

Competition in the Global Agricultural Value Chain: A Review of the Role of ABCD Giants Including Research on Their Public Visibility

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Abstract

Agricultural goods play an increasingly significant role in meeting the demands of a constantly growing population. Nutrition, an essential aspect of our lives and daily routines, is directly linked to agricultural production. In this context, the economic, ecological, and sociocultural aspects of producing, distributing, selling, and consuming these goods are closely interconnected. Similar to other industries (e.g., automotive, tech), the global market for agricultural goods is highly concentrated, with significant power and influence held by four international corporations—Archer Daniels Midland, Bunge, Cargill, and Louis Dreyfus, collectively known as the ABCD companies. These corporations dominate the global agricultural value chains, playing a crucial yet often underrecognized role in people's daily lives and in the ecological cycles of animals and plants worldwide. The aim of this article is to provide an overview of the operational areas and business strategies of these trading conglomerates, analyze the impact of the ABCD companies on agricultural producers, and establish connections to our daily food consumption. Additionally, we examine whether this highly concentrated trading environment offers room for competition from other companies. By understanding the significance of these four major players in agricultural commodity trading, we aim to raise awareness and enable consumers to make more informed decisions regarding their nutritional habits. Whether consumer behavior, increased competition, or government regulation could influence this market segment remains an open question.

Keywords

Agriculture, Supply Chain, Market Competition, Market Visibility

1. Overview of the ABCD Agricultural Commodities Trading Companies

The ABCD—Archer Daniels Midland (ADM), Bunge, Cargill and Louis Dreyfus—

agricultural commodity trading companies have a long history that dates back to the 19th and early 20th centuries. Originally, all four were established as private, family-owned grain trading firms with specific geographic focuses. ADM, Bunge and Cargill are U.S.-based corporations (ADM, 2024; Cargill, 2024a; Bunge Limited, 2024), while Louis Dreyfus has its headquarters in Rotterdam, The Netherlands (Louis Dreyfus Company, 2024).

Today, these four largest grain trading companies in the world have evolved into cross-sector value chain managers on a global scale. Moreover, they all remain under the influence of their founding families, except for ADM (Heinrich Böll Stiftung, 2017).

In terms of revenue and employee numbers, Cargill is the largest company within the ABCD trading bloc, with a revenue of \$120.4 billion and approximately 142,000 employees. It is followed by ADM with a revenue of \$67.7 billion and 31,000 employees, Louis Dreyfus with \$55.7 billion in revenue and 22,000 employees and Bunge with a revenue of \$43.5 billion and 35,000 employees. Both the turnover and the number of employees relate to the 2015 financial year (Heinrich Böll Stiftung, 2017). All four companies now operate in a wide range of countries. ADM and Cargill have a really global presence (ADM, 2024; Cargill, 2024a), while Bunge and Louis Dreyfus are more focused on North and South America, Asia, and Europe (Bunge Limited, 2024; Louis Dreyfus Company, 2024).

Together, the ABCDs control over 70% of the global grain market for three of the four major commodity crops, thereby holding an oligopolistic position worldwide. Their focus has primarily been on agricultural commodities such as wheat, corn and soybeans (Burch et al., 2012). The reasons for this focus will be explained later.

2. Vertical Integration

The trade of agricultural commodities within the production sector of agriculture yields only narrow profit margins for the four major trading corporations, primarily due to price pressure. This price pressure arises from market concentration in trade, processing and retail along the value chain. As a result, since the 1980s (Burch et al., 2012), vertical integration has become increasingly significant for the ABCD trading companies. Vertical integration, in this context, refers to the expansion of these companies' activities from the agricultural production sector to the upstream and downstream segments of the agricultural value chain. The upstream segment includes the provision of production inputs as well as a variety of services for producers, while the downstream segment encompasses processing, trading, and marketing. This kind of vertical integration has been closely linked to financial investments, which have ultimately contributed to a capital-intensive agricultural sector.

