

**Casestudy:
NO X-SOJA**

**Greenpeace
Versus
Cargill**

In 1996, Cargill, the largest supplier of agricultural raw materials, was called to account by NGOs over the issue of genetically modified organisms (GMOs). As legislation was absent in this area, Greenpeace addressed the issue via Cargill. Greenpeace was one of the NGOs which crossed swords with Cargill for importing GM soybeans without separating it from non-GM soybeans and imposing GMOs on consumers without their consent.

Societal Interface Management Challenges

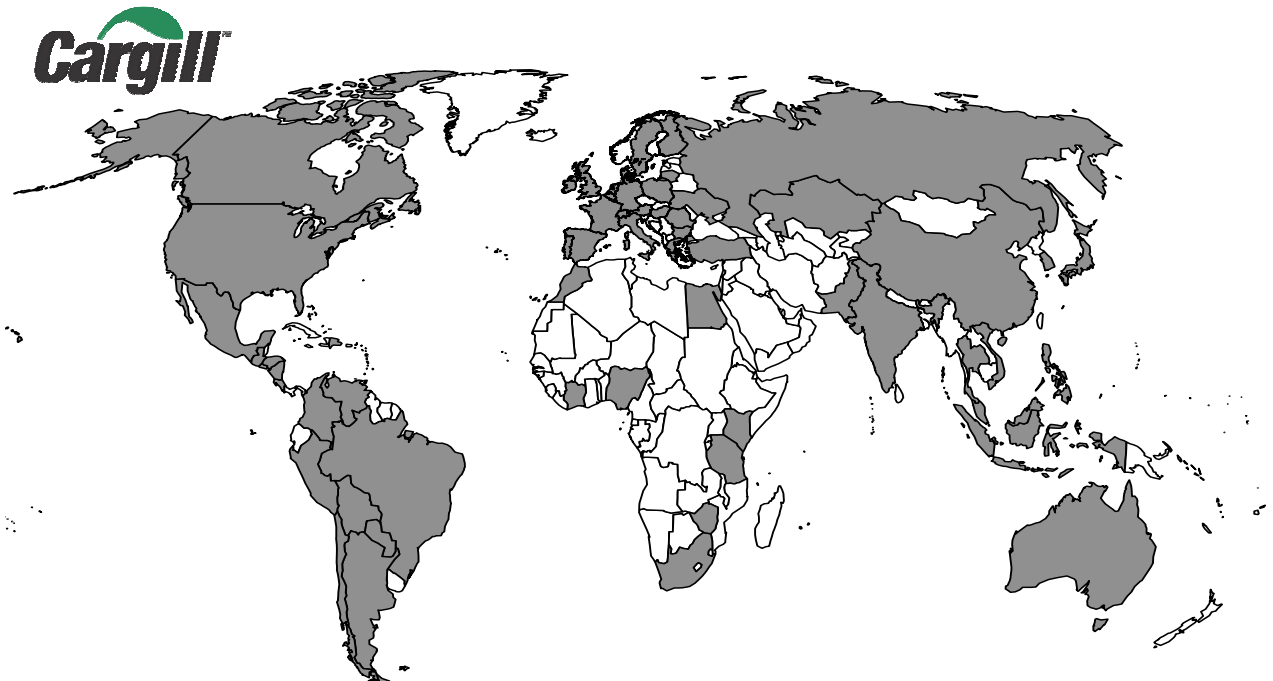
PUBLIC ✦ PRIVATE	PROFIT ✦ NON-PROFIT	EFFICIENCY ✦ ETHICS/EQUITY	
<p>Neither US nor EU had legislation in place against the use of GM soybeans</p> <p>According to government, labelling not required</p> <p>Soy is a sensitive product in EU-US trade relations</p> <p>Relationship with local government and jurisdiction</p>	<p>GMO labelling or not</p> <p>How to engage with a sudden change in public opinion (even if one is not a business-to-consumer supplier)</p> <p>As (strategic) ingredient in many food products, soy is not the same as any other product</p>	<p>GMO increases production-efficiency</p> <p>Separation of non-GMO products is impracticable; competitors (in the US) opted for the same technology</p> <p>Relationship with customer</p>	<p>Are GMO products ‘Frankenstein food’?</p> <p>GMO crops need fewer pesticides</p> <p>GMO to improve the world food situation?</p> <p>Listing ingredients on labels?</p>

This case has been written by Alex van der Zwart with Rob van Tulder (RSM Erasmus University). This case applies the methods and theories as used in the book "International business-society management: linking corporate responsibility and globalization" (2006, Routledge), www.ib-sm.org. The few Dutch newspaper articles in this case have been translated into English.



