Taking the pulse of private royalties: Producers pay, and pay again

In 2022, Saskatchewan Pulse Growers [SPG] launched a partnership with Limagrain Field Seeds—one of the world's largest seed companies—to develop new lentil and pea varieties. Despite the fact that much of the research funding will come from producer levies, the SPG website states that these varieties will be "commercialized through seed companies" and "royalty-bearing."

This partnership is part of a broader retreat of publicly funded research in farmers' interests, which threatens to leave global seed companies as the only alternative. The degree of concentration in this industry is staggering; just four companies control almost 60% of the global seed market. In Canada, the seed industry concentrates its power through a number of mechanisms, including Plant Breeders' Rights (PBR) legislation the increasing use of gene-patented seed, and now, ***Value Use Agreement*** (VUA) contracts.

VUA contracts require farmers to pay the seed company a certain amount per acre every year to use farm saved seed of their varieties. Some companies are releasing all of their new varieties with this private version of a royalty payment in order to restrict access to seed and enforce annual payments from farmers who use the age-old practice of saving some of their harvest to use for seed the next year. This is a significant blow to farmers' rights and a means for the seed industry to make more money from farmers.

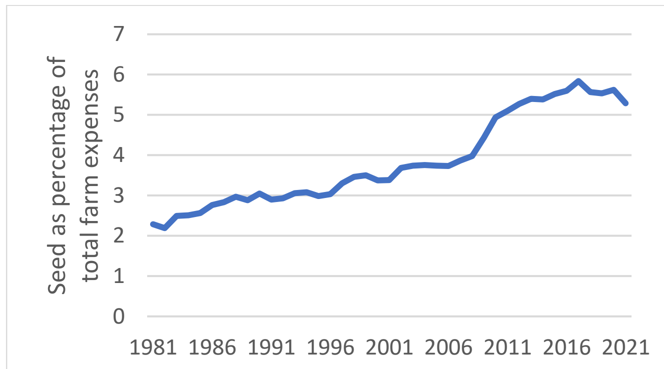

FIGURE 1 Source: Statistics Canada

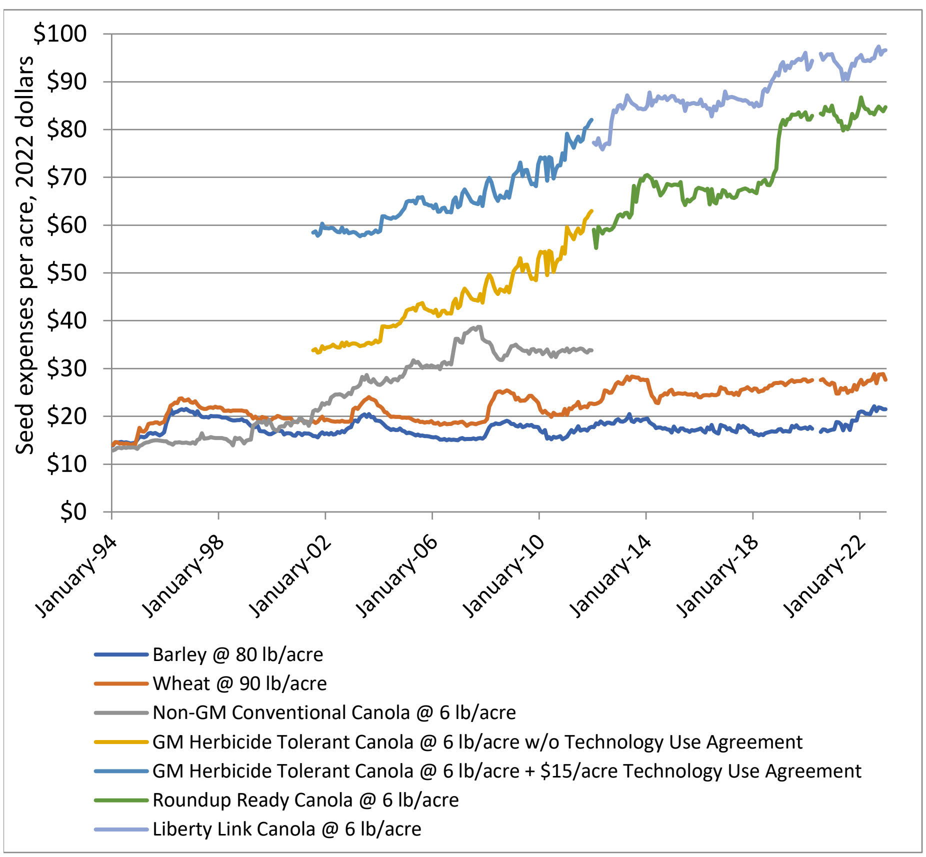

FIGURE 2 Source: Alberta Farm Input Prices, Government of Alberta

In 2021, Canadian farmers paid $3.2 billion for commercial seed. Figure 1 shows the relationship between total farm expenses and the cost of commercial seed purchased for all farms in Canada. Seed costs relative to other expenses have more than doubled in the past thirty years from less than 2.5% of total expenses in 1981 to over 5% in 2021. These statistics do not take into account farm-saved seed use.

Why is seed rising in price faster than other products on the market? Figure 2 shows per-acre seeding costs using data for average Alberta commercial seed prices of wheat, barley, conventional canola, and herbicide tolerant, genetically modified [GM] canola.

Note that there is not much difference in the cost of commercial seed per acre among the four crops until 2000, when the price of canola seed began to exceed the price of wheat and barley. Conventional canola and GM canola prices rose at about the same rate until 2007. At this point, conventional canola seed prices levelled off. GM canola seed prices, however, continued to rise, despite the commodity price of canola in Alberta actually falling in 2013 and then remaining stable until 2021. By the end of 2022, the cost to plant an acre of Liberty Link canola seed was approximately 4.5 times the per-acre cost of barley seed and 3.5 times the per-acre cost of wheat seed.

A key factor in the rapid adoption of GM canola was the 2004 *Schmeiser vs Monsanto* court case. The Supreme Court of Canada ruled that the mere presence in a field of a plant containing a patented gene constituted patent infringement, regardless of how the plant got there. After this decision, farmers had to face the risk of being sued if their conventional seed supply was contaminated. To protect themselves, more farmers decided to buy the higher-priced patented GM seed and pay the royalty every year. Meanwhile, seed companies de-registered many of their conventional canola varieties, making alternatives even harder to find. Today, canola farmers have little option but to purchase seed from a very limited set of suppliers, at prices controlled by those suppliers.

Looking back at Figure 2 above, we see that while the price of canola seed was rising, the price of wheat and barley seed remained fairly steady over the 28 years of data recorded. Why the difference?

A key factor in both the rising price of canola seed and the total amount of money paid out for commercial seed is that GM canola patents prevent farmers from saving and re-using their own seed. Previously, low-cost farm-saved seed was effective competition that disciplined commercial seed prices. But once patented GM seed became dominant, seed companies could use their monopoly power to raise prices and force farmers to buy royalty-bearing seed every year.

The SPG-Limagrain partnership threatens to create a similar dynamic in lentils and peas. The SPG used to be a source of new public varieties that were marketed royalty free, since farmers' levy payments covered the research costs. But SPG is now poised to pivot hard towards privatization, fewer choices, and higher seed costs. The SPG-Limagrain partnership takes direct aim at farmers' right to save seed. The SPG website states "new varieties will be royalty-bearing" and "farmers are likely to pay a trailing royalty on farm-saved seed (by acre) through a Variety Use Agreement (VUA)."

Farmers across Canada have repeatedly and resoundingly rejected VUAs and other limits on seed saving. Farmers in Saskatchewan and across Canada assert our right to use farm-saved seed, and this requires on-going access to publicly developed varieties. The National Farmers Union opposes the SPG-Limagrain partnership and calls on the SPG to instead renew their commitment to public plant breeding.

For more about how global seed corporations increase their control over seed, and why this matters, visit the National Farmers Union's ***Save our Seed*** web page at https://www.nfu.ca/campaigns/save-our-seed/