These agricultural commodity trading companies now view themselves as “producers” (ADM, 2024) of agricultural commodities and have become central cross-sectoral actors along the value chains. Their activities now encompass land

ownership, the provision of production inputs, advisory services, insurance, cultivation contracts, procurement, storage, processing and retail, extending to the development of storage and transport infrastructure as well as financing across the entire chain (Burch et al., 2012). As a 2001 Cargill advertising slogan stated, “We are the flour in your bread, the wheat in your pasta, and the salt on your fries” (Kaufmann, 2020), while in 2017, Louis Dreyfus promoted its presence “From farm to fork” (Louis Dreyfus Company, 2017).

The transformation of these trading companies into cross-sectoral value chain managers has been enabled by their enormous financial resources and the emergence of technological advancements. The ABCDs have leveraged these advantages to gain access to up-to-date information on market and production conditions and to execute strategic acquisitions and mergers. This allows them to maintain continuous international operations. Additionally, they focus on collecting their own primary data (ADM, 2024), which they analyze and assess to maintain their information advantage. In summary, while these trading companies may consider themselves “producers”, their activities have increasingly distanced them from direct agricultural production. Furthermore, the significant increase in their market power within the global agricultural commodity market can largely be attributed to vertical integration.

3. Income Diversification

In recent years, these four companies have not only pursued vertical integration but have also expanded their range of products and services both within the food sector and beyond. Since the early 1990s (Burch et al., 2012), the companies’ activities have extended beyond wheat, corn and soy to include chemicals, cocoa, coffee, cotton, eggs, fertilizers, financial services, flour, fruit juices, malt, meat, molasses, peanuts, petroleum, pork, poultry, rubber, salt, steel, turkey, wool and animal feed—this will be discussed in detail later (Cargill, 2024b). Additionally, bioenergy and agrofuels play a crucial role in the companies’ income diversification (Burch et al., 2012). Agrofuels are derived from energy crops such as corn or rapeseed. For instance, the trading company ADM owns Germany’s largest oilseed processing and refining complex, “ADM Hamburg AG” (Heinrich Böll Stiftung, 2017), where rapeseed and soybeans are processed into bio-diesel.

Cargill, on the other hand, has focused on fossil resources, primarily petroleum. Meanwhile, Louis Dreyfus has evolved to a significant market player in asset management, forestry and real estate (Burch et al., 2012). The shift of ABCDs towards a more horizontally oriented business model, with investments in related and unrelated markets, primarily serves as a form of risk mitigation. Their diversified activities across various geographic markets with quite different products help minimize risks associated with price volatility. This diversification allows them to leverage agricultural commodities financially, even when direct sales are no longer profitable, as with certain grains used for bioenergy or animal feed.

However, the expansion of the business fields by these four corporations also

has far-reaching implications. Their market concentration enables them to exert downward pricing pressure on agricultural producers or, by diverting use of crops to biofuel production, they can significantly influence food prices for end consumers (Latz, 2017).

4. Influence of ABCD Commodity Trading Companies on Agricultural Producers

The influence of the ABCDs on global agriculture primarily stems from their control over the value chains of individual agricultural commodities. This control by the ABCD trading bloc has largely been established through vertical integration. By expanding into both the upstream and downstream segments of agriculture, they have made both agricultural producers and retail actors dependent on them. The ABCD corporations supply agricultural producers with essential production inputs (see **Figure 1**) and offer services such as financial advice and insurance (Cargill, 2024a). Notably, agricultural inputs include all resources and materials required for agricultural production, such as seeds, fertilizers or animal feed. At the same time, they also act as buyers for agricultural enterprises (see **Figure 1**). They purchase the produced commodities, process them, and depending on market conditions, either store the processed goods or supply them directly to their retail customers (Heinrich Böll Stiftung, 2017).

Moreover, the ABCD companies have increasingly leveraged their ability to access international markets. They possess a global network of ocean vessels, ports, railways, refineries and silos (Heinrich Böll Stiftung, 2017). They sell processed products wherever and whenever demand—and hence profit margins—are the highest. The international market presence of the ABCD bloc significantly impacts national producers, as domestic producers are often displaced by low-priced imports. In many countries, domestic prices are determined by global market prices (Latz, 2017). To remain competitive, these domestic producers are forced to either expand or risk losing their livelihoods.

