

Fact Sheet

Food and Agribusiness Merger Moratorium and Antitrust Review Act



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Building on previous versions of this legislation, the Food and Agribusiness Merger Moratorium and Antitrust Review Act will be improved and reintroduced in the House and Senate of the 117th Congress. This legislation would halt agricultural consolidation and begin the process of reviewing the largest mega-mergers of the past two decades.

BACKGROUND

Concentration in the agrifood system at local to global levels is accelerating at a rapid pace.

A measure of concentration is the Concentration Ratio of the top four firms in a sector (CR4). When those four firms control 40% of the market (40% - CR4) or greater, it is considered to be monopolistic, where abuses and price fixing are likely. Currently, multinational corporations have monopolistic control over many of the inputs farmers and ranchers need to raise crops and livestock, such as seeds (50% - CR4), farm equipment (45% - CR4), and agrochemicals (65% - CR4). Many of the same corporations also control the markets farmers and ranchers sell to, like soybean processors (80% - CR4), beef processors (73% - CR4), and pork processors (67% - CR4).

A handful of domestic and foreign firms control successive stages of the U.S. food supply chain, from inputs to production to distribution to retail, often with considerable government support and subsidies.

Buyers with oligopsonistic or monopsonistic power are incentivized with extra profit if they engage in unfair and discriminatory acts that cause farmers and ranchers to receive less than a competitive price for their goods. In response to the abuse of corporate power and market fixing, farmers have brought lawsuits forward, but federal courts have incorrectly required a plaintiff to show harm not only to themselves, but to competition to the entire sector when determining an unfair, unjustly discriminatory, deceptive, or preferential act under the Packers and Stockyards Act of 1921 (P&S Act).

To restore competition in the agrifood system, ensuring bargaining power and enhanced economic prospects for farmers, the trend toward concentration must be reversed.

THE FOOD AND AGRIBUSINESS MERGER MORATORIUM ACT WOULD SUPPORT INDEPENDENT FARMERS AND RANCHERS BY:

- > Creating a moratorium on large agribusiness, food and beverage manufacturing, and grocery retail mergers and acquisitions
- > Establishing a commission to review mergers, concentration, and market power in those sectors and make further recommendations
- > Mandating a review of mega agribusiness mergers approved in the last 20 years
- > Providing USDA, FTC and DOJ more authority to collaborate on the review of previous mergers

FARMERS ARE IN CRISIS, AND THE BIG GUYS BENEFIT

The farmer's share of every retail dollar has plummeted from 41% in 1950 to just above 14% in 2018. At the same time, agrifood marketing and processing corporations are raking in record profits — and the gap is only growing wider.

While agribusiness conglomerates are posting record earnings, farmers are facing desperate times. Since 2013, net farm income for United States farmers has fallen by more than half. Median on-farm income was negative in 2017 and 2018, and only just rose above \$200 in 2019.

Consolidated markets and corporate abuses are pushing farmers out of business — and in some cases, to suicide. Razor thin profit margins are exacerbating farm stress across the country. Farm Aid's farmer help hotline saw a 27% year-to-date increase in calls in June 2020. Farming is hard enough, and corporate consolidation is making it nearly impossible.



COMMUNITIES NEED THE MERGERS TO STOP, TOO

Multinational corporations justify their market control by saying their size is necessary to feed the world. Yet despite surplus livestock and poultry feed production, the condition of U.S. hunger and poverty is dire, especially in rural places. 15.8% of rural people live below the poverty line compared to 12.2% in metropolitan areas, and 15% face food insecurity compared to 11.8% in cities.

The decline of family farming causes the disproportionate demise of rural communities. As farmers are displaced, stores lose customers, towns lose volunteers, schools and clinics become under-used, career opportunities for young people dry up, and local inequalities in wealth and income grow wider.

This legislation would press the pause button on harmful corporate mergers, review the largest agribusiness mergers of the last two decades, and pave a path toward a brighter, fairer future.

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