



**Who  
decides  
what  
we  
eat?**

# Frage

What do you think in which sector is market concentration the highest?

- 1) Pesticides/Seeds?
- 2) Machinery?
- 3) Grain trading?
- 4) Food processing?
- 5) Food retail?



MONSANTO



JOHN DEERE



CLAAS



OXFAM  
Deutschland

# WER HAT DIE MACHT ÜBER UNSER ESSEN?

Der mehrfache Flaschenhals der  
Konzernmacht zwischen Bauern und  
Bäuerinnen sowie Verbraucher  
und Verbraucherinnen

LIEFERKETTE

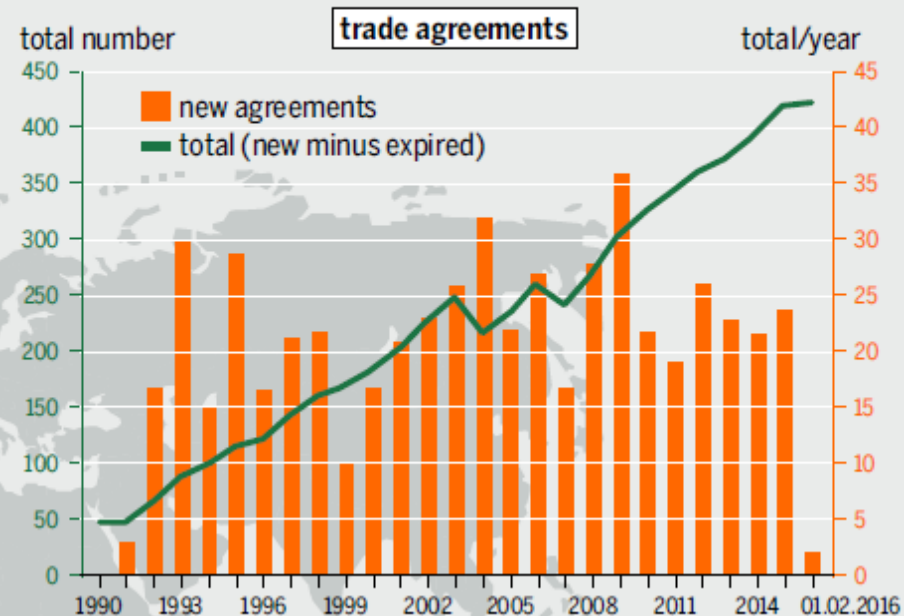
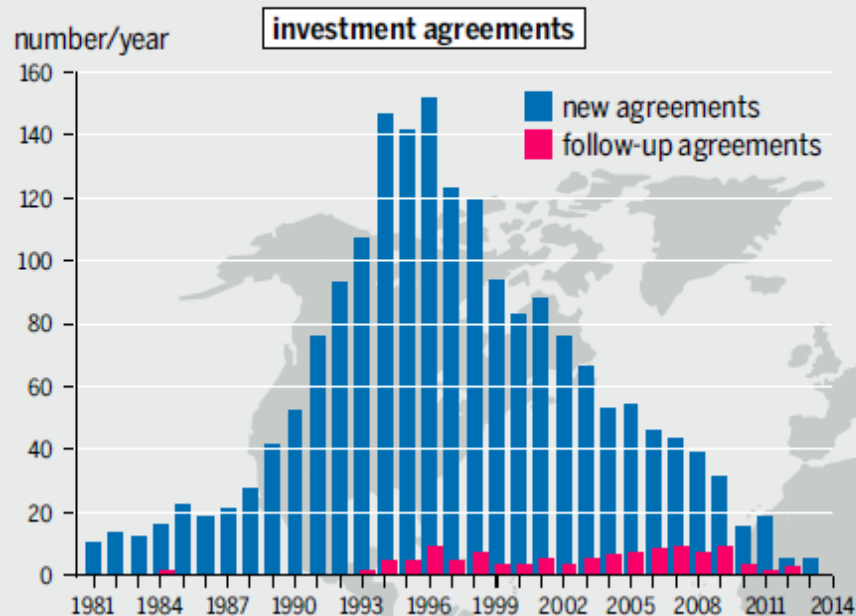


**OXFAM**  
Deutschland

# Policy makers pave the way

## CONTRACTS FOR THE WORLD MARKET

Trends in regional and bilateral investment and trade agreements



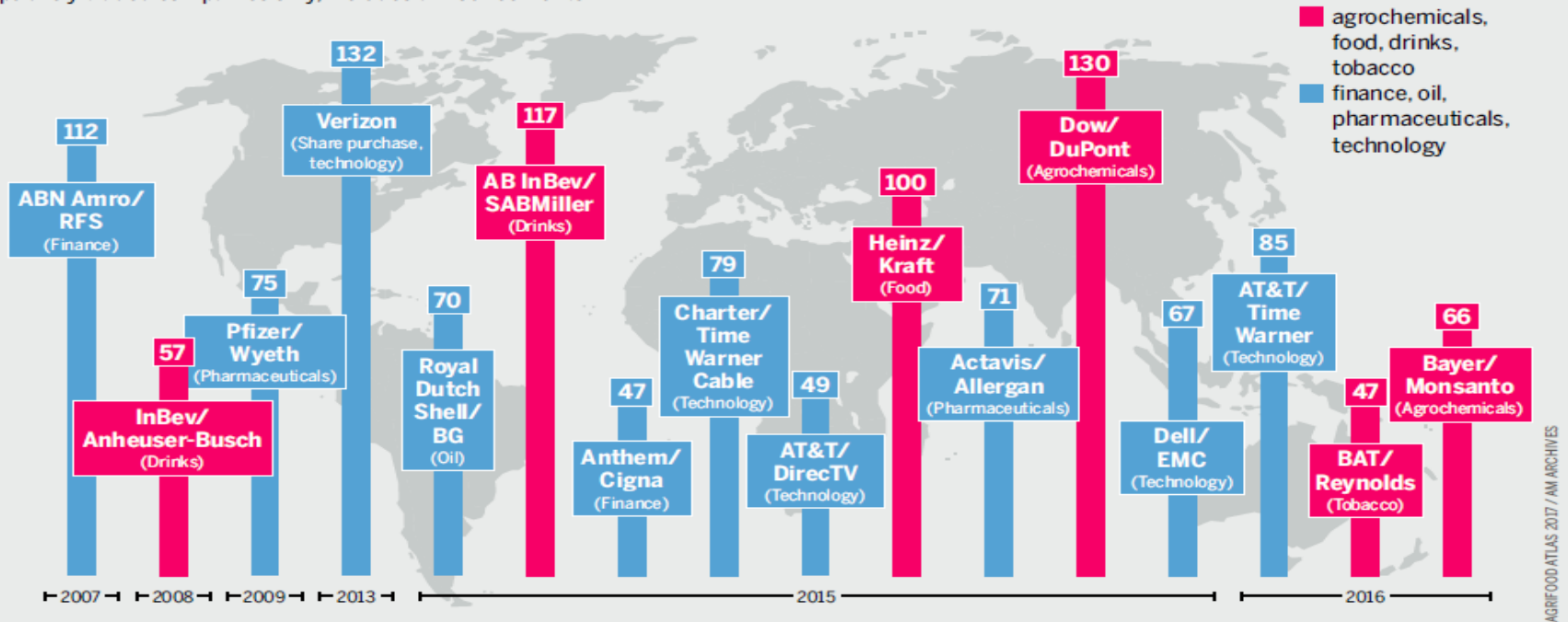
**+ weak competition policies, deregulation in agricultural and commodity markets (food speculation) etc.**