The market power of the ABCDs lies in the dependency of both agricultural producers, who rely on them as suppliers and buyers and retail companies, which depend on their commodities to sell to end consumers. The ABCDs exploit this dependency and further benefit from their oligopolistic position. Due to the oligopolistic market concentration they have achieved, both agricultural producers and retailers find themselves in a weak bargaining position. In the retail sector, market concentration varies depending on the country. The ABCD corporations, through their global operations, dictate prices, quantities, and quality standards worldwide (Burch et al., 2012), exerting significant price pressure on agricultural producers (see **Figure 1**).

This pricing pressure along the value chain exists because the majority of agricultural enterprises' total expenses are concentrated on services and production inputs. Simultaneously, producers are particularly dependent on revenue from buyers, which constitutes the main portion of their overall income. The share of

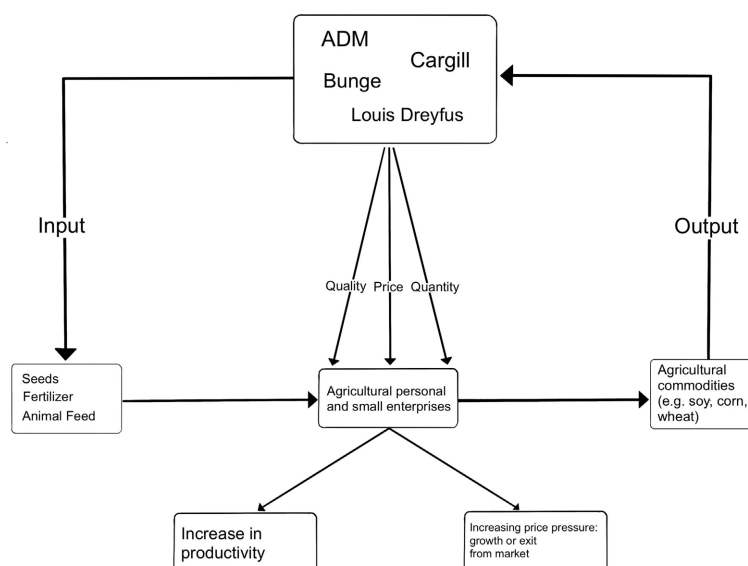


Figure 1. Illustration depicting the influence of ABCD trading companies on agricultural producers and their control along the value chains (drawn by the author).

total income varies greatly depending on the region and type of agriculture. As a result, agricultural producers are often compelled to increase productivity (see **Figure 1**) to secure their income, thereby facing additional pressure from large trading companies to either grow or exit the market (see **Figure 1**).

5. Corn, Soy, and Wheat: The Core of the ABCD Trading Quadrangle's Business Model

The ABCD commodity trading companies collectively control 70% of the global trade in soybeans, corn and wheat. These three agricultural commodities are known as “commodity crops,” which constitute the largest portion of the world’s caloric intake (Göring and Steffens, 2023). Therefore, they are among the most widely cultivated and consumed agricultural products across the globe. Additionally, they have diverse applications, and the demand for commodity crops spans across various sectors of agriculture.

5.1. Animal Feed

The United States is the world’s leading producer of animal feed, followed by China and Brazil. The primary components of animal feed are oilseeds and grains such as corn and wheat (Burch et al., 2012). Approximately 85% of the global soybean harvest is processed into soybean meal and oil; 98% of this meal is further utilized in animal feed production (Burch et al., 2012). In most countries, the animal feed industry is locally owned and typically forms part of an integrated livestock system, as seen in China. There, the largest feed corporation is the “New Hope Group,” which is state-owned. This is followed by the “Charoen Pokphand Company,” China’s second-largest feed and sixth-largest poultry producer (Burch

et al., 2012).

Commodity trading companies interact along the animal feed value chains by supplying inputs to feed manufacturers. Despite this role, they provide the largest quantities of raw materials required for the animal feed market. During the 2007-2008 global production period, approximately 750 million out of the 1.75 billion tons of grain produced globally were used for animal feed. For soybeans, global production during the same period was 230 million tons, of which 85% was used for feed. For corn, the figure was 60%, and for wheat, it was 20% (Burch et al., 2012).