Cargill

Cargill is the largest family business in the world and was established in 1865 in Iowa, America. The company is involved in the trading, storage, transfer, transport and industrial processing of agricultural raw materials for the animal feed and food industry. It is one of the largest multinational companies focussing on the agricultural market. Cargill is active in the production and marketing of glucose syrup, starch, cacao, vegetable oils, fruit juices, malt and solid fats. Worldwide, Cargill employs approximately 96.000 people in sixty countries and a thousand operating units. In 2002, its turnover amounted to more than 50 billion dollar. In the Netherlands, Cargill owns twelve operating units. As business-to-business company, Cargill supplies raw materials to Unilever, among others. Soy is one of the raw materials that is processed in thousands of food products such as sauces, butter, soup, ready-made meals and mayonnaise. In the 1980s, this strategic food ingredient created much conflict in the trade relations between the US and Europe. Cargill buys 'mixed' soybeans from suppliers in the US which includes the modified types.



Cargill's world-wide operations

Source: Company website

<http://www.cargill.com/worldwide/index.htm> October 2004.



Conflict

On 23 November 1996, just before reaching the locks of IJmuiden, the vessel Pawnee was joined by Sirius, a Greenpeace campaign boat. Greenpeace intended to stage a playful demonstration in its campaign against genetically modified organisms (GMOs). Greenpeace employed the same motto it used in the campaigns against whaling: 'niet slaan, maar in de weg staan om aandacht te trekken' (Eng: Don't beat but block to get attention). On its way to Amsterdam harbour, the Pawnee, which was carrying a load of 60.000 tonnes soybeans destined for Cargill was sprayed with the slogan 'No X soya' from the safety of a few Greenpeace zodiacs.

Subsequently, the Greenpeace campaign boat moored in the harbour exactly on the spot where the Pawnee was to unload. At Cargill's headquarters, a crisis team was formed immediately. After consultations with the police, representatives of B&W Amsterdam and the harbour master, the police requested Greenpeace to leave. The activists refused and demanded that Cargill issue a statement that 'regular' and 'modified' beans would be separated in future. Cargill could not satisfy the demand whereupon Greenpeace persisted in its refusal to move. The captain of the Sirius was arrested and the campaign vessel was towed away, after which the Pawnee could moor and unload.¹ Two weeks earlier, Greenpeace had undertaken similar actions in the harbours of Antwerpen, Hamburg, Mississippi (US) and Brest (France).^{2,3,4} The protest actions were not only aimed at Cargill, but also other soybean freighters and processors. In Antwerpen, the courts imposed ban on Greenpeace demonstrations or a fine of one million franks,^{5,6} and the campaign boat Sirius was temporarily held under arrest. At the end of November, after its 'release', it sailed in the direction of IJmuiden to help along the political and public discussion on GMOs in the Netherlands.⁷ Similar actions were repeated in December 1999 and 2000.^{8,9}

Greenpeace

Greenpeace is dedicated to the protection of the natural environment. Its point of departure is the precautionary principle: if in doubt, act in the interest of the well-being of humans and nature. Greenpeace is actively involved in the contemporary debate on genetic modification (GM). Greenpeace appeals to government for more stringent legislation. In the battle against Cargill, Greenpeace particularly opposed Cargill's use of manipulated soybeans in the production of food for human consumption and animal feed. Consumers should be given the choice to avoid 'gentech' products through the transparent disclosure of information. In its struggle against GMO – and Cargill - Greenpeace was supported by the Netherlands Society for Nature and Environment, Friends of the Earth Netherlands and the Alternatieve Konsumentenbond (AKB, now Goede Waar & Co.).

1 'Captain of Sirius arrested', *Volkscrant* (Dutch newspaper, heading originally in Dutch), 15 Nov. 1996.

