Today, a handful of corporations dominate world trade in agricultural commodities.

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Corporate power is growing in the industrial food chain

In their report "Food Barons 2022", the ETC Group exposes how few corporations have come to control the industrial food chain over the last century and proposes recommendations for fighting their growing power and negative impacts on communities, workers, public health and the environment. Some of the findings are presented in this article.

By Kavya Chowdhry

Over the last four decades, we have witnessed a pervasive and alarming trend: an ever-shrinking number of companies in the industrial agriculture and food chain are competing for market share. Those that remain, the Food Barons, have ballooned to control ever-larger swaths of global food and related sectors. In its most recent flagship state-of-concentration report, the ETC Group highlighted the current situation. Today, two companies control 40 per cent of the commercial seeds sector. Twenty-five years ago, we raised red flags when 10 companies controlled the same share! Just four companies hold 62 per cent of the agrochemicals sector, while six companies account for half of the global farm machinery market and four firms control more than 60 per cent of the global animal pharmaceutical market. The ten biggest global food and agriculture commodity traders piled up more than one-half trillion dollars in 2020 revenues.

In decades past, industrial agriculture was overwhelmingly dominated by corporations based in North America and Europe, and focused primarily on meeting market demand in those regions. Today, corporate players in the Global South, especially China, Brazil and India, are reorienting the industrial food chain, while adopting the same extractive model as their Northern counterparts. The pace and scale of China's hyper-industrialising agrifood system is without precedent. China's Food Barons are catering to colossal domestic as well as global markets. The Syngenta Group (state-owned via Sinochem and Chemchina) is now the world's largest agrochemical input firm (seeds, pesticides, fertilisers), and China's newly consolidated COFCO is second only to Cargill as the world's largest agriculture commodity trader.

The consequences of fewer companies pulling the strings

When a handful of companies – no matter where they are in the world – are allowed to dominate, amidst soft regulatory oversight, they can and will use their market power to squeeze out competitors, raise prices, hijack the R&D agenda and monopolise technologies. The fertiliser industry – dominated by a handful of giant firms: Yara, Nutrien and Mosaic, among others – demonstrates the consequences of unchecked power on global food price. In 2021, prices of some synthetic fertilisers rose to their highest level since the food-price crisis of 2008, hurting farmers and causing food prices to skyrocket. Energy prices and fertiliser prices are inextricably linked. High prices for coal contribute to a rise in the price of urea, for example. In China, where coal feeds nitrogen production for fertiliser manufacture – as opposed to natural gas, as in other regions – the government curbed fertiliser exports to tackle surging raw material costs and to address domestic food security concerns. Russia followed suit. The high cost of fertilisers forced many farmers in the Global South who rely on imports to cut back on application or reduce the sowing area. Some farmers opted to grow crops requiring less fertiliser, while others explored alternatives to chemical fertilisers. In 2021, acute shortages of fertilisers caused long queues, protests and even deaths in some towns in India, for example, while the government announced record subsidies to counteract exorbitant input costs.

While companies cited supply chain concerns, Russia's war in Ukraine and higher raw material prices as reasons for downstream price increases, few flagged lack of competition as another factor. *The Financial Times*, however, noted in 2022: "Fertiliser expenses have increased far beyond the levels that agricultural simulation models would have predicted. Farmers say price gouging is part of the problem. Nutrien, for example, reported a 51 per cent increase in the cost of goods for nitrogen production (a key fertiliser input) in the third quarter of 2021, while gross manufacturing margins were up 680 per cent over the same period. The company declined to comment."

When the US's Department of Agriculture invited comments on corporate concentration in the fertiliser industry, 87 per cent of the commentators described price increases, 62 per cent referred to a link between increased prices and price-setting by manufacturers, and 72 per cent cited an "asymmetric fertiliser industry power dynamic" – in other words, many commentators felt they were being held hostage with no options. Corporate concentration's role in food price hikes is not unprecedented, of course. Researchers previously established causal links between fertiliser cartels and the 2008 food price crisis.