5.2. Foodstuffs

The ABCD commodity traders are not directly involved in the food industry as we know it, nor do they produce food products under their own brand names, with few exceptions. Namely, ADM and Cargill each produce select chocolate products: ADM under the brand name “Ambrosia” and Cargill under “Peters”. Instead, they act as suppliers and buyers for producers. Simultaneously, they provide processed agricultural commodities to companies that manufacture food products, as well as to the retail sector, restaurants and other entities such as fast-food chains (Cargill, 2024d). As an example of their involvement in food supply chains, Cargill’s extensive poultry operations supply fast-food chains across Europe and North America, including well-known brands like McDonald’s (see **Figure 2**) and Burger King (Cargill, 2024d). Additionally, Cargill supplies food industry giants such as Kraft, Danone, Kellogg’s, Nestlé and Mars (Cargill, 2024d). Cargill’s most prominent customers in the retail sector in Germany are the retail chains Aldi and Edeka (Cargill, 2024d).

Notably, although the ABCD conglomerates do not produce products under their own brand names, they remain among the most significant market players in the food industry, operating with many familiar brands and companies. This survey, whose results are provided in **Figure 2**, aims to highlight the connection between the ABCD trading group and a well-known fast-food company, while also revealing the quite significant, although much less advertised, role of these trading companies. This fact is in very strong contrast to what happens in the automobile or tech market sectors, where all major players are well-known to the public. In my view, given the undisputed significance of food to human life, the survey results underscore the need for greater awareness regarding the role and workings of the four most influential players in global agricultural commodity trading.

6. Development of the Profits of ABCD Trading Companies

The year 2011 was highly profitable for all four agricultural commodity trading companies. Profits in 2011 were even higher than in 2008, a year marked by a surge in global food prices, boosting ABCD companies’ earnings (see **Figure 3** and **Figure 4**). When the companies announced their annual results in August

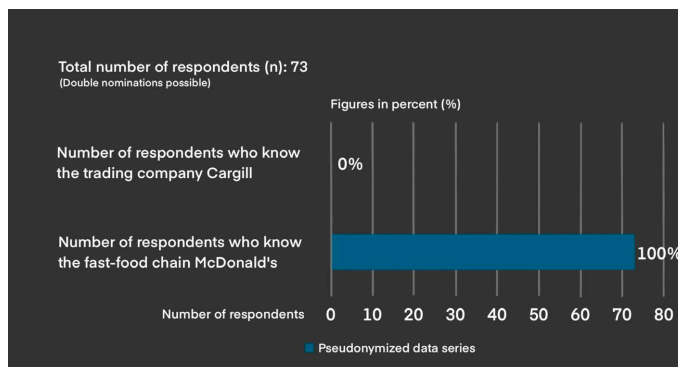


Figure 2. Independent data collection via our own survey conducted in the period 25.04.2024-21.05.2024.

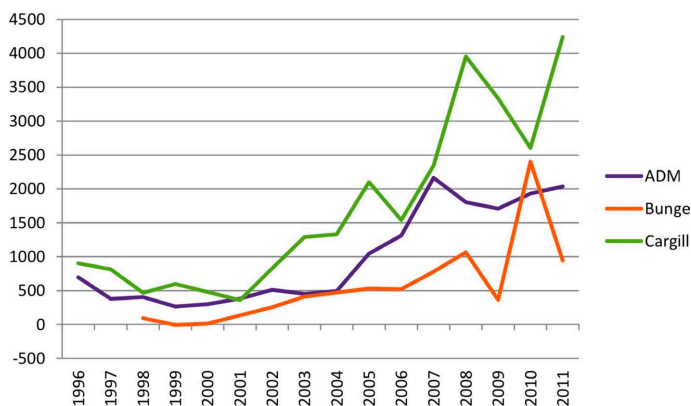


Figure 3. Profit evolution of ADM, Bunge and Cargill from 1996 to 2011 in millions of US dollars (Burch et al., 2012).

