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## **Free trade leaves world food in grip of global giants**

John Vidal in Porto Alegre

Global food companies are aggravating poverty in developing countries by dominating markets, buying up seed firms and forcing down prices for staple goods including tea, coffee, milk, bananas and wheat, according to a report to be launched today.

As 50,000 people marched through Porto Alegre, in southern Brazil, to mark the opening of the annual World Social Forum on developing country issues, the report from ActionAid was set to highlight how power in the world food industry has become concentrated in a few hands.

The report will say that 30 companies now account for a third of the world's processed food; five companies control 75% of the international grain trade; and six companies manage 75% of the global pesticide market.

It finds that two companies dominate sales of half the world's bananas, three trade 85% of the world's tea, and one, Wal-mart, now controls 40% of Mexico's retail food sector. It also found that Monsanto controls 91% of the global GM seed market.

Household names including Nestle, Monsanto, Unilever, Tesco, Wal-mart, Bayer and Cargill are all said to have expanded hugely in size, power and influence in the past decade directly because of the trade liberalisation policies being advanced by the US, Britain and other G8 countries whose leaders are meeting this week in Davos.

"A wave of mergers and business alliances has concentrated market power in very few hands," the report says.

It accuses the companies of shutting local companies out of the market, driving down prices, setting international and domestic trade rules to suit themselves, imposing tough standards that poor farmers cannot meet, and charging consumers more.

The report says the 85% of all the recent fines imposed on global cartels were paid by agrifood companies, with three of them forced to pay out \$ 500m ( £266m) to settle price-fixing lawsuits.

"It is a dangerous situation when so few companies control so many lives," said John Samuel of ActionAid yesterday.

The ActionAid report argues that many food behemoths are wealthier than the countries in which they do their business. Nestle, it says, recorded profits greater than Ghana's GDP in 2002, Unilever profits were a third larger than the national income of Mozambique and Wal-mart profits are bigger than the economies of both countries

combined.

The companies are also said to be taking advantage of the collapse in farm prices. Prices for coffee, cocoa, rice, palm oil and sugar have fallen by more than 50% in the past 20 years.

The report feeds into growing calls at Porto Alegre for the regulation of multinational food companies. A coalition of the largest international environmental, trade and human rights groups, including Greenpeace, Friends of the Earth, Amnesty, Via Campesina and Focus on the Global South, yesterday said they would be working together to press for corporate accountability.

Retailers such as Tesco, Ahold, Carrefour and Metro are buying increasing volumes of fruit, vegetables, meat and dairy products in developing countries, but their exacting food safety and environmental standards are driving small farmers out of business, says ActionAid.

A spokeswoman for the Food and Drink Federation, which represents British food businesses, yesterday recognised that the industry's success "is closely linked to those at the beginning of the food supply chain".

But she added: "Britain, the world's fourth largest food importing country, invests heavily and provides an enormous market for developing world farmers."

[www.actionaid.org.uk/wps/content/documents/power-hungry.pdf](http://www.actionaid.org.uk/wps/content/documents/power-hungry.pdf) ActionAid report on food corporations

[www.forumsocialmundial.org.br](http://www.forumsocialmundial.org.br) World Social Forum

[guardian.co.uk/globalisation](http://guardian.co.uk/globalisation)