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Financialization of Food Trading:
Stylized facts and new policy questions

Presentation

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*Stylized facts and new
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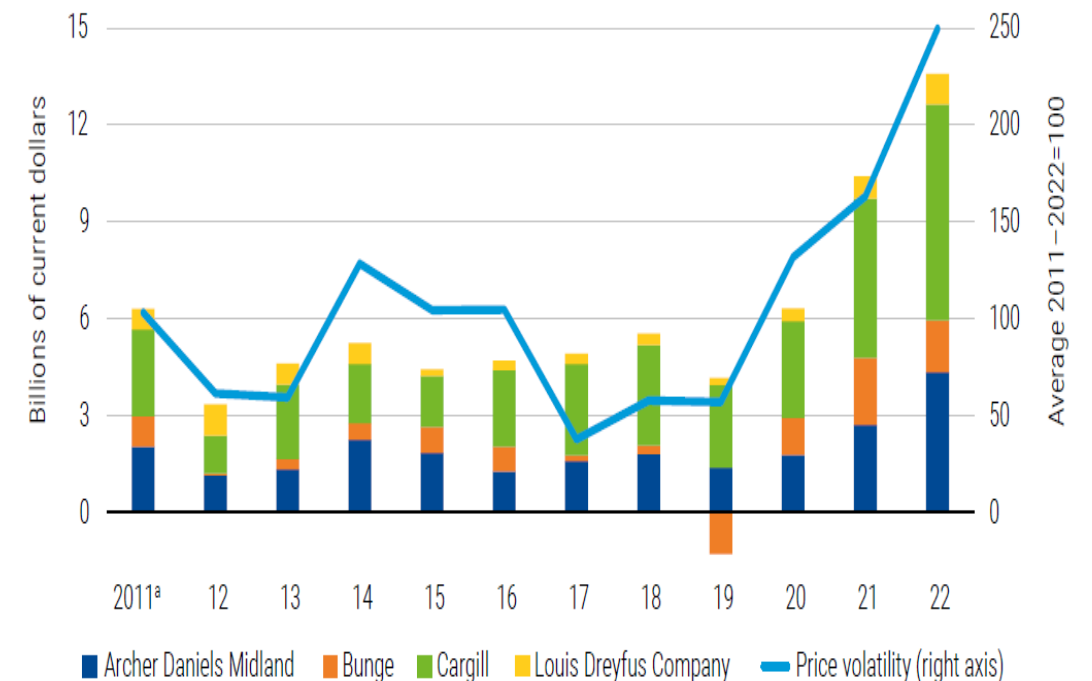
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Financialization: state of the art

- Food has historically been a financial asset
- Commodities are highly financialized (post-2000); global prices are set by financial (derivatives) markets
- Food trading is ‘dominated by a handful of ABCD monopolies’ (private, complex and under-regulated)

Figure III.4 Profits of the “ABCD” food companies surge during periods of price volatility

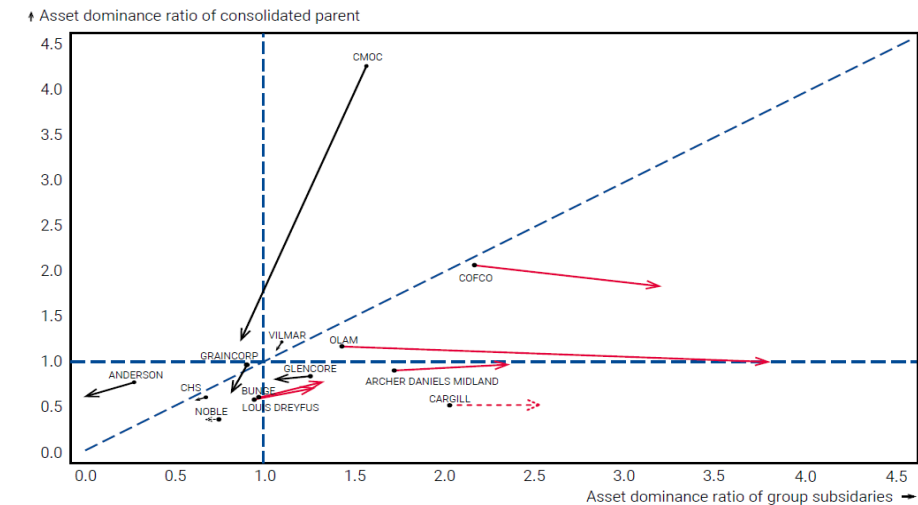
Profits of selected large agricultural trading firms and food price volatility



Source: UNCTAD calculations based on FAO *Real Food Price Index*, Blas and Farchy (2021: Appendix ii), Eikon Refinitiv, and Louis Dreyfus Commodities' Financial Results Reports (various issues).

Transformed: food trading is no longer about only food; nor is it about trading only

- The activities of 'ABCD' in financial markets amply price swings, especially during crises. For many giants, profits from financial activities have been larger than revenues from core business for the sector (UNCTAD, TDR 2023)
- Financialization and digitalization drive to monopolization in the sector (e.g., J. Clapp, 2025, *Titans of Industrial Agriculture*, MIT Press).
- Shadow banking in commodity trading carries financial sustainability and IFF risks (FSB, OECD, IMF)



Source: UNCTAD calculations based on Orbis database.