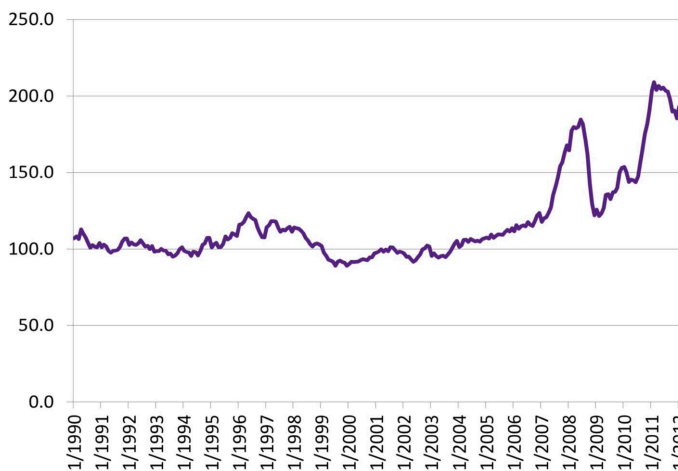


Figure 4. Evolution of the FFPI—Food Price Index of the Food and Agriculture Organization (FAO) of the United Nations from 1990 to 2012 in US dollars (Burch et al., 2012).

(their fiscal year does not follow the calendar year), ADM, Bunge, and Cargill reported significant profit increases. Although Louis Dreyfus did not release its results at that time, commentators also estimated a significant profit increase for the

year. However, Bunge later reported a decline in profits for the entire 2011 due to lower earnings in the second half of the year (see [Figure 3](#)) ([Burch et al., 2012](#)). Nevertheless, it is clear that a period of high prices and increased market volatility led to increased profits for the companies (see [Figure 3](#) and [Figure 4](#)).

As a result, a heated debate emerged regarding the financial activities of the ABCD companies ([Meyer, 2014](#)) in relation to the trend of food price volatility. It is evident that the four conglomerates hedge their earnings by, among other activities, speculating on commodity futures exchanges and buying and selling financial derivatives ([Burch et al., 2012](#)). Commodity futures exchanges provide a venue for agreements on future deliveries of raw materials at predetermined prices. If the agreed-upon price at the delivery date is higher than the current price, the seller benefits; if it is lower, the buyer profits. The four major companies, due to their roles as suppliers and buyers and their now highly developed vertical integration, exert control over supply chains. They companies are alleged to leverage commodity futures exchanges as profit sources ([Heinrich Böll Stiftung, 2017](#)) by pre-negotiating delivery and purchase prices with producers, thereby gaining a significant informational advantage. Such intense speculation can also drive prices up, which benefits the trading companies but has a significant impact on consumer prices. As a result, the companies' speculative activities affect access to staple foods, given that the grains they primarily trade (see [Commodity Crops](#)) are essential to basic nutrition. However, the ABCDs themselves describe their activities on the commodity futures exchanges merely as hedging ([Meyer, 2014](#)). The debate over whether these companies engage in hedging or speculation on commodity exchanges largely depends on whether they have a commercial need for the actual physical goods they are buying and selling. In practice, however, it is nearly impossible, given the available information, to distinguish between speculation and hedging ([Burch et al., 2012](#)). Nevertheless, it is certain that these four companies profit from financial investments in the sector, regardless of whether agricultural commodity prices rise or fall.

7. ABCD and the Public

By not producing products under their own brand names the ABCD companies avoid public awareness, scrutiny and criticism. The four companies are increasingly associated with environmental issues, including impacts on biodiversity and soil fertility, due to their multitude of interactions with the food industry and animal feed production ([Burch et al., 2012](#)). On their websites and in their annual reports, they are advertising their sustainability goals and their stated commitment to responsible ([Cargill, 2024c](#)) and environmentally conscious ([Cargill, 2024c](#)) supply chains. However, since they do not produce products under their own brand names, it is difficult for non-specialists to understand and infer the complex interconnections of causal networks that determine the extent to which these goals are met. Operating in the background may shield them from potential reputational consequences if they fail to meet these targets (see [Figure 2](#)).

8. ABCDs and the Bratwurst

As previously mentioned, the ABCD commodity trading companies supply countless players in the animal feed production sector with essential inputs. This not only impacts feed production but also has significant effects on global livestock farming, as animal feed is crucial for the nourishment of agricultural livestock. In the following, a traceability path will be used (Göring and Steffens, 2023) to illustrate the impact of the ABCD companies' interactions within the feed production sector on consumers in Germany. To do this, we will track the journey of a bratwurst, which German consumers typically purchase as end users in retail stores. The case study of bratwurst was chosen because a total of 117.6 million kilograms (117,600 tons) of bratwurst were consumed in Germany in 2020 (Statista, 2024).