2 www.cargill.com/today/compl.htm and www.greenpeace.org, both consulted on 24 Febr. 2003.

3 'Manipulated soy already delivered in past ten days', *Volkscrant* (Dutch newspaper, heading originally in Dutch), 12 Nov. 1996.

4 'Greenpeace stops ship with manipulated soybeans', *Volkscrant* (Dutch newspaper, heading originally in Dutch), 8 Nov. 1996.

5 'Greenpeace not allowed to protest', *Volkscrant* (Dutch newspaper, heading originally in Dutch), 16 Nov. 1996.

6 'Greenpeace fights campaign ban', *Trouw* (Dutch newspaper, heading originally in Dutch), 18 Nov. 1996.

7 'Campaign-ship Greenpeace just in time to block soy-ship', *Trouw* (Dutch newspaper, heading originally in Dutch), 25 Nov. 1996.

8 'Soy-ship at anchor of the coast', *Het Parool* (Dutch newspaper, heading originally in Dutch), 4 Dec. 2000.



Background of genetically modified crops

According to estimates of the The International Service for the Acquisition of Agri-biotech Applications (ISAAA), an American based NGO, between 1996 and 2003, the global areal on which gentech-crops (GMOs) have been grown, increased from 1.7 to 67.7 million hectares. A limited number of crops are targeted: 53% of the crop is soy, 27% maize, 9% cotton, 8% canola, 2% tobacco. The United States dominated GMO crops with around 2/3 of all production throughout the 1996-2003 period. The estimated global area of transgenic (GM) crops for 2003 was 67.7 million hectares a 40 fold increase from the 1.7 million hectares in 1996, according to ISAAA estimates. In 2003, 55% of the 76 million hectares of soybean planted globally were transgenic - up from 51% in 2002. Twenty-one percent of the 34 million hectares of cotton were GM. The area planted to transgenic canola in 2003 was 16%. Finally, of the 140 million hectares of maize grown globally, 11% was GM in 2003 equivalent to 15.5 million hectares.¹⁰



Cargill supported the responsible use of biotechnology in food production, given that it regarded it as an important instrument for improving the world food situation. Cargill maintained close relations with seed producer Monsanto for its GM soybeans. In the summer of 1996, the first harvest of GM maize and soybeans arrived from the fields in the US. Since then, approximately fifty percent of the soybeans produced in the US are GMOs. There are however gaps in scientific knowledge with respect to the short-term and long-term effects of GMOs on humans and nature.

According to Greenpeace, the impacts could be irreversible and the consequences for human health are unclear and unpredictable. Through pollination, neighbouring farmlands or wild plants could become ‘contaminated’.

By mixing modified an non-modified soybeans in animal feed, consumers eat gentech-products without their consent. Additionally, there are fears of allergies, new species of weeds, the disruption of ecosystems and a decline in biodiversity.¹¹ Greenpeace and other societal organisations demanded that a stop be put to the further spread of GMOs in the natural environment. Greenpeace called for transparency in matters concerning GMOs in food products and supported a GMO-free quality mark. In addition, it demanded from the government that GM products be removed from shops as long as it was unclear what the effects for humans and nature are. In order to provide information to the public, a brochure was published and an Internet site was set up with a list of ‘questionable’ products. As long as clarity lacked, Greenpeace will always oppose GMO companies. America consumers tolerate more than their European counterparts. European consumers are more sceptical - as Monsanto, Novartis and Aventis, among others, have learned.

Comprehensive labelling impossible

9 ‘Greenpeace hinders ship with soybeans passing through’, *Trouw* (Dutch newspaper, heading originally in Dutch), 4 Dec. 2000.

10 www.isaaa.org, consulted on 31 January 2004.

11 Bussink, M. (1999), ‘The strategy in the Netherlands: “Let sleeping dogs lie”’, *Milieudefensie* (Dutch magazine, heading originally in Dutch), No. 3.