# New: big corporations acquire other big corporations (Mega-mergers)

## THE BIGGEST MERGERS OF THE LAST DECADE

Timeline, by sector and transaction value in billion US dollars (controlled for inflation, base year 2016), publicly traded companies only, includes announcements



8 years – 4 mergers

2 years – 12 mergers



# New: Big financial investors are increasingly behind mega-mergers

Examples: two mega-mergers with a transaction volume of more than 100 billion US\$

## 1) Acquisition of SABMiller by Anheuser-Busch (Budweiser):

- Involved investment company: 3G-Capital (Brazilianer Jorge Leman, known for his tough cost cuts)

## 2) Acquisition of Kraft by ketchup producer Heinz

- Involved investment company: 3G-Capital, Warren Buffett with his investment company Berkshire Hathaway

Example from Germany: JAB-Holding, investment company of the billionaire family Reimann

- Controls today a.o. coffee brands Jacobs Douwe Egberts, Caribou and Keurig Green Mountain (about 20% market share, Nestlé 21%),

# Alarming: Influence of financial capital is increasing (financialisation)

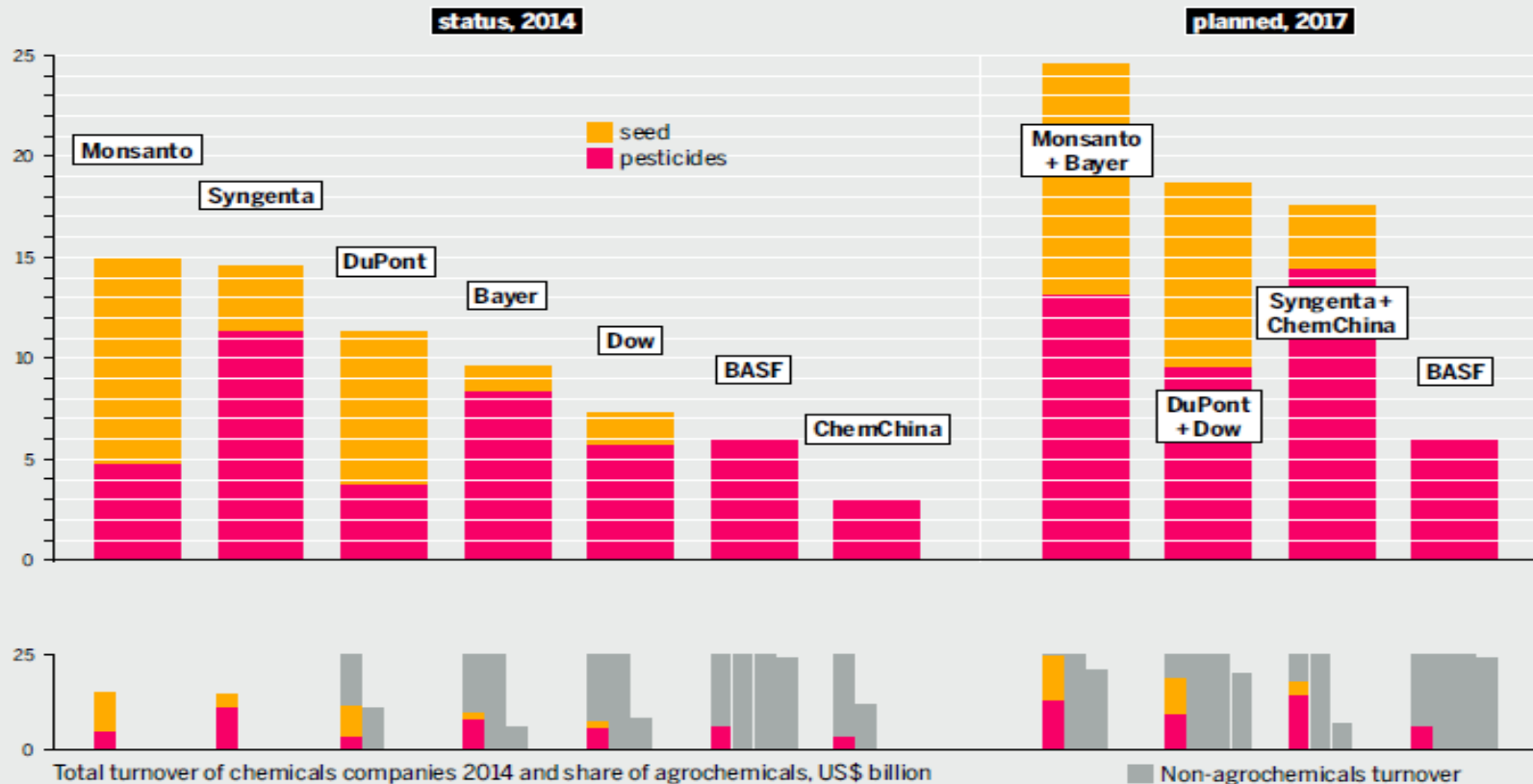
- **Chicago stock exchange:** banks, hedge funds and investment funds dominate wheat trading (mid 1990ies: 12%, today 70%)
- **Hundreds of agriculture-linked investment funds** manage billions of dollars and invest among others in wheat, sugar and coffee
- **Investment companies such as BlackRock** hold shares of corporations along the whole supply chain: a.o. Monsanto, John Deere, ADM, Wal-Mart
- **Cargill, ADM, Dreyfuss** do have their own financial investment arms
- Since the beginning of 2000 there are **specific agricultural land funds**, which contributed to a wave of land purchases