The tracking journey begins in the state of Pará in Brazil, where soybeans are cultivated on a total agricultural area of 600,000 hectares. The ABCD companies act as both suppliers and buyers for most of the soybean producers in this Brazilian state. After supplying the farms with agricultural inputs, the companies transport the harvested soy northward using their own trucks, traversing the B-163 highway. This 3500 km long Brazilian highway cuts through six states and is known as the "Soy Highway" due to the numerous soybean farms that surround it. The B-163 ultimately leads to the port of Santarém on the Amazon River, where Cargill operates a soy terminal. Here, Cargill's bulk carriers are loaded with soybeans. Typically, ships take an average of 23 working days to reach Hamburg, Germany, where the agricultural company ADM operates a refinery. At this stage in the supply chain, the soy transported by Cargill is handed over to ADM. ADM subsequently distributes the soy to various locations from Hamburg, including the port of Bramsche on the Mittelland Canal in Lower Saxony. From there, ADM sells the agricultural commodity to compound feed producers in the Weser-Ems region, who subsequently sell it as concentrated feed to individual pig fattening farms. The Weser-Ems region extends from the Dutch border in the west to the Weser in the east and from Emsland in the south to the North Sea coast in the north. These farms then sell their livestock to meat processing companies, which handle the slaughtering and sausage production. Finally, the bratwursts make their way to German retail chains.

This traceability route illustrates the significant influence that the ABCD agricultural corporations have on the value chains within the food industry, specifically in relation to everyday food consumption in Germany.

9. Competition to the ABCDs

Global population growth drives the rising demand for food and agricultural commodities. This has led to fundamental structural changes within the agricultural commodity trading companies in recent years. The rising Gross Domestic Product (GDP) in China since the turn of the millennium has resulted in a corresponding increase in the country's demand for agricultural commodities. Consequently,

new players have emerged in the agricultural market, primarily acting as buyers (Dexter, 2014). Similar processes have been observed in other emerging markets as well (Meyer, 2013). Over the past two decades, new competing agricultural commodity companies have challenged the market concentration of the ABCD trading companies.

Southeast Asia has witnessed significant mergers and acquisitions in agribusiness that also challenge market concentration (Dexter, 2014). One example is Wilmar, a leading Asian agribusiness company founded in 1991. The conglomerate has pursued several strategic acquisitions, leading to substantial growth. With a revenue of \$44 billion and 90,000 employees, Wilmar is one of Asia's leading agribusiness companies and the world's largest processor and distributor of palm oil (Burch et al., 2012). Another notable example is the state-controlled commodity trading company Cofco, headquartered in Beijing (Cofco, 2024b). In 2014, Cofco acquired a majority stake in Noble's agricultural division (an Indian agribusiness company) and, later that year, acquired 51% of Nidera, a Dutch grain trading company (Dexter, 2014). With a revenue of \$61 billion and 101,000 employees, Cofco is the largest commodity trading company in the People's Republic of China (Meyer, 2013).

In addition to a diversified income stream, which includes services in various economic sectors (real estate, tourism and hospitality) (Cofco, 2024a), Cofco has established global connections with agricultural producers (Dexter, 2014). For this reason, the company is often referred to as the second "C" in the ABCD trading companies.

10. Conclusion

The global agricultural commodity market could possibly benefit from a more significant role of new big corporations as well as of medium and small enterprises. This shift could promote healthier competition in a market now dominated by few major players. Moreover, there is a need for increased regulation of this specific market by international institutions, such as the World Trade Organization and the European Union.

Furthermore, consumers may make a substantial contribution through responsible consumption, which is why raising awareness on this important issue is worth the case. Responsible consumption may be defined as an increased awareness of and support to ecological or organic forms of agriculture. This approach emphasizes closed-loop systems, wherein proponents of organic farming produce their own feed. This means they produce their own feed and rely on organic fertilizers generated within their farms. Their business model also includes robust direct marketing efforts and a range of contracts with retail partners to sell their organically produced goods directly in retail chains.

