5 CARGILL, THE WORST AGRI-BUSINESS GIANT: GAINING CONTROL FOR 70 YEARS IN THE PHILIPPINES

People's Coalition on Food Sovereignty
(CPDE Rural Constituency)

Photo from Food Business News

Introduction

A year since the lockdown, more Filipinos have become economically insecure, with women from poor communities bearing the brunt.[1] Research group IBON said that the widespread loss of livelihood from the protracted lockdowns is pushing more Filipinos into poverty, thus limiting their access to food. IBON estimates that the poorest 70% of families (about 17.3 million) have lost an average of PHP 13,000-32,000 since March 2020. This is consistent with recent Bangko Sentral ng Pilipinas (BSP) data that households without savings and who were completely dependent on immediate earnings or debt increased to 74.8% (18.7 million) in the third quarter of 2021 from 71.4% (17.8 million) in the previous quarter.[2] Soaring food prices,[3] falling incomes and depleted savings have meant that more Filipinos have less economic access to food and are going hungry, said the group.[4]

[1]Ellao, J.A.J. (2021, March 2). Nearly 20M Filipino women now 'economically insecure' - research group. Bulatlat. https://www.bulatlat.com/2021/03/02/nearly-20m-filipino-women-now-economically-insecure-research-group/

[2]Bangko Sentral ng Pilipinas. (2021). Consumer Expectations Survey: Third Quarter 2021. https://www.bsp.gov.ph/Lists/Consumer%20Expectation%20Report/Attachments/20/CES_3qtr2021.pdf

[3]IBON Foundation. (2021, October 12). Ayuda will ease burden of rising prices. https://www.ibon.org/ayuda-will-ease-burden-of-rising-prices/

[4]IBON Foundation. (2021, October 16). On World Food Day: Widespread hunger justifies more ayuda. https://www.ibon.org/on-world-food-day-widespread-hunger-justifies-more-ayuda/

Meanwhile, the Kilusang Magbubukid ng Pilipinas (KMP) noted that the pandemic has also worsened the economic situation of farmers. Seven out of ten poor Filipinos are in the rural areas where landlessness is prevalent due to land monopoly, according to KMP. Millions of landless peasant families are among the most vulnerable to COVID-19 and the disruptive socioeconomic effects of the lockdown. Many of them have gone bankrupt or earned just enough to tide them over the next harvest. In a protest on October 21, 2020, KMP reiterated their demand for a PHP 15,000 (USD 295.35) agricultural production subsidy.[5]

On the other hand, 2021 revenues for agri-business giant Cargill came in at USD 134.4 billion. The company is back on top of Forbes' annual ranking of America's largest private companies. The Minnesota-based firm's revenues grew by 17%, boosted by higher prices for agricultural goods.[6] Cargill has been doing agri-business in the Philippines for 70 years. In 2018, the Cargill business grew its business in the country with a USD 235 million investment.[7]

Assessing Cargill investment

Globally, Cargill has been in business for 155 years. It is present in 70 countries and regions. The company has 155,000 employees working every day claiming to "nourish the world in a safe, responsible, sustainable way."[8] But Mighty Earth's 2019 report titled "The Worst Company in the World?" said that Cargill has the power to single-handedly destroy the world's climate, water, food security, public health, and human rights more than any single company in history.[9] It has plundered the planet and reaped profits at the expense of poor farmers, small fisherfolks, and workers, while generating enough wealth to create more billionaires in the world. [10]


Photo from WaTTAgNet

In the Philippines, Cargill has been in partnership with the government since 1948 and now employs 2,200 employees across 27 locations in the Philippines. It also works closely with the Philippine Coconut Authority (PCA) and the Agricultural Training Institute (ATI). Likewise, it has a joint program with the German Agency for International Cooperation (GIZ), BASF Group, and Procter & Gamble Company (P&G). The agri-business giant said it focused on helping meet the increased domestic demand for chicken and pork, as well as delivering solutions in key areas of the global agricultural supply chain.

Cargill Joy Poultry Meats Production (C-Joy), Cargill's joint venture with Jollibee Foods Corporation (JFC), is based in Sto. Tomas, Batangas. It processes chicken for domestic consumption of JFC. The plant would have a capacity of 45 million chicken per year, making it the biggest in the country. The Jollibee group is one of the largest buyers of chicken in the Philippines. Its brands Jollibee, Mang Inasal, Chowking, Greenwich and Burger King franchise sell significant volumes of chicken products.