According to Productschap Margarine, Oliën and Vetten (Eng: Margarine, Fats and Oils Commodity Board), the comprehensive labelling of all ingredients is practically impossible given that the conventional and transgenic soybeans are supplied in mixed form. On the global market, non-GM soybeans can still be obtained, for instance from Argentina, Brazil and Canada, but the half of the world production is supplied by the US where biotech-soybeans and normal soybeans are mixed. According to Cargill, if US soybeans were excluded, there would be a shortage on the world market. The government could not evade the debate on GMOs; the US and Japanese governments permit the production of GM soybeans and the EU also permits import of some types. Against the will of Greenpeace, the Dutch Ministry of Health granted permission for processing GM soybeans. Cargill therefore acted in accordance with the regulations of the ministry. Labelling, according to the ministry, was uncalled for. Screening was impossible in practice. The Consumentenbond supported the Ministry of Health and the food industry and declared the new soybeans safe for consumption. The Consumentenbond also agreed with the argument of soya oil processors such as Unilever and Nestlé, that it was senseless to state on the label of a jar of peanut butter or mayonaise that a product contained biotech soya oil.¹²



Shops in the Netherlands stocked food products which could contain genetically modified maize or soya. This is in accordance with the EU directive 90/220/EEC which authorised GM maize and soya.¹³ In the Netherlands, labelling legislation requires that labels state whether products contain GM ingredients, although this legislation does not apply to all such ingredients. For products containing soya protiens, labelling has been compulsory since 1 April 1997, but labelling is not yet compulsory for products containing soya oil.¹⁴ It might be in future. The European Commission in particular, is probing the matter in detail, partly as a result of an increase in issues surrounding food, such as mad cow disease (BSE), swine fever, foot and mouth crisis and dioxin chickens and salmon. For products deriving from animals which have been fed genetically modified feed, labelling is not compulsory. This matter is addressed in a European Commission White Paper and will be discussed in European Parliament, but the outcome of the debate is difficult to predict. According to a survey conducted by Intomart and commissioned by Greenpeace, 62 percent of the Dutch population would stop buying products containing GMOs if they had the information at their disposal.

In the face of government tardiness, Cargill presented a perfect target for Greenpeace to speed up the discussion surrounding GMOs: it is the world's largest agricultural multinational, the largest corn trader, the largest processor of agricultural products, and the most important edible oils producer, one of the largest manufacturers of cacao, animal feed, maize products,

¹² 'Be assured to eat biotech-soy', *Trouw* (Dutch newspaper, heading originally in Dutch), 8 Nov. 1996.

¹³ See for complete regulation on this issue www.vrom.nl/ggo (website of Dutch Ministry), consulted on 28 March 2002.

¹⁴ Salm, H. (1997), 'Labels soy unreliable', *Trouw* (Dutch newspaper, heading originally in Dutch), 29 Jan. 1997.



fruit juices, meat and salt. Other large suppliers of agricultural products, such as Aventis, Novartis and Monsanto were also targeted by environmental groupings. The conflict was played out further via large customer Unilever. This company is one of Cargill's most important soybean customers and consequently also actively involved in the discussion on GM. Unilever's viewpoint is that modification of agricultural products could be the answer to pest control and famine in developing countries. Like Cargill, Unilever shares the viewpoint of many governments and companies that biotechnology has an important and challenging role to fulfil in the area of technological innovation. At the same time, Unilever acknowledges that public opinion on biotechnology is still evolving and that the discussion and social acceptance of GM products in the countries where Unilever markets its products are in different stages of development. According to Greenpeace, Unilever was also thoroughly affected by the protest actions against companies like Cargill. This, of course, was part of the strategy of the environmental organisation. After all, Unilever is very powerful and as business-to-consumer company, it has a close relationship with the consumer. As business-to-business company, Cargill is less visible and few are aware of its existence.

Demonstrable indicators of reputational damage

Consumer market

Between 1997 and 2000, the sales figures of Cargill displayed a negative trend with a decline in turnover of 10 percent in four years and a decrease in net earnings of 50 percent. It can be assumed Cargill's sales were affected by the discussion on GMOs, given that demand for GMOs lagged behind the expectations of the American company. Reputational damage in this case did not so much concern the company itself. Instead, it was the subject of genetic modification that suffered reputational damage. Cargill realised that, in contrast to the US, GM was much less readily accepted in Europe. Companies such as Monsanto and Aventis had the same experience. The public debate in Europe was significantly more negative and vehement than in the US. The destruction of GMO trial fields made this clear. European citizens are sceptical and instead of referring to GM products, they refer to genetically modified food. Prince Charles's reference to 'Frankenstein food' resulted in a complete turnaround of public opinion. It happened first in England, the country American producers regarded as the most GM-friendly. When the large supermarket chains in England subsequently promised not to sell any Frankenstein food, the matter was decided in Europe.

