3. New Geopolitics of Food - reports

A report titled The New Geopolitics of Food by IPES-Food highlights how geopolitical disruptions have enabled large agrifood corporations to earn extraordinary profits, while worsening hunger, food inflation, and environmental degradation across the world.

1.Background

The global food system has undergone significant transformation over recent decades characterized by increasing corporate concentration, financialization of agricultural commodities, and growing dependence on international trade for food security. Historically, food production and distribution involved numerous small and medium enterprises ensuring competitive markets and diverse supply chains. However, successive waves of mergers and acquisitions since 2008 have dramatically reduced the number of major players in critical sectors including seeds, agrochemicals, fertilizers, grain trading, and food processing. This consolidation has created oligopolistic market structures where a handful of multinational corporations' control significant market shares enabling pricing power that smaller competitors cannot exercise. The period following 2020 witnessed unprecedented disruptions to global food systems through multiple simultaneous shocks—COVID-19 pandemic disrupted supply chains and labor availability, climate change intensified extreme weather events affecting crop yields, the Russia-Ukraine conflict disrupted wheat and fertilizer exports from major producing regions, and geopolitical tensions created uncertainty in international trade relationships. These crises generated significant food price volatility with the global food price index reaching record levels in 2022 triggering food inflation worldwide particularly affecting low-income countries dependent on food imports.

While these disruptions created genuine hardships for farmers, consumers, and vulnerable populations, the IPES-Food report argues that large agrifood corporations strategically exploited crisis conditions to increase profit margins beyond what production cost increases warranted. The report titled The New Geopolitics of Food documents how corporations used geopolitical shocks as cover for price increases, limited competition in concentrated markets prevented consumer alternatives, and financial speculation on commodity markets amplified price volatility. This pattern of crisis profiteering while global hunger increased raises fundamental questions about corporate accountability, market regulation, and governance of international food systems.

2.Key Findings of the Report

Corporations Used Crises to Increase Profits

1. The report argues that several agrifood corporations increased prices beyond actual production cost increases during crisis periods.
2. Food inflation after 2020 created opportunities for corporations to raise profit margins using supply disruptions as justification.
3. Limited competition in food markets enabled dominant firms to exercise pricing power without losing market share to competitors.
4. Several companies reportedly increased fertilizer prices beyond actual production cost, thereby earning higher profits through crisis exploitation.

Concentration of Corporate Power

1. Since 2008, a series of mergers and acquisitions has reduced the number of major seed and agrochemical companies from six to four.
2. This consolidation has created oligopolistic market structures across critical agrifood sectors including seeds, pesticides, fertilizers, and grain trading.
3. Four companies now control majority of global commercial seed markets limiting farmer choice and increasing input costs.
4. Reduced competition enables coordinated pricing behaviour and limits innovation that would benefit farmers and consumers.

Price Manipulation During Crises

1. Highly concentrated markets increase the possibility of excessive pricing and profiteering during crises when consumers have limited alternatives.
2. Corporations justified price increases citing supply chain disruptions, energy costs, and geopolitical uncertainties.
3. However, profit margin analysis revealed increases exceeded actual cost pressures faced by companies.
4. Financial speculation on commodity markets amplified price volatility benefiting traders while harming food security.

Concerns Associated with Excessive Corporate Control

Threat to Food Sovereignty

1. Countries may lose control over domestic food systems due to dependence on multinational corporations for seeds, fertilizers, and agrochemicals.
2. Corporate intellectual property rights over seeds prevent farmers from saving and exchanging traditional varieties.
3. Technology lock-in creates long-term dependencies reducing farmer autonomy and national self-reliance.
4. Trade agreements often contain provisions protecting corporate interests over national food security priorities.

Price Manipulation

1. Highly concentrated markets increase possibility of excessive pricing and profiteering during crises when alternatives are limited.
2. Lack of transparency in corporate pricing decisions makes it difficult to verify whether price increases reflect actual costs.
3. Coordinated pricing behaviour in oligopolistic markets can emerge without explicit collusion through price leadership and signalling.

Weakening of Small Farmers

1. Large corporations often dominate supply chains, limiting bargaining power for small producers who become price-takers.
2. Contract farming arrangements Favor corporate buyers over farmers in terms of risk allocation and profit distribution.
3. Input cost increases squeeze farmer margins while final consumer prices remain high, with profits captured by intermediaries.
4. Loss of local seed varieties and traditional farming knowledge reduces agricultural biodiversity and resilience.

Increased Vulnerability to Global Shocks

1. Overdependence on global trade exposes countries to wars, sanctions, shipping disruptions, and commodity price volatility.
2. Long supply chains are vulnerable to multiple disruption points from production regions to final consumers.
3. Just-in-time inventory systems reduce buffer stocks leaving no cushion during sudden supply interruptions.
4. Climate change impacts concentrated production regions simultaneously affecting global availability.