# Supply Chain: Pesticides/Seeds

## BUY TO SQUEEZE OUT THE COMPETITION

Concentration of the world's biggest agrochemicals companies, 2014 turnover, without merger-related sell-offs, in billion US dollars

**Top3:** 60% commercial seeds, 70% pesticides (if Bayer/Monsanto agreed)



AGRIFOOD ATLAS 2017 / BLOOMBERG

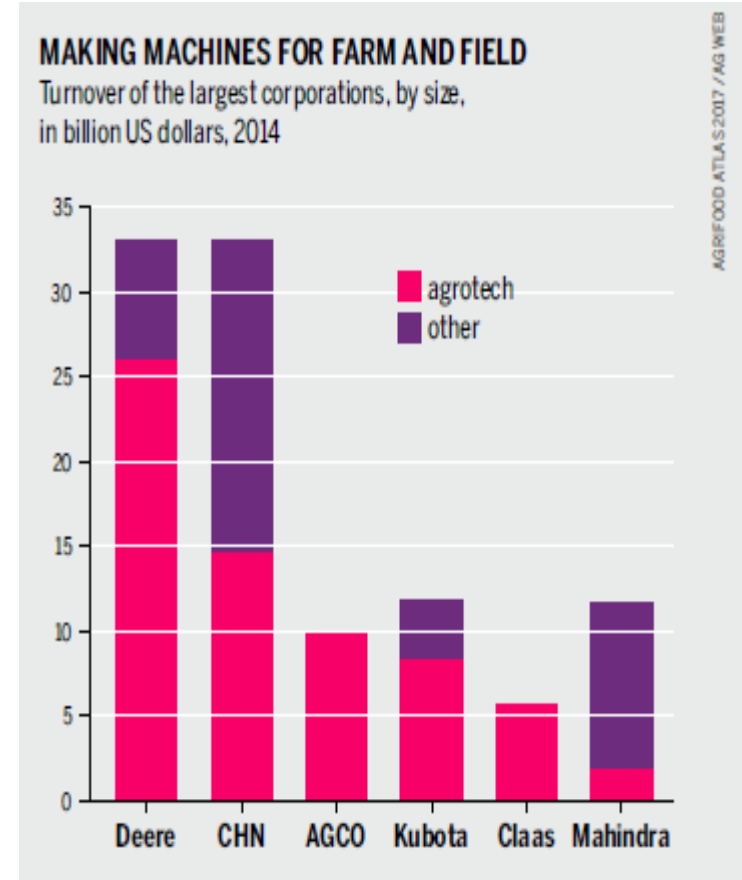
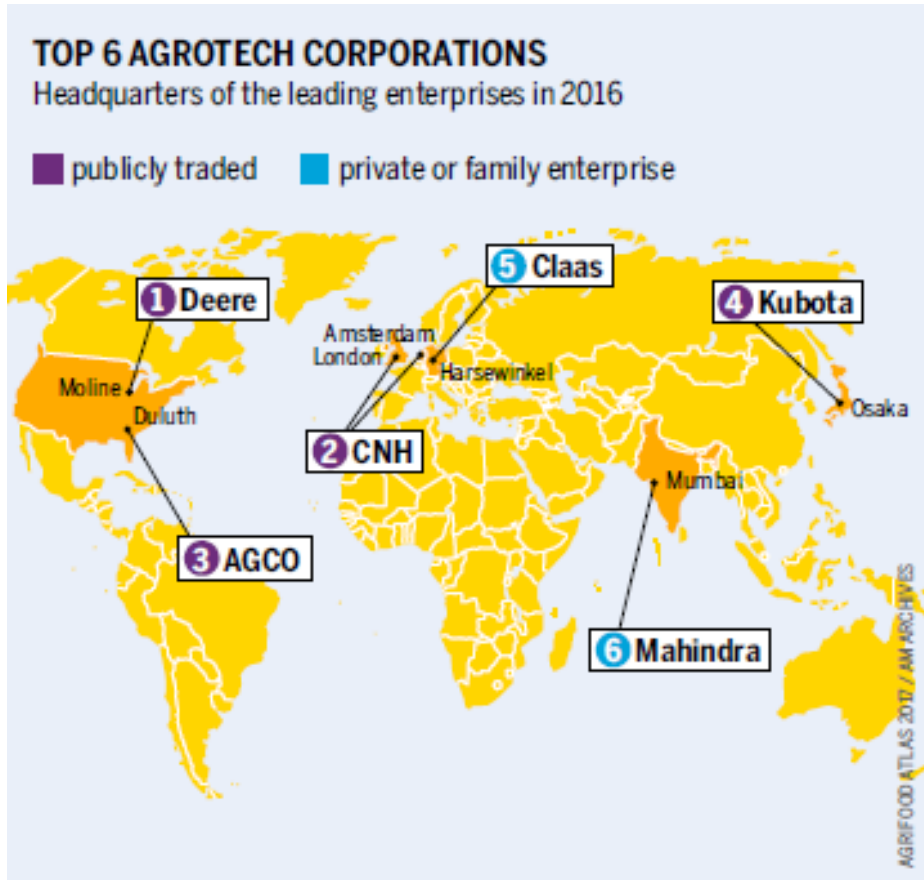
## Market share of Top 4:

**Seeds** – 1994 (21%), 2000 (33%), 2009 (54%), 2013 (58%)

**Pesticides** – 1994 (29%), 2000 (41%), 2009 (53%), 2013 (62%)



# Supply Chain: Machinery



John  
Deere

**Deere**

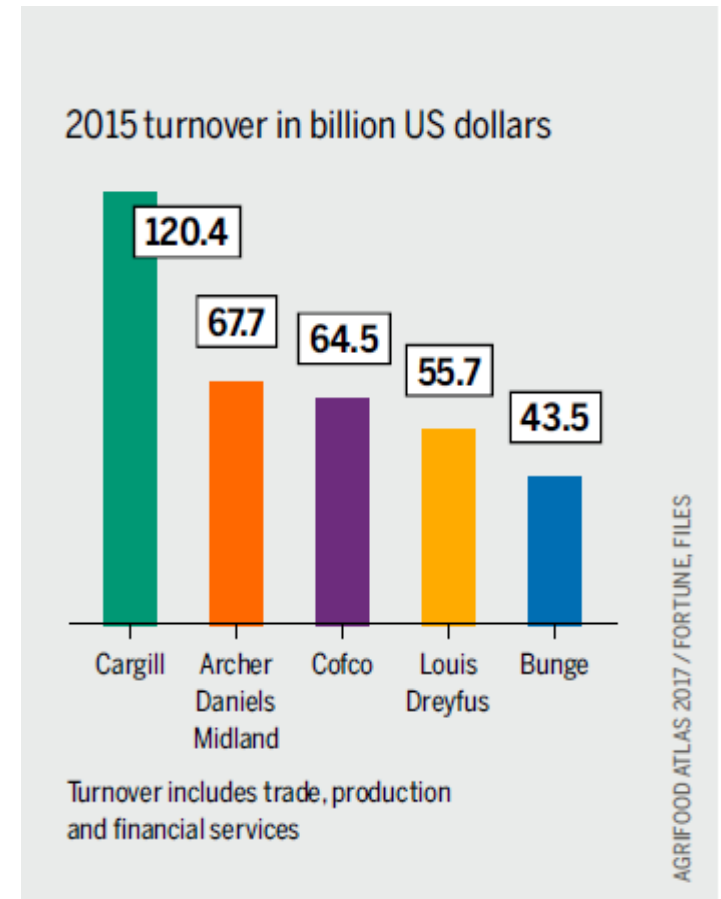
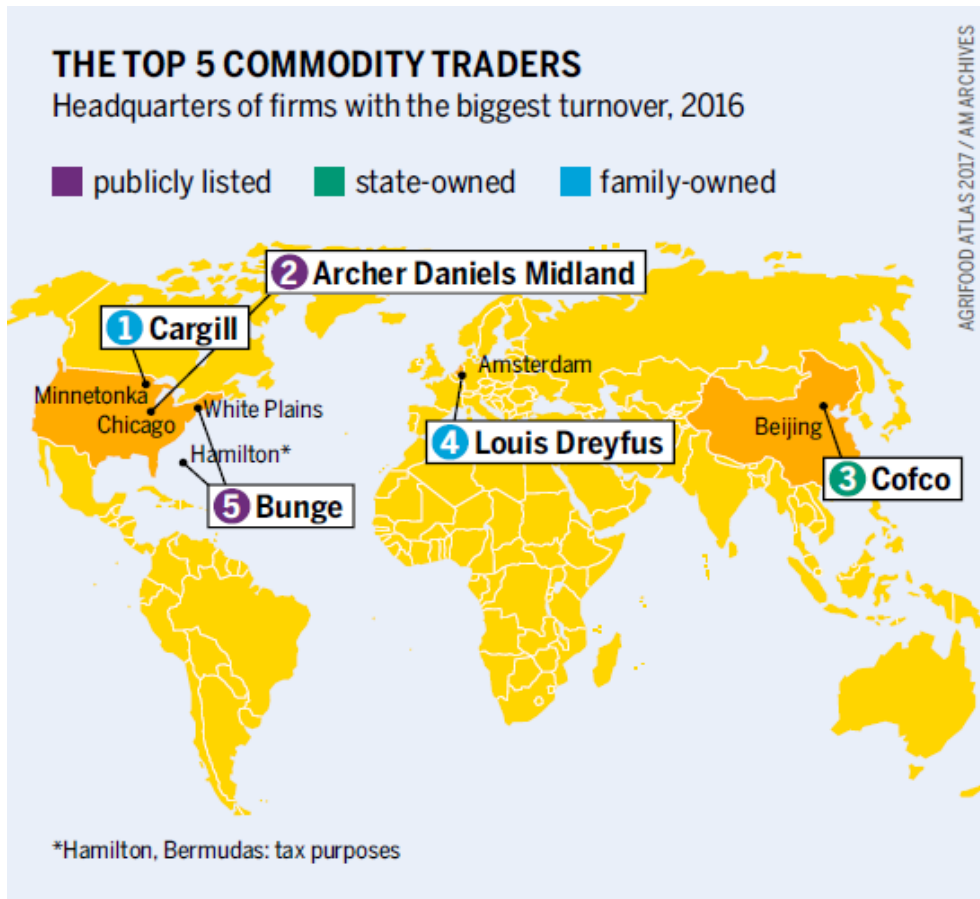
New  
Holland

