



PRESS RELEASE September 14, 2006
FOR IMMEDIATE RELEASE

Press contact
Ben Lilliston
(612) 870-3416 or blilliston@iatp.org

Concentration Distorts Global Food Markets, New Paper More Oversight Needed to Protect Farmers and Consumers

Minneapolis —The growing market power of international food companies is adversely affecting the lives of farmers and consumers worldwide, according to a new paper by a Senior Advisor with the Institute for Agriculture and Trade Policy.

Concentrated Market Power and Agricultural Trade is by Sophia Murphy and published by the EcoFair Trade Dialogue. It is available at: www.iatp.org.

Increased globalization has revolutionized food production, processing and distribution, according to the paper. International trade agreements have encouraged food market concentration. “The steady downward pressure on tariffs has opened up markets in ways that favor companies in a position to do business on a global scale,” according to the paper. “The strong policy push away from government interference in markets . . . has changed markets for farmers the world over.”

“A bigger market means more growers competing with each other,” says Murphy, “but globalization has decreased competition for the dominant buyers: grain companies, food processors, and supermarkets. And farmers are already disadvantaged in the market because they are numerous and not well organized, their production decisions have no effect on price, they must find up-front capital for an uncertain harvest, and most farmers are trying to sell their crops at the same time.”

The paper identified supermarkets and input (seed and pesticides) companies as the “most significant new drivers” in the global food trade. Supermarkets, particularly in Europe, are purchasing directly from producers, setting prices, and establishing private standards independent from government. Input companies are rapidly “privatizing what has been part of the commons for millennia: knowledge on what seeds, plants, growing techniques and animal breeds suit particular growing conditions.”

“Governments need urgently to review their national competition strategies to ensure both producer and consumer interests are addressed and that more than just efficiency outcomes are considered,” writes Murphy. Such a strategy would focus on consumers’ interests, equity of costs and benefits, price stability and employment. Murphy emphasizes a number of these issues need to be managed at the global level including creating standards for the food industry to meet environmental requirements, ensure fair treatment for workers and farmers, and protect against things like price gouging.

The paper was written as part of the EcoFair Trade Dialogue: New Directions for Agricultural Trade Rules. The EcoFair Trade Dialogue is an international project carried out by the Heinrich Boll Foundation in cooperation with MISEREOR and moderated by the Wuppertal Institute. More details can be found at: www.ecofair-trade.org.

The Institute for Agriculture and Trade Policy works globally to promote resilient family farms, communities and ecosystems through research and education, science and technology, and advocacy. www.iatp.org.