In 2017, Cargill formally opened a USD 12 million animal feed plant that will supply animal feed requirements of livestock and poultry growers in the country and Southeast Asia.[11] In 2019, Cargill covered about 30 hectares across multiple locations by teaming up with Double Dragon Properties Corporation to

[5]Vital, E. (2021, October 21). Farmers push for land, aid and justice. Altermidya. https://www.altermidya.net/farmers-push-for-land-aid-and-justice/

[6]Murphy, A. (2021, November 23). America's Largest Private Companies: Cargill Is Back at No. 1. Forbes. https://www.forbes.com/sites/andreamurphy/2021/11/23/americas-largest-private-companies-cargill-is-back-at-no-1/?sh=b6370da32b70

[7]Cargill. (2018, November 28). Cargill grows business in Philippines with $235 million (USD) planed investment. https://www.cargill.com/2018/cargill-grows-business-in-philippines-with-235-million

[8]Cargill. (n.d.). Company Overview. https://www.cargill.ph/en/company-overview

[9]Mighty Earth is a global campaign organization that works to protect lands, oceans, and the climate.

[10]Mighty Earth. (2019). The Worst Company in the World. https://www.mightyearth.org/wp-content/uploads/Mighty-Earth-Report-Cargill-The-Worst-Company-in-the-World-July-2019.pdf.

[11]The Philippine Star. (2017, December 9). Cargill opens $12-M feed plant in Bulacan. https://www.philstar.com/business/agriculture/2017/12/09/1766822/cargill-opens-12-m-feed-plant-bulacan

develop a string of industrial facilities in the country.[12] In October 2020, Cargill planned to boost its business operations through investments worth PHP 12.5 billion until 2023 despite the impact of the pandemic on the economy. It has not considered downscaling its operations amid the pandemic. In fact, it is planning to expand its animal feeds business in the Visayas and coconut oil production in Mindanao.[13] Cargill has expanded its agri-business in the country while poor farmers have gotten poorer. KMP said that 80% of agricultural lands are controlled by just one third of all landowners.

Meanwhile, the Philippine economy in 2021 is still 4.5% smaller than in 2019 before the protracted lockdowns, according to IBON Foundation.[14] It added that rural poverty had a -0.3% growth (contracted) in 2021. In its study, it belied the foreign direct investment (FDI) narrative promoted by neoliberal economists, pointing out that there was a thirty-fold increase in FDI during the periods of 1980-1984 and 2015-2019. Despite these increases, agriculture and domestic industry continued to weaken, trade deficit worsened and unemployment stayed high.

Photo from FoodBev Media

Cargill's lack of adherence to the Kampala Principles

Effective development cooperation among governments, states, CSOs, the private sector, and other stakeholders, necessitates the inclusion and recognition of the rights of farmers as key development actors in all development processes.

In applying the Kampala Principles for Private Sector Engagement (PSE) through development cooperation, it can be revealed that Cargill does bring big investments and jobs in countries where it is present. It must be held accountable for reneging on its commitments and supposed role as a development actor. It has been proven that Cargill is engaged in fraudulent practices such as landgrabbing, deforestation, child labor, low wages and unsafe working conditions. In several instances, it has easily avoided accountability for its activities' negative impacts on communities and the environment, especially in nations with weak regulatory mechanisms.

Kampala Principle 1: Inclusive country ownership

In conducting its business activities, Cargill has violated laws and policies implemented by national governments to regulate the private sector. It has circumvented government processes in various countries, much to the detriment of people's development and rights. For instance, in 2017, Cargill was fined USD 10 million by the Commodity Futures Trading Commission for years of deliberately misreporting its trade values — by up to 90% — in order to defraud both the government and its trading partners.

Cargill is also accused of illegal landgrabbing in Colombia. According to Oxfam International in 2011, by setting up a system of 36 subsidiaries, Cargill evaded laws established to limit concentrated land ownership. Cargill acquired more than 52 thousand hectares of land in the province of Vichada. After the purchase of the land, these 36 companies were liquidated.

[12] Dumlao-Abadilla, D. (2019, January 10). DoubleDragon ties up with Cargill. Philippine Daily Inquirer. https://business.inquirer.net/263340/doubledragon-ties-up-with-cargill#ixzz7JMxDEKd4
[13] Ochave, R.M.D. (2020, October 23). Cargill Philippines remains firm in P12.5-billion expansion plan. BusinessWorld. https://www.bworldonline.com/cargill-philippines-remains-firm-in-p12-5-billion-expansion-plan/
[14] IBON Foundation. (2022, January 27). Jobless growth and worst in ASEAN: IBON on PH economic performance in 2021. https://www.ibon.org/ibon-on-ph-2021-econ-performance/

Kampala Principle 2:
Results and targeted impact

Cargill's claims that its ambition is to have "the most sustainable food supply chains in the world,"[15] which entails implementing practices that can preserve the environment and protect people's rights. However, the reality on ground says the opposite– Cargill's partnerships and projects have negatively impacted workers and farmers.

In the Philippines, the Jollibee Food Corporation and C-Joy claim that their partnership will create around 1,000 new full-time jobs and will develop new opportunities in the farming community in Batangas and nearby provinces as local poultry farmers are contracted to grow chicken to supply the requirements of the processing plant.[16] The facility in Bulacan is expected to employ close to 50 people from the local community.

Unyon ng mga Manggagawa sa Agrikultura (UMA) explained these claims are questionable because of the practice of contract-growing. In its 2018 research on plantations in Mindanao, UMA found that most contract-growers either became indebted to corporations and did not make enough even for themselves as the contract made between them and plantation companies were too onerous in favor of the latter. As the corporation sells the produce to other countries at a higher price, all production costs are shouldered by the grower. The corporation loans farming inputs, such as fertilizers and pesticides, but at higher prices and with padded interest rates. Debt payments are deducted from the grower's sale. Growers are often left with meager earnings and even suffer losses.

In a contract growership, all production costs and risks are passed on to the grower.[17] Losses due to typhoons, floods, and infestations are solely the growers' burden. If growers sell the product to another buyer for a higher price, the corporation they are in contract with may have them jailed or penalised. Growers are then trapped in this unfair condition.[18]

Photo from The Asean Post

[15]Cargill. (n.d.). Sustainability. https://www.cargill.com/sustainability.
[16]Council for People's Development and Governance. (2021, May 17). Agricultural workers say Contract Growing will push small farmers into bankruptcy — UMA. https://cpdg.ph/agricultural-workers-say-contract-growing-will-push-small-farmers-into-bankruptcy-uma/
[17]Council for People's Development and Governance, May 2021.
[18]Council for People's Development and Governance, May 2021.


Photo from KLK OLEO

Kampala Principle 3: Inclusive partnership

While Cargill has also declared that it will ensure the rights of the communities that they work with, reports from CSOs have shown that it has continuously violated peoples' rights in conducting business. It has also failed to secure free, prior and informed consent (FPIC) from indigenous communities. In 2014, report from Rainforest Action Network depicts continued child labor, land grabbing and deforestation by Cargill palm oil supplier Kuala Lumpur Kepong (KLK). According to the report, KLK expanded into the ancestral lands of tribal groups in Papua New Guinea. Without consent from local Indigenous communities, it used child labor and forced labor on two plantations in Indonesia, and expanded onto traditional farming lands of local communities in Liberia without consent.

In Latin America, the Gran Chaco is a home to vibrant communities of Indigenous Peoples, including the Ayoreo, Chamacoco, Enxet, Guarayo, Maka'a, Manjuy, Mocoví, Nandeva, Nivakle, Toba Qom, and Wichi, who have depended on and coexisted with the Chaco forest for millennia. In 2018, it was revealed that Cargill infiltrated these frontiers, bulldozing and burning lands to make way for vast fields of genetically modified soy. These soy plantations across the Gran Chaco ecosystem have facilitated extensive destruction of natural ecosystems, with some of it illegal and some under the guise of legality. The field team tracked the soy from recently cleared forests to the ports where Cargill ships it around the world.

Kampala Principle 4: Transparency and accountability

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Kampala Principle 5: Recognising, sharing and mitigating risks for all partners

Cargill should also recognise, share and mitigate risks of their business activities to its partners, especially the poor farmers. Losses due to typhoons, floods, and infestations should be the responsibility of Cargill as an investor and not be the farmers' burden. The production costs and risks should not pass on to the farmer-growers. Farmers should be allowed to sell their products to other buyers for a higher price without being penalised.

Photo from Cargill

Conclusion

In the case of Cargill's business activities, foreign operations in the country have greatly expanded but at the expense of the development of local industries, peoples' rights and environmental sustainability. While it was able to secure massive amounts of profit, farmers, rural communities and Indigenous Peoples are negatively impacted and exploited. In this context, farmers and indigenous communities have collectively called for the private sector to uphold people's rights to just, equitable, healthy and sustainable food systems highlighted in the People's Declaration of the Global People's Summit on Food Systems. In the declaration, marginalised sectors have put forward recommendations for the private sector on how to do business, which will ensure respect for people's rights, livelihood and environment.

[19] Just, Equitable, Healthy and Sustainable Food Systems.
http://feed.internationalcommunity.nu/index.php/campaigns/os0128mwjc3f2/track-url/cr245xrxwx37a/65cc657270d524c733c34b14217b0148a548546e