



FACT SHEET

Consolidation in Agriculture

Issue Summary: *Farmers and ranchers have been dealing with rapid consolidation in the industries that both supply and buy from their operations over the past several decades. Just six companies control the markets for inputs that farmers need to grow their crops, and four companies control the majority of purchasing and processing of cattle, hogs and chicken. This consolidation has led to increased costs for farmers, less choice and competition in the marketplace, less innovation, and increased prices for consumers. In turn, it results in farmland consolidation and rural depopulation.*

- CR4, the Four-Firm Concentration Ratio, refers to the market share of the four largest firms in an industry. CR4 numbers have been rising for decades, and a report from the Agricultural and Applied Economics Association states that, “since the late 1980’s, concentration in meatpacking has been high by many economists’ standards, above levels considered by some economists to elicit noncompetitive behavior and result in adverse economic performance.”
- According to the USDA Economic Research Service, “the most concentrated food processing industries in terms of sales include cane sugar processing (95% generated by the four largest firms), wet corn milling (84%), beet sugar processing (82%), soybean crushing (82%), breakfast cereal manufacturing (80%), and malt manufacturing (73%).”
- Recent figures show that the four largest companies slaughter 84% of hogs, 85% of all cattle, and 54% of all chicken in the United States. (NFU)
- The top six agricultural input companies own 63% of the global seed market, 75% of the agricultural chemical market, and 95% of trait acres for corn, soybeans, and cotton in the United States.
- Commodity prices are currently below the cost of production, and this downturn has spurred a 3rd wave of consolidation among agricultural input companies.
- The most recent large-scale merger proposal was that of Dow Chemical Co. and DuPont Co. This merger would create the single largest biotechnology and seed firm in the United States, controlling 76% of the market for corn and 66% of the market for soybeans. This would only further thin a market most recently hit with a round of mergers that resulted in the existence of only six large biotechnology firms; Monsanto, Syngenta, Bayer, DuPont, Dow, and BASF.