies should be incorporated into the work underway at FAO (UN Food and Agriculture Organization) to establish a Code of Conduct on Biotechnology. An intergovernmental meeting will discuss the Code in Rome in October. However, most civil society organizations including ETC group, agree that the code must not be voluntary.

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**The Action Group on Erosion, Technology and Concentration, formerly RAFI, is an international civil society organization headquartered in Canada. The ETC group is dedicated to the advancement of cultural and ecological diversity and human rights. [www.etcgroup.org](http://www.etcgroup.org)**

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<sup>1</sup> *Chemical and Engineering News*, March 1, 1999, P.17.

<sup>2</sup> *DOW JONES NEWSWIRES*, “DuPont, Monsanto Sign Cross-Licensing Pact”, online service, April 2, 2002.

<sup>3</sup> *New York Times*, 5 April, 2002.

<sup>4</sup> “Mergers and Alliances – Hold My Hand”, *The Economist*, 15 May, 1999 (from *The Economist* website library).