**CHN**

Deutz, Fendt,  
Ferguson

**AGCO: market share of 50%**

# Supply Chain: Grain Trading



**ABCD-group: market share of about 70%**

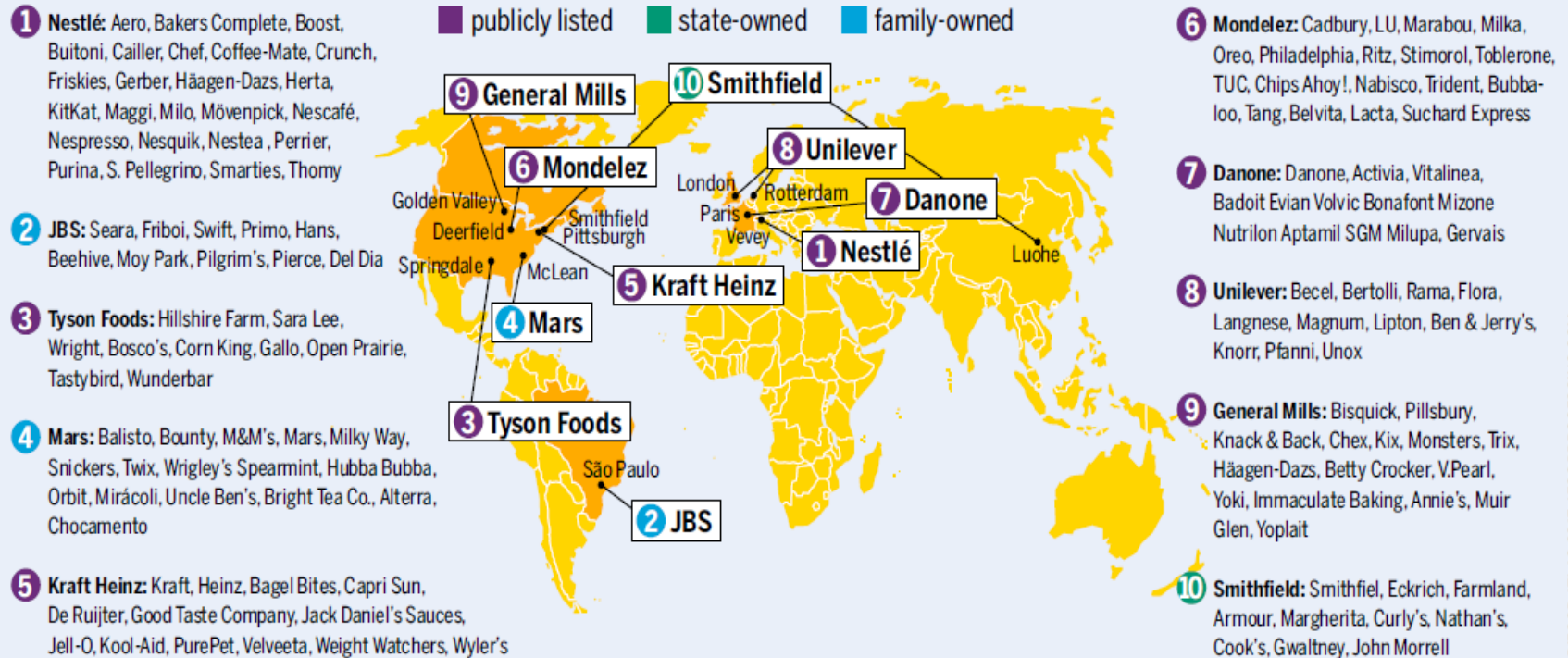
## Self description of Cargill

“We are the **flour** in your bread, the **wheat** in your noodles, the **salt** on your fries. We are the **corn** in your tortillas, the **chocolate** in your dessert, the **sweetener** in your soft drink. We are the **oil** in your salad dressing and the **beef, pork or chicken** you eat for dinner. We are the **cotton** in your clothing, the backing on your carpet and the **fertilizer** in your field” (fertilizer not anymore, sold)

# Supply Chain: Food companies

## THE TOP 10 FOOD MANUFACTURERS

Headquarters of the companies with the highest turnover in 2016 and selected brand names, excluding beverage and tobacco companies



AGRI FOOD ATLAS 2017 / FOOD PROCESSING.COM

## Global: Market share of Top 4

- **Breakfast cereals:** 62 per cent
- **Baby food:** 60 per cent
- **Soups:** 50 per cent

## Global: market share of Top 3

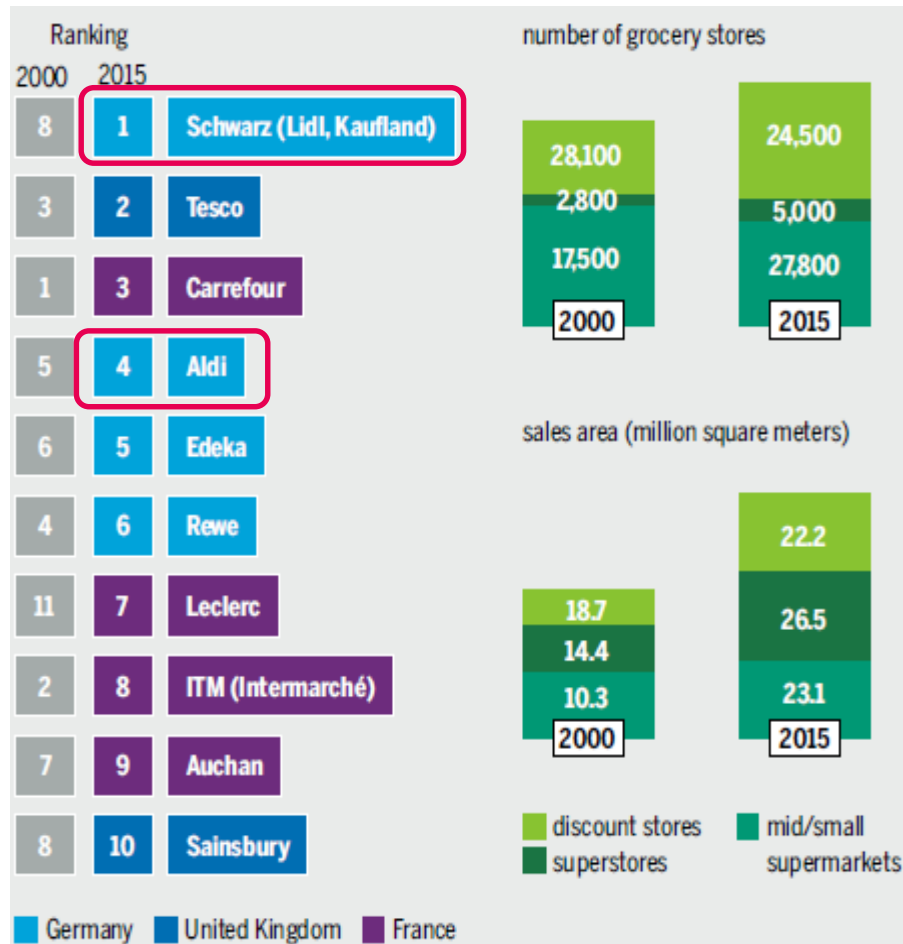
- **Trade with tea:** 80 per cent
- **Chocolate:** 50 per cent