Capital market

Cargill maintained that no investors or shareholders had revoked their confidence in the company. Next to that, Cargill is a family business and not listed on the stock exchange, which rendered it less vulnerable to shareholder sentiment or symbolic actions at shareholder meetings (as had happened in the case of Unilever or retailers who process or sell the products).

Labour market

On the labour market, a response in connection with the conflict with Greenpeace and the debate surrounding GMOs could not be discerned. As employer, Cargill did not lose its appeal and job applications did not decrease as a result of the commotion surrounding GMOs.

In this case, demonstrable indicators of reputational damage that can be related directly to Cargill could hardly be found. The situation for the sector as a whole is completely different.



Demonstrable indicators of disciplining

Cargill has indicated that it has no interest in holding discussions on GMOs with Greenpeace Netherlands; an attitude which can be described as buffering. Cargill continues to ship and deliver soybeans in mixed form. According to Cargill, Greenpeace is fighting its battle with the government by trampling on companies – in this case also Cargill.

The internal code of conduct of the company (Cargill Business Conduct Guidelines) does not address the topic of genetic modification as such. The code emphasises that the company abides by the laws of the countries in which it operates, including the Netherlands. However, additional guidelines state that with respect to antitrust legislation and environmental protection, employees are to act not only in accordance with the letter, but also the spirit of the law. In addition, all employees must also act in conformity with central policies of Cargill. In a speech delivered in China in September 1999, director Ernest Micek expressed support for the Caux Round Table Principles for Business.¹⁵ Interesting in this regard is that the prevention of an escalation of tensions in international trade lies central to these principles. Cargill is favour of free trade and supports the World Trade Organisation (WTO) and the protection of intellectual property rights (IPO) Invoking these principles is therefore all the more interesting given that it is specifically in this area that it encountered problems with Greenpeace. Micek emphasised the importance of reducing food-production costs, which would reduce food prices which, in turn, would increase levels of welfare in (developing) countries. Cargill therefore did not diverge from its viewpoint on GM and food production.

Outcome

Whose interests were met?

The interests acceded to most are those of Cargill. The actions of Greenpeace were forbidden and fined several times. As long as it is not prohibited by government, Cargill will continue trading in GM products. The actions undertaken for instance by Greenpeace, did however contribute to getting discussion on GMOs in Europe going and to the difficulties suppliers such as Cargill faced in having to cope with a strong decline in demand. Greenpeace regarded the protest actions as relatively successful in view of the attention it generated for GMOs.

Issue resolved?

The issue of GMOs has been resolved through legislation only to some extent. This legislation does not apply to all GM products. The debate on compulsory labelling is still ongoing. Greenpeace will continue to oppose GMOs. In this case, disciplining did not take place although Cargill was affected by a strong decline in the demand for GMOs. In this way, a contract with American aid organisations to supply genetically modified food to famine victims in Southern Africa was turned down. The countries' refusal to accept GMOs was

¹⁵ www.cargill.com, consulted on 18 July 2002



supported by international organisations such as the World Conservation Union (IUCN) and the European Union.¹⁶

The aftermath

According to Cargill, the socially responsible development of GMOs is of great importance for the world food situation. Cargill has always maintained that the development of GMOs has to meet the strictest safety regulations. Biotechnology will always affect the operations of Cargill.¹⁷ Despite its controversial character, Cargill continues to support the technological possibilities of genetic modification. The primary reason for this is that no one wants to lag behind American competitors. Cargill has to and wants to be a part of it - of course providing that customers consent to it. The company persists in its insistence that the conflict surrounding GMOs is essentially between governments and NGOs and not between companies and NGOs.



¹⁶ *Financial Times*, 23 August 2002.

¹⁷ www.cargill.com, consulted on 13 March 2002.