As a result, these agricultural businesses are not dependent on giant trading companies such as the ABCDs, neither as suppliers nor as buyers. By supporting these actors, supporting these businesses can reduce market control by highly

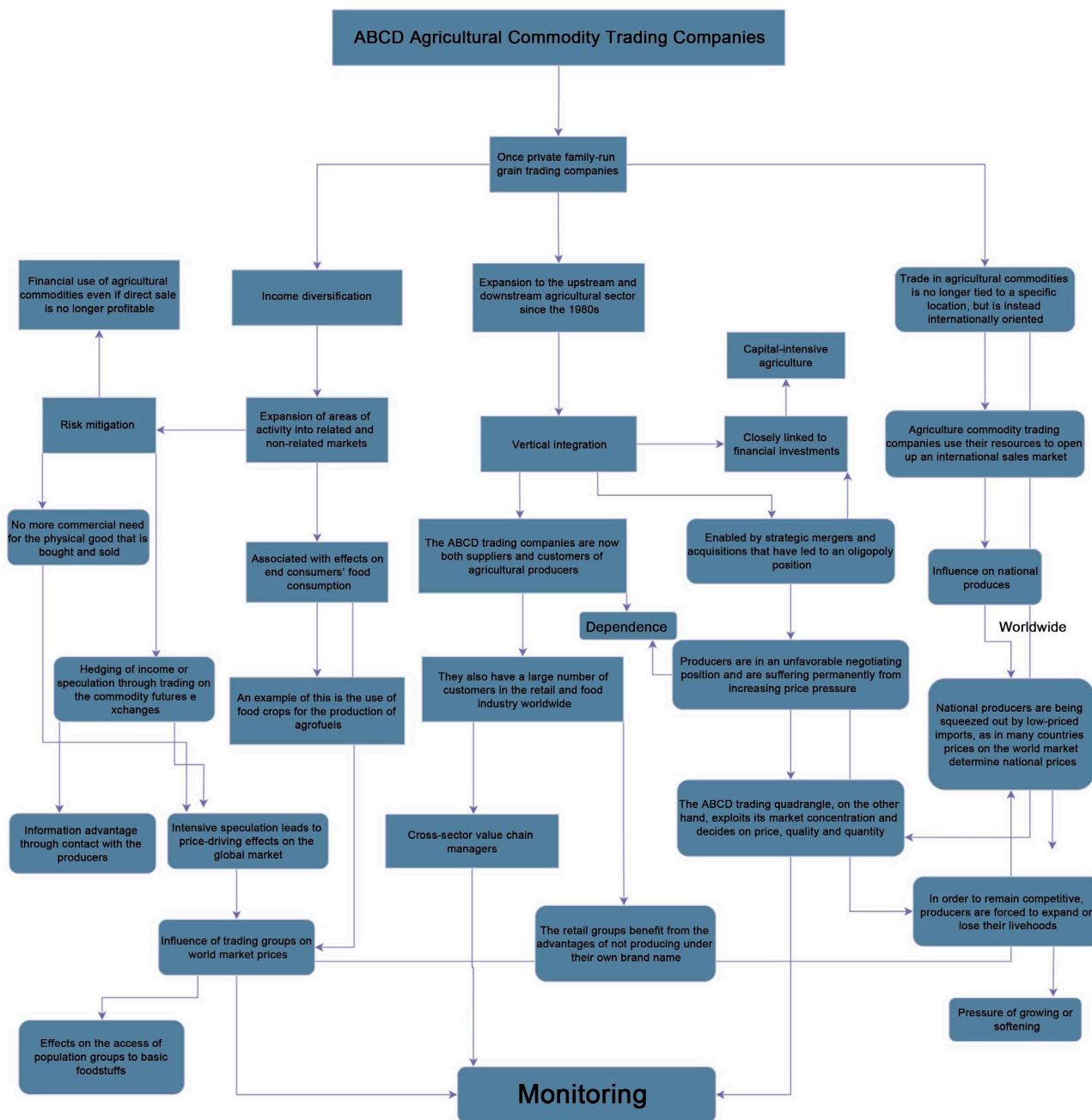


Figure 5. Flow chart summarizing the interconnections and causal effects between core activities and practices of the ABCD companies.

concentrated trading companies (see **Figure 5**) and decrease the dependency of individual smaller actors along the supply chain (see **Figure 5**).

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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