# Supply Chain: Food Processors in Germany

- **Pork slaughtering (2015):**
  - Market share of Top 4: 59 %
  - Tönnies (26 %), Vion (15%), Westfleisch (13%), Danish Crown (4%)
- **Dairy companies:**
  - Market share of the Top 4 (2013): 40 %
  - Deutsches Milchkontor (DMK; 21%), Theo Müller-Gruppe (6,5%), Hochwald (6,5%), Arla (6%)
- **Packaged tea:**
  - Market share of Top 2: 60%
  - Teekanne (35%), Ostfriesische Tee Gesellschaft (25%)
- **Frozen pizza:**
  - Market share of Top 2: 64%
  - Dr. Oetker (34%), Nestlé Wagner (30%)
- **Marmalade:**
  - Market share of Top 3: 52%
  - Schwartau (39%), Zentis (7%), Bonne Maman (6%)

# Supply Chains: Supermarkets

## Top 10 Supermarket chains in the EU



## Germany

### Market share of discount markets:

- 40% (today)
- 42 % (2006)
- 32 % (2002)
- 27% (1995)

### Market share of supermarket chains:

- Top 4: 85% (today)
- Top 8: 70% (1999)

**Market Share:** 50% of modern food retail

# What impact has market concentration in the agri-food sector? I

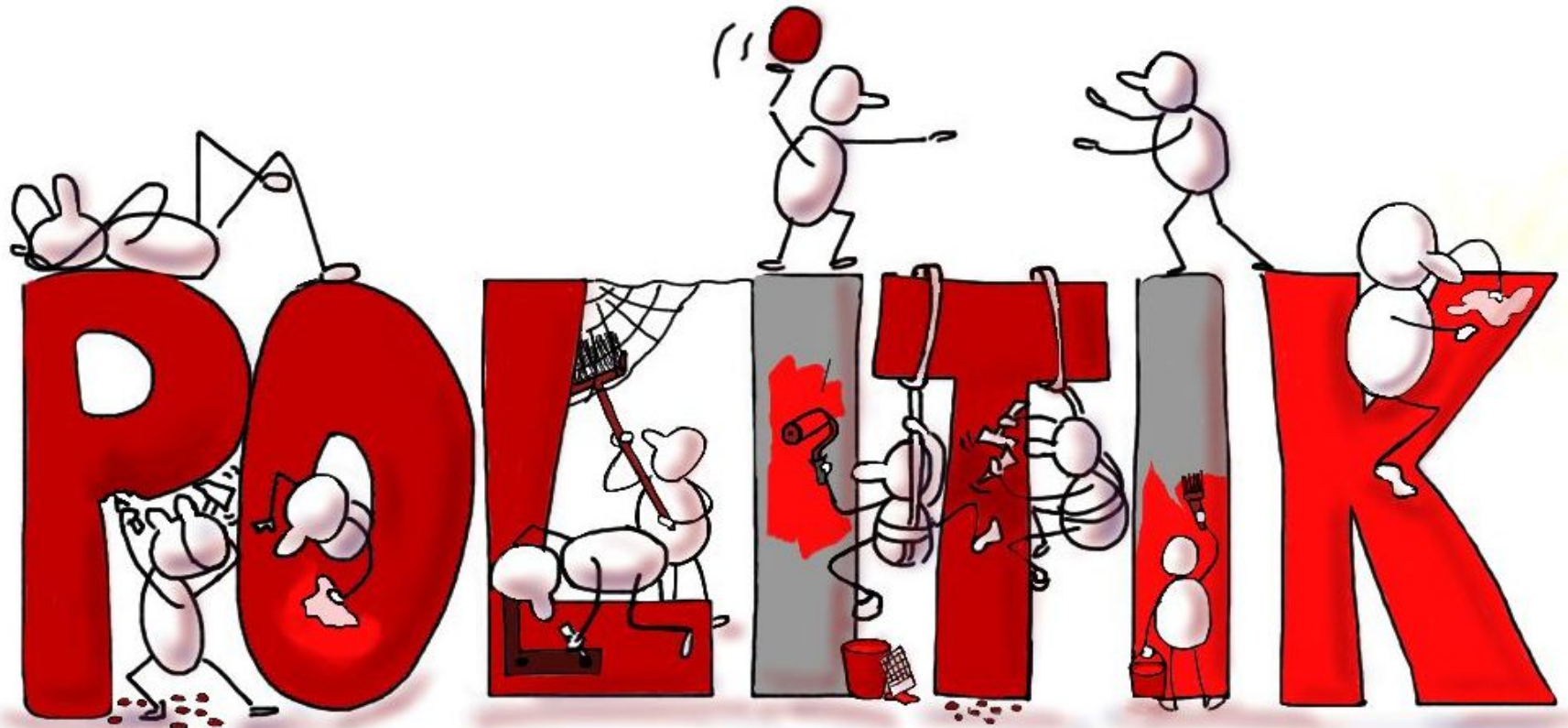
- **Share of sales of farmers and workers** is shrinking. Global inequality increases.
- **Freedom of choice of farmers** is restricted, the dependence of a few buyers is increasing.
- **Prices for inputs** are increasing, i.e. farmers do have higher costs while being under constant/increasing price pressure.
- **Pushes industrialization along the supply chain:** large-scale production of monocultures, squeezing out of peasant farmers, bad working conditions, environmental damages
- **More anticompetitive behaviour/misuse of market power** of corporations is increasing, collusive pricing.
- **Threat to democracy:** Market concentration leads to concentration of political power. Lobby influence of big business on policy makers is increasing.

# What impact has market concentration in the agri-food sector? II

- **Seeds/Pesticides:** 2-3 control commercial seeds, more GMOs
- **Machinery:** „Move up or move out“ will be replaced by „digitize or move out“. Focus on precision farming, i.e. „digitization of agriculture“.
- **Grain trading/investment companies:** Profit oriented influencing of world agricultural and commodity markets (see [Glencore](#) and [Cargill](#)).
- **Food Processing:** Procurement of agricultural commodities internationally and less from domestic farmers. Processors can artificially lower commodity future prices by buying big quantities of agricultural derivative contracts.
- **Supermarket chains** misuse their buyer power by applying unfair trading practices (UTP), by passing on risks and costs on to suppliers and by dictating them prices.



