



“Cargill is engaged in the commercialization of photosynthesis. That is at the root of what we do.”

- Gregory Page, Cargill CEO, 2011

Who is Cargill Inc.?

Touching every aspect of our food supply from farmer’s gate to your dinner plate, Cargill Inc. is the corporation in your food supply that you are least likely to know. With annual revenues of over \$119 billion (bigger than the GDP of 70% of the world’s countries ¹), Cargill is the world’s largest trader of grains ², the largest privately held corporation ³ and one of a very small handful of agribusiness giants that collectively are shaping the increasingly globalized food system to their advantage.⁴ Operating in more than 66 countries, Cargill produces, trades, manufactures and markets all manner of agricultural commodities touching almost every aspect of our food supply. The privately held Minnesota based colossus is owned by the McMillan-Cargill family, making them the richest family in America.⁵

Cargill's Business Model: Flaying the Food System

Cargill is a big proponent of neo-liberal economic policies. Cargill lobbies governments around the world for free trade and open market access to increase its trading volumes and boost its profits.⁶ In 2010 Cargill Inc. spent \$1.4 million on political lobbying in the U.S. alone.⁷

Agricultural free trade policies that benefit Cargill come at a high price for farmers, food sovereignty, human rights and the environment, however. And at the same time, Cargill's increasingly dominant position in a range of commodities gives it market advantages that negate the underlying principles of a free market that Cargill so vocally champions. For example, Cargill is responsible for 25% of all United States grain exports, handles 25% of global palm oil trade (the world's most used vegetable oil), supplies about 22% of the US domestic meat market, exports more product from Argentina than any other company and is the largest poultry producer in Thailand.⁸

Growing concentration in the food industry means that food safety lapses in a single large facility threaten consumers across the country. Last year Cargill did a nation-wide recall of over 36 million pounds of turkey produced at an Arkansas factory infected with salmonella, the second largest meat recall ever, but not before killing one person and sickening at least 187 more.⁹

Cargill's financing subsidiary, Black River Asset Management, is ranked as one of the 50 top hedge funds in America ¹⁰ and leverages Cargill's broad global organization, relationships and intimate knowledge of commodity markets to inform bets on a range of financial instruments including arbitrage, speculative trading and equity positions. ¹¹

Cargill: Growing Hunger = Bigger Profits

From 2007-2008 as the price of rice, wheat, corn and soybeans more than doubled from 2003 levels, an estimated 130-150 million persons slipped into extreme poverty and those living in severe hunger rose to nearly one billion. The unprecedented price spikes in basic food items sparked worldwide protests as the food crisis negatively impacted billions of the world's poorest and most vulnerable people. Poorly regulated financial speculation in agricultural commodities and diversion of food crops to biofuels, both important parts of Cargill's business, were key factor in the price spikes. The UN Special Rapporteur on the Right to Food, Olivier de Schutter, concluded in a 2010 report that "a significant portion of the increases in the price and volatility of essential food commodities can only be explained by the emergence of a speculative bubble".¹²

For Cargill, the global food crisis was just another opportunity to generate bigger profits as growing numbers of the poor slid into chronic malnutrition.

As American farmer Jim Goodman puts it, "Why do agribusiness profits continue to grow while farmers struggle to pay their costs of production and more Americans go hungry? We can't feed our people if we are forced to feed the bank accounts of the 1 percent."¹³

Cargill Case Study: The Problem with Palm Oil

Palm oil production comes at a huge price for rainforests, human rights and the climate. As with other food commodities, Cargill plays a leading role in palm oil markets. The largest importer of palm oil into the U.S.¹⁴, Cargill both owns and operates palm oil plantations in Indonesia¹⁵ and trades an estimated 25% of palm oil products in the global market.¹⁶

Palm oil is put into thousands of consumer products, from soap and lipstick to breakfast cereal and soymilk. Used in about half of the products on supermarket shelves, palm oil imports to the U.S. have jumped 485% in the last decade.¹⁷

Cargill sells palm oil to many of the nation's largest food companies, including General Mills, Kraft, Mars and Nestle. The prevalence of Cargill's palm oil in thousands of consumer products, from Cheerios to Betty Crocker cake mix to Girl Scout cookies, means that customers and consumers cannot be assured that their purchases aren't directly contributing to the destruction of Indonesia's rainforests and global climate change.

Cargill's problem with palm oil has tainted the entire food system.

Cargill and Deforestation

Palm oil production is tightly linked to the destruction of some of the world's most valuable remaining rainforests, primarily in Indonesia and Malaysia where 85% of palm oil plantations are currently found.¹⁸ Rapidly expanding palm oil plantations have already spread into millions of acres of rainforests and threaten millions more, making palm oil a leading cause of deforestation and wiping out critical habitat that threatens the very survival of iconic endangered species like the Sumatran tiger and wild Sumatra and Borneo Orangutans.¹⁹ Without our help, orangutans are at risk of going extinct.²⁰ With more than five acres of Indonesia's rainforest lost every minute, this country has one of the highest deforestation rates in the world.²¹ Indonesia is now the third largest greenhouse gas emitter in the world after China and the United States.²² Eighty five percent of Indonesia's emissions profile is a result of rainforest destruction and the palm oil industry hopes to double palm oil production yet again in the next two decades.²³



PHOTO: DAVID GILBERT / RAN

Cargill and Community Conflict

Traditional and Indigenous forest dependent peoples in Indonesia and Malaysia often have very insecure community land tenure. Local communities who have lived in forest areas for generations typically find themselves with few legal options to protect their customary lands when huge palm oil concessions are handed over to politically well-placed companies.²⁴

In 2010, Sawit Watch, which works with small holder palm oil producers in Indonesia, documented more than 663 communities in conflict with more than 172 companies, and 106 arrests as a result of such conflicts.²⁵ Indonesian NGO observers note, “While bringing prosperity to some, the oil palm boom has

been associated with a range of serious social and environmental problems, including intimidation against indigenous peoples and local communities, detention and violent conflict.”²⁶

Without proper supply chain safeguards in place, Cargill continues to purchase, trade and profit from palm oil grown on lands stolen from local communities and other palm plantation areas with active on-going social conflict and human rights violations.²⁷

Cargill and Slave Labor

Child labor and forced labor is endemic in the Indonesian and Malaysian palm oil sector. The U.S. Department of Labor has placed Indonesian and Malaysian produced palm oil on its “Red List” of products produced by child and forced labor.²⁸ In one case, RAN documented the use of forced labor by Kuala Lumpur Kepong (KLK)—one of the large Malaysia based palm oil plantation companies and a supplier to Cargill.²⁹

Child and forced labor is becoming a more important concern with the implementation of new legislation that requires companies with more than \$100 million in global revenues that are doing business

in California to publically report on the steps they are taking to eliminate child and forced labor from their supply chains.³⁰ The value of hundreds of highly valuable consumer-good food and cosmetic brands that use palm oil as an ingredient are being held hostage by Cargill, the leading importer of palm oil into the U.S., and Cargill’s failure to implement meaningful measures to clean up its palm oil business and eliminate purchases from palm oil plantation companies using child or forced labor.

To Learn More and Get Involved:

Rainforest Action Network (RAN) has worked since 2007 to pressure Cargill to adopt environmental and human rights safeguards that will clean up its supply chains for the quarter of the world’s palm oil, which they trade.

To learn more about Rainforest Action Network and our Cargill campaign please visit www.RAN.org.

Citations can be found at www.RAN.org/CargillFactSheetSources.

