

Consolidation



Over the past several decades, American family farmers and ranchers have been dealing with rapid consolidation in the industries that both supply and buy from their operations. This consolidation has led to increased costs for farmers, less choice and competition in the marketplace, less innovation, and increased prices for consumers. In order to stem this disturbing trend, National Farmers Union is calling on Congress to implement a moratorium on all future mergers in agriculture.

The State of Consolidation in Food and Agriculture

- The four largest multinational meatpackers control 54 percent of U.S. poultry processing, 66 percent of U.S. pork packing, and 85 percent of beef packing.
- Just four firms control 88 percent of corn seeds and 80 percent of soybean seeds. Those farmers must turn around and sell their products to four companies that control 85 percent of the soybean processing market and three companies that control 87 percent of the wet corn milling in the U.S.
- Many of the companies controlling markets for farm inputs and commodities are vertically integrated, which means they control multiple stages of the supply chain, from inputs to production to distribution.

The Effects on Farmers and Rural Communities

Consolidation has virtually eliminated competition in many agriculture markets, leaving family farmers and ranchers with little to no control over the prices they pay for inputs or the prices they receive for their products. As a result, the farmer's share of every retail dollar has fallen from 50 percent in 1952 to less than 16 percent today. These dire economic conditions are driving family farmers out of business. This, in turn, undermines the economies of rural communities across America, as stores lose customers, churches lose congregants, and job opportunities dry up.

Policy Recommendations

To restore competition in the agricultural economy, and to increase the bargaining power and enhance economic prospects for family farmers, the trend toward concentration must be reversed. Congress can do this if they:

- ✓ **Establish a moratorium** on large food and beverage manufacturing, grocery retail, and agribusiness mergers.
- ✓ **Strengthen antitrust laws** to improve fairness and competition in the agriculture marketplace for family farmers, ranchers and consumers.