# What can policy makers do to curb market power of corporations?



**The magic word is „regulation“!**

# The lobby power of agri-food corporations

## MOST INFLUENTIAL VISITORS

Lobbyists' encounters with European Union's Directorate General for Trade while the Transatlantic Trade and Investment Partnership (TTIP) negotiations were being prepared in 2012 and early 2013

113 Agribusiness and food

80 Cross-sector business groups

51 Telecom and IT

29 Automotive

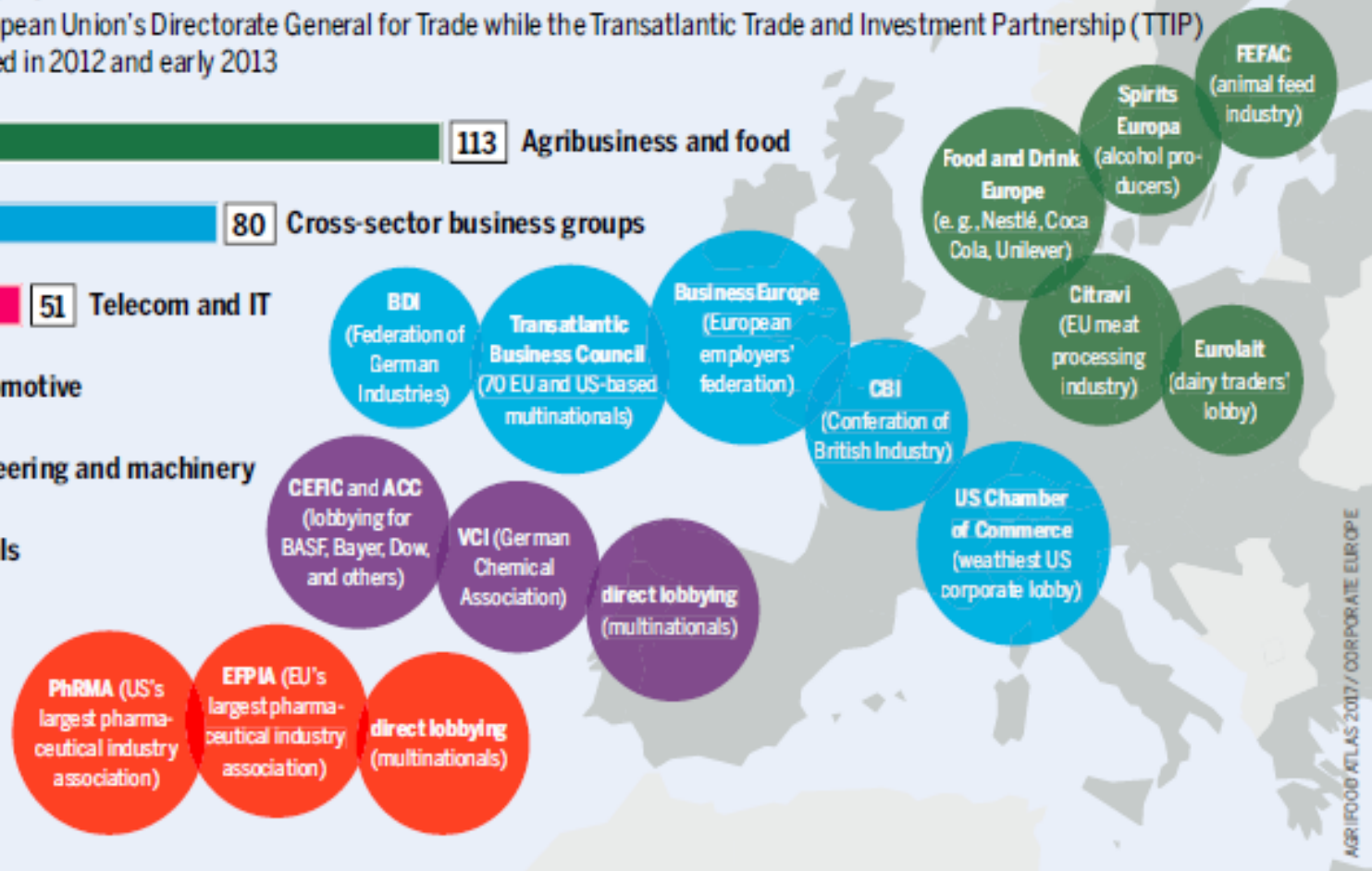
27 Engineering and machinery

22 Chemicals

22 Finance

20 Health

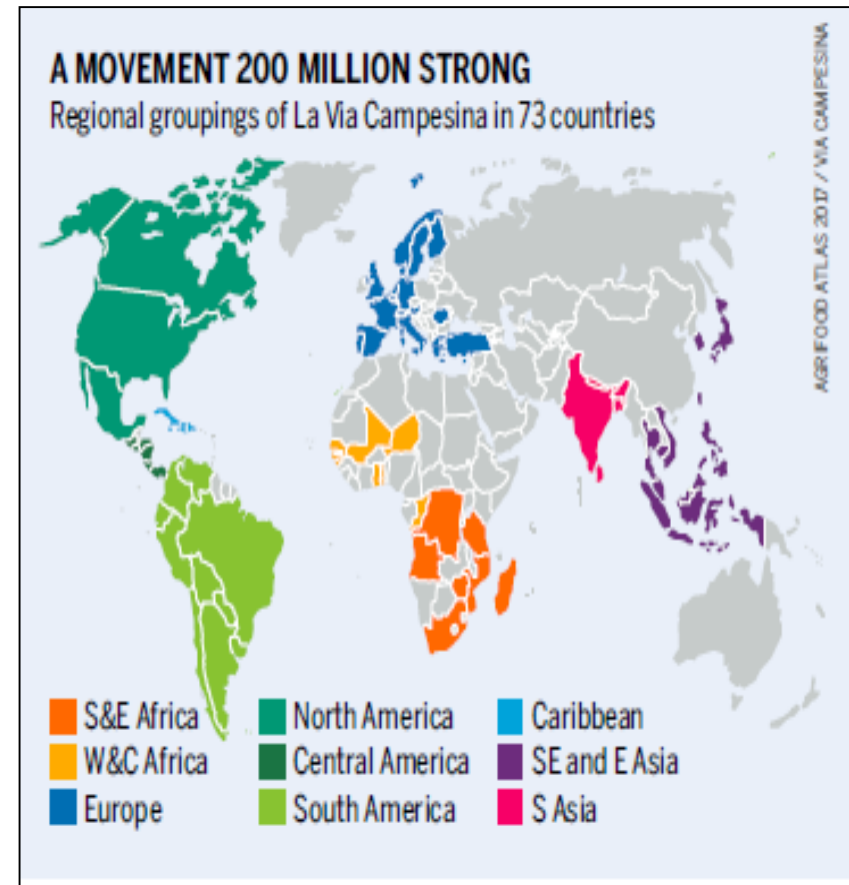
17 Pharma



AGRI FOOD ATLAS 2017 / CORPORATE EUROPE

# What is needed? Good regulation and strengthening alternatives

- Stricter antitrust law incl. unbundling law (Ultima Ratio)
- Strengthening of bargaining power of farmers
- Enforcement of social and ecological minimum standards in supply chain.
- Binding rules for corporations (UNGP, Treaty-Process)
- Shift in agricultural and trade policy, curbing excessive food speculation
- Strengthen alternatives: community supported agriculture, food policy councils, agroecology, food sovereignty, seed banks etc.







**Thanks a lot!**

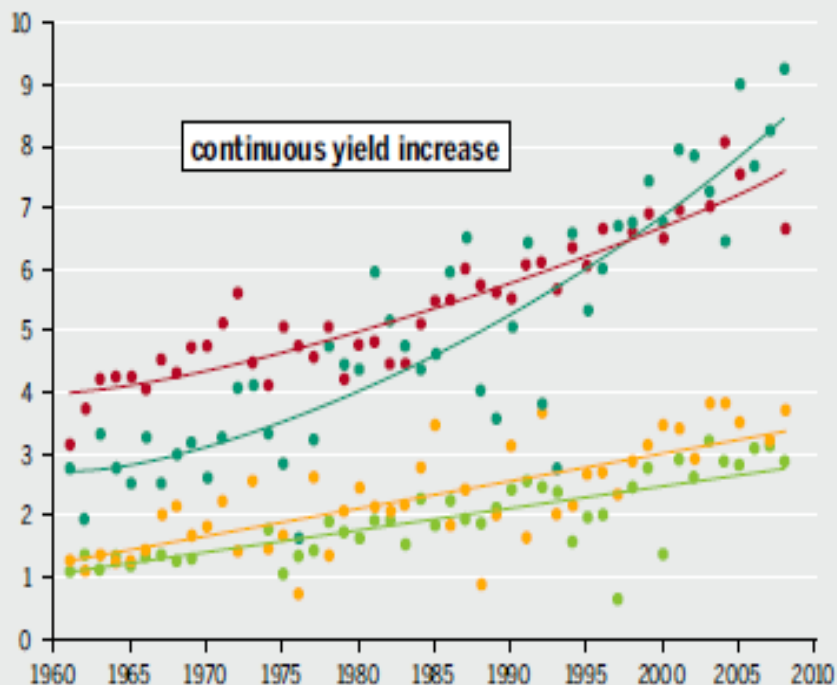
**Email: [mlieser@oxfam.de](mailto:mlieser@oxfam.de)**



## WHEN SOILS ARE STILL FERTILE – OR EXHAUSTED

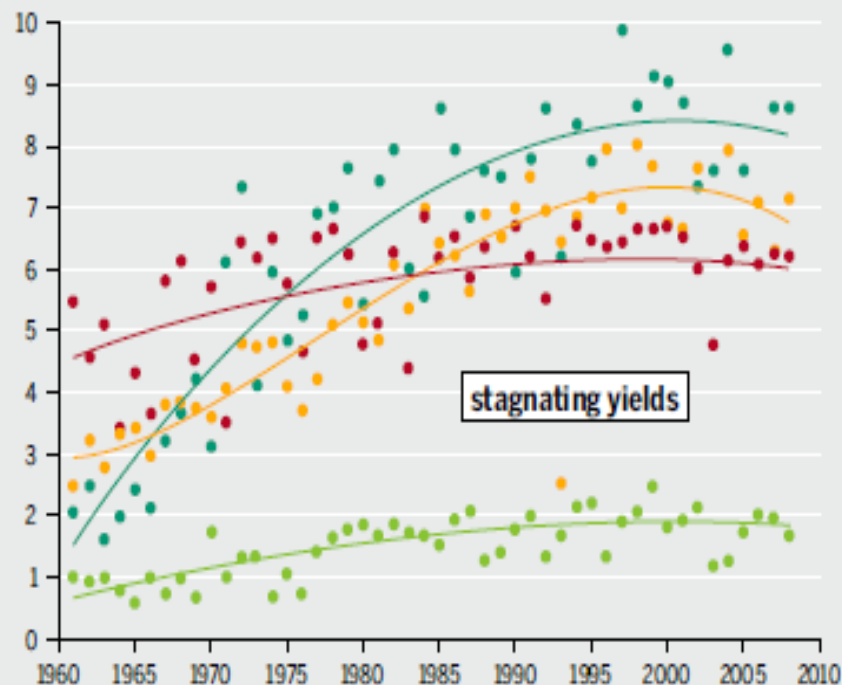
Long-term yield trends of four crops, tonnes/hectare

- Clay County, Minnesota, USA
- Faulkner County, Arkansas, USA
- Big Stone County, Minnesota, USA
- Municipio de Baradero, Buenos Aires, Argentina



- maize
- rice
- wheat
- soybeans

- Harvey County, Kansas, USA
- Hokkaidō, Japan
- Basse-Normandie, France
- Anoka County, Minnesota, USA



## SRI – AN ALTERNATIVE TO THE GREEN REVOLUTION

The "System of Rice Intensification": tender loving care for rice plants and the soil

