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Concentration of market power in the EU seed market

A study commissioned by the Greens/EFA

INTRODUCTION

This study sheds light upon the increasing concentration of the EU seed market. It uses industry data to show that the mantra of the seed lobby and giant seed companies, that the EU market is healthy and diversified and is made up of some 7000 mainly small and medium enterprises (SMEs), is misleading. Notably, in the absence of freely available data and independently verifiable statistics, the European Commission is forced to rely upon industry statistics and further promotes the industry myth. This allows the corporations to dominate the narrative and manipulate the arguments to the general public on what is in their best interest.

The European Commission has been accused of drafting the seed marketing law 1 to benefit the big seed lobby, who in turn claim they are not a big lobby but a multitude of some 7000 medium and small players. The DG SANCO of the European Commission routinely contradicts itself when its representatives quote industry figures stating that there is no concentration in the EU market(s), while in their own impact assessment for the seed marketing regulation they state that 95% of the vegetable seed sector is controlled by a mere 5 companies.

Why is it important not to have a concentrated market dominated by a few major players? Firstly, because a concentrated sector is not a healthy sector, in terms of competition and openness of the market. Secondly, because of the effects on the diversity of players in the seed sector and of the biological, especially genetic, diversity of our crops.

Globally, we have been seeing a steady decrease in agricultural and horticultural genetic diversity, both in terms of i) genetic variation within strains and also ii) the absolute numbers available for farmers and gardeners: Indeed, the UN's food and agricultural organisation, the FAO, estimates that the diversity of cultivated crops declined by 75% during the 20th century and that a third of today's diversity could disappear by 2050. According to the FAO 3, more than 7000 species have been used in the history of humanity to feed us and meet basic human needs. At present, only 30 crops constitute 90% of the calories in the human diet, and only three species (rice, wheat, maize) account for more than half of the human calorie supply. The wealth of species that have contributed to humanity's balanced nutrition has therefore been severely eroded.

We need that rapidly-eroding genetic diversity, a vital part of agro-biodiversity, for our long term food security, in order to mitigate risks of pest attack and crop failure from increased extreme weather events, and also to maintain genetic capital to adapt around challenges like climate change. We see breeding moving out of the hands of the users, the farmers who for many centuries have adapted seed to their own local climatic needs, and instead innovation risks becoming the exclusive preserve of the corporations, who are intent on promoting and providing for a market of industrial scale production, with tailor-made dependency on agrochemicals. The same interests who own the seed monopolies are those of the agro-chemical sector, indeed in some cases they are the same companies, in others the money used to develop seeds comes from the agro-chemical sector in an open collaboration.

This study shows that the EU market – in reality a number of smaller Member State (MS) markets - is undergoing a concentration process, with some MS becoming much more concentrated than others. We use examples to illustrate this, by describing snapshots in two MS markets in different stages along this process, France and Poland. Using the seed lobby's own information, we can also see that the demarcation of an EU market as such is slightly illusionary, as dominant global seed companies, in close collaboration with dominant global agro-chemical companies, tailor seeds to be dependent on those agro-chemical inputs. It is without doubt a globalised market, where arms of global corporations use their worldwide networks to obtain, breed, multiply and distribute their seed: for example, source material may come from Italy, breeding and testing with pesticides may happen in Germany, multiplication may occur in Mexico, packaging in USA, and finally retail in the EU. Given this, we must not lose sight of the global picture which provides cause for concern, as the biggest 10 companies own up to 75% of the worldwide market share.

This study also reveals that the misleading figure of "7000 seed companies", quoted by industrial representatives, institutions and politicians to imply the market is not concentrated, applies not only to breeders, but also to multipliers, processing/treating companies and traders, collectively labelled the 'European seed industry'.

It sheds light upon some of the markets for individual crops or groups of crops within the seed sector, where different rates of concentration can be seen. For example, although the wheat market is dominated to a lesser degree, in the extreme case of the UK, 45% of the market share belongs to a single company; meanwhile 95% of the EU vegetable seed market is in the hands of just 5 companies.

The question is therefore: is the EU seed market really as diversified as the European Commission wants lawmakers and the general public to believe? Or is this market in fact transforming rapidly from a seed sector with a large number of competing small firms and farmers into an oligopoly, increasingly dominated by a small number of transnational agro-chemical-seed firms?

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