MONSANTO ON THE MENU

It's betting the food crisis will create new markets for genetically modified products

By Brian Hindo

Monsanto, the leading producer of genetically modified seeds, has spent years trying to shed its image as a purveyor of Frankenfood. The political battles over genetically modified organisms (GMOs) through the 1990s left the company bruised, profitless, and with scaled-back ambitions on the consumer-food front. Out were promises of GMO wheat, rice, and tomatoes. In was a focus on corn, soy, and cotton—big-volume crops destined for industrial uses such as animal feed, ethanol, and textiles. The gambit worked. Since 2003, Monsanto has transformed itself from a money-losing pariah into a $5 billion agribusiness titan with 20% profit margins and a stock price that is up 1,200%.

Flush with success, Monsanto this month has launched a new push to feed the world. Amid food shortages and rampant inflation, the St. Louis company now wants to reassert its position in the global food chain. On June 5, during a U.N. food summit in Rome, Monsanto announced ambitious goals to boost global food production, funneling millions into public research on wheat and rice—areas the company had abandoned in recent years—while pledging to double yields on corn and soy by 2030. The company says it will also distribute seeds to African farmers royalty-free. "That isn't a feel-good thing," says Monsanto Chief Executive Hugh Grant. "Satisfying the demand curve is a great business opportunity."

Indeed, a number of agribusiness giants see a new opportunity for biotech crops. And they downplay fears of a backlash this time around: "I think the world has moved on," says Grant. Executives at rivals such as Swiss agrochemicals giant Syngenta have also spoken out in recent weeks. Europe's food safety chief, Androulla Vassiliou, has talked about being more flexible while Columbia University Earth Institute Director Jeffrey D. Sachs and World Bank President Robert B. Zoellick have noted that GMOs could fight global hunger. In particular, many point to new lines of drought-tolerant corn, due out in 2012, that have been engineered to use water more efficiently.

How such products will alleviate hunger in developing nations is another issue. Monsanto's corn, for instance, isn't meant to be eaten off the cob. Its most common use, as with soy, is to produce animal feed. So doubling yields is most likely to benefit affluent meat-eaters but is of little use to the malnourished. Monsanto says it's working with African aid groups to develop drought-tolerant white corn to help local farmers, but CEO Grant says such crops are "eight years down the road."

SEEDS OF CHANGE

Percent of land worldwide planted with biotech crops

SOY	64
CORN	24
COTTON	43
WHEAT	0
RICE	0

Data: International Service for the Acquisition of Agribiotech Applications

"MUSCLE POWER"

Monsanto critics worry that the company will use its financial heft to pry open new markets in Africa and Asia for patented, transgenic crops. "They are trying to exploit the food crisis as a means to win acceptance for their products," says Bill Freese, a policy analyst at the Center for Food Safety, a Washington group that opposes GMOs. Pat Roy Mooney, executive director of Ottawa-based ETC Group, which monitors global agriculture policy, says the fear is that Monsanto "will use its muscle power to force governments—often fragile ones—to do what they want."

The moves, including any progress in rice or wheat, won't have an impact on Monsanto's financial picture. The company says it can double gross profits by 2012 just with existing products. Yet Monsanto clearly wants a seat at the table in addressing the food crisis, even at risk of reigniting the GMO wars. |BW|

Drought-resistant corn for African farmers is in the works

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