3.Impact on Developing Countries

Food Import Dependence

1. The global food import bill reached approximately US$2.2 trillion in 2025, with sharpest increases occurring in Least Developed Countries and Net Food Importing Developing Countries.
2. Rising import bills strain foreign exchange reserves limiting resources available for development priorities.
3. Dependence on imports exposes countries to international price volatility and geopolitical supply disruptions.
4. Local food production systems are undermined when cheap imports flood markets during surplus years.

Food Inflation

1. Low-income countries experienced higher food inflation than developed nations because poorer countries have limited fiscal capacity to subsidize food and stabilize prices.
2. Food constitutes larger share of household budgets in developing countries magnifying inflation impacts on living standards.
3. Inadequate social safety nets mean vulnerable populations bear full brunt of food price increases.
4. Urban poor and landless rural workers are most affected as they purchase all food requirements from markets.

Rural Poverty and Inequality

1. Small and marginal farmers continued to face rising input costs, limited bargaining power, and unstable incomes, thereby worsening rural distress and inequality.
2. Farmers pay more for seeds, fertilizers, and pesticides while receiving stagnant or declining prices for their produce.
3. Lack of access to credit, insurance, and markets perpetuates poverty traps in rural areas.
4. Youth migration from agriculture to urban areas depletes rural communities of productive workforce.

Significance for India

1. In India public procurement and buffer stock system helped stabilize domestic food prices during earlier global food crises.
2. Institutions such as the Food Corporation of India and Public Distribution System ensured that food grains remained accessible to large sections of population.
3. However, India is not immune to global price shocks particularly for commodities not covered by procurement systems.
4. Dependence on imported edible oils and pulses exposes Indian consumers to international price volatility.

4.Way Forward

Strengthen Domestic Agriculture

1. Governments should strengthen domestic agriculture through greater public investment, improved irrigation and storage infrastructure, diversified cropping systems, and stronger farmer support mechanisms ensuring self-reliance in staple foods, reducing vulnerability to international price shocks, while providing remunerative prices to farmers through procurement systems and market interventions stabilizing both producer and consumer prices.

Revive Public Food Reserves

1. Countries should revive public food reserves, buffer stock systems, marketing boards, and supply management mechanisms to stabilize food prices during global crises, building adequate strategic reserves of essential commodities, while coordinating regional buffer stocks among neighbouring countries enabling mutual support during localized production failures without depending on volatile international markets.

Strengthen Competition Laws

1. Governments should strengthen competition laws and anti-monopoly regulations to prevent excessive concentration of market power in agrifood sectors, scrutinizing mergers and acquisitions that reduce competition, while investigating pricing behaviour during crises ensuring price increases reflect genuine cost pressures rather than profiteering, and imposing penalties on companies found guilty of price manipulation.

Promote Sustainable Agriculture

1. Sustainable agriculture should be promoted through agroecological and climate-resilient farming practices reducing dependence on expensive external inputs, supporting farmer-led seed systems preserving agricultural biodiversity, while investing in research and extension for sustainable practices suitable to local conditions, and providing incentives for farmers adopting environmentally friendly methods including organic farming and natural resource conservation.

Reform Global Food Governance

1. International institutions should prioritize food security, fair agricultural trade, debt relief for vulnerable countries, and equitable global food systems over corporate interests, reforming trade rules that disadvantage small farmers and food-importing countries, while establishing international mechanisms for coordinating food reserves and emergency assistance during crises, and ensuring transparency in commodity markets preventing speculation that amplifies price volatility.

Conclusion

The IPES-Food report titled The New Geopolitics of Food reveals how geopolitical disruptions enabled large agrifood corporations to earn extraordinary profits while worsening hunger, food inflation, and environmental degradation worldwide. Key findings include corporations using crises to increase prices beyond actual production cost increases, concentration of corporate power through mergers reducing major seed and agrochemical companies from six to four, and price manipulation possibilities in highly concentrated markets. Developing countries experienced severe impacts including rising food import bills reaching US$2.2 trillion in 2025 with sharpest increases in Least Developed Countries, higher food inflation due to limited fiscal capacity for subsidies, and worsening rural poverty and inequality among small farmers. India's public procurement and buffer stock systems including Food Corporation of India and Public Distribution System helped stabilize domestic prices during earlier crises. Addressing these challenges requires strengthening domestic agriculture through public investment and farmer support, reviving public food reserves and buffer stocks, strengthening competition laws preventing excessive market concentration, promoting sustainable agroecological practices, and reforming global food governance prioritizing food security over corporate interests.

Source - https -//www.downtoearth.org.in/food/cascade-of-geopolitical-shocks-has-handed-agrifood-corporations-a-windfall-report