As food insecurity spiked through 2022, agro-industry giants reported record-breaking profits. In March 2023, Syngenta posted sales of 33.4 billion US dollars, a growth of 5.2 billion USD, and up 19 per cent from the prior year. The company disclaimed that higher prices were "necessary to offset elevated raw material and other costs." Corteva raised its 2023 yearly outlook as its quarterly sales exceeded expectations – due, at least in part, to higher prices. Bayer also reported that price increases in some cases "more than offset" a decrease in acreages and low license revenues.

The impact of concentration is not restricted to rising prices. Concentration also leads to straitjacketed, profit-driven research and development agendas (as can be seen in companies' sustained focus on genetic engineering and the agrochemical glyphosate and, now, on digital platforms). Companies can have a monopoly on technologies (evident today in Corteva's patent grab on CRISPR, a genetic engineering technology widely used in agricultural product development). And they can maximise their own profits while continuing to quash competition and extract value from farmers and consumers – causing erosion of seed diversity, crop uniformity, increased farmer indebtedness, water and soil pollution and deforestation, and contributing immensely to carbon emissions.

As the world was faced with a pandemic, an energy crisis and war, commodity traders like Cargill posted record profits owing to what the business information company Bloomberg mentions commodity traders "crave", that is, market volatility. In 2021, Cargill posted the biggest profits in its 156-year history – up 64 per cent. The optics of record-breaking profits amid global chaos may be one reason that privately-owned Cargill discreetly announced in 2020 that it would stop making its financial results public.

To rein in the unchecked market power of bloated Food Barons, a number of national governments have proposed antitrust investigations and policies, although their modest efforts will likely prove to be too little too late given the deeply entrenched 'asymmetric power dynamic'. In 2021, US President Joe Biden's executive order highlighted concentration in meat packing industries in the USA, followed by a similar focus on the seed and fertiliser industries. It also announced funding for newer players to enter these markets. Anti-competition regulators must develop new mechanisms to understand and restrict the cross-industrial food chain powers and require much greater transparency, including among data giants, asset management firms, private equity and other corporate actors that are increasingly active – in ways not always obvious – in the industrial food and agriculture sector. The UN, especially its Conference on Trade and Development (UNCTAD), should revise the outdated international norms and model laws on competition to take into account the twisted ways in which anti-competitive practices are now pervasive not just by big food and agriculture companies but by the big technology corporations, private equity firms and asset management firms in industrial food and agriculture.

The alternative to a corporate-controlled industrial food system: the peasant food web

It is urgent to recognise the vital importance of non-industrial food systems in this time of food, health and environmental crises. The companies of the industrial food chain – and every one of its links – view food through the lens of financial profit. The alternative to the industrial food chain has existed long before corporations were created: it is the peasant food web which includes small-scale producers, usually family- or women-led, that comprise farmers, livestock-keepers, pastoralists, hunters, gatherers, fishers and urban and peri-urban producers who feed at least 70 per cent of the world. The web includes not only those who control their own production resources, but also agricultural workers who produce and supply food, and who have often been marginalised and dispossessed of their land.

Food Barons are not feeding the world, and it is not in their interest to do so. Rather, they are damaging the environment, public health and people who provide labour for their businesses. Even World Bank economists acknowledge that the industrial global food system's eight trillion USD value is largely cancelled out by its negative externalities – costs that are conservatively estimated, by them, at over six trillion USD (including the costs associated with malnutrition, food loss and waste, insufficient food safety, environmental degradation and greenhouse gas emissions).

In contrast, feeding people is the core concern of the peasant food web and food movements. La Vía Campesina, the biggest organisation of peasants, landless workers, indigenous people, pastoralists, fishers, migrant farmworkers, small and medium-size farmers, rural women and peasant youth from around the world, sets a very clear path to be able to feed the world and rebuild the planet: food sovereignty and agroecology. Proposals from the grassroots aim to put farmers, growers, fishers, hunters and consumers back at the heart of the food system and undo the power usurped by Food Barons. Establishing new movements and civil society-led technology assessment spaces is also emerging as a cross-movement demand to ensure that the introduction of new technologies in the food systems will advance peoples' rights over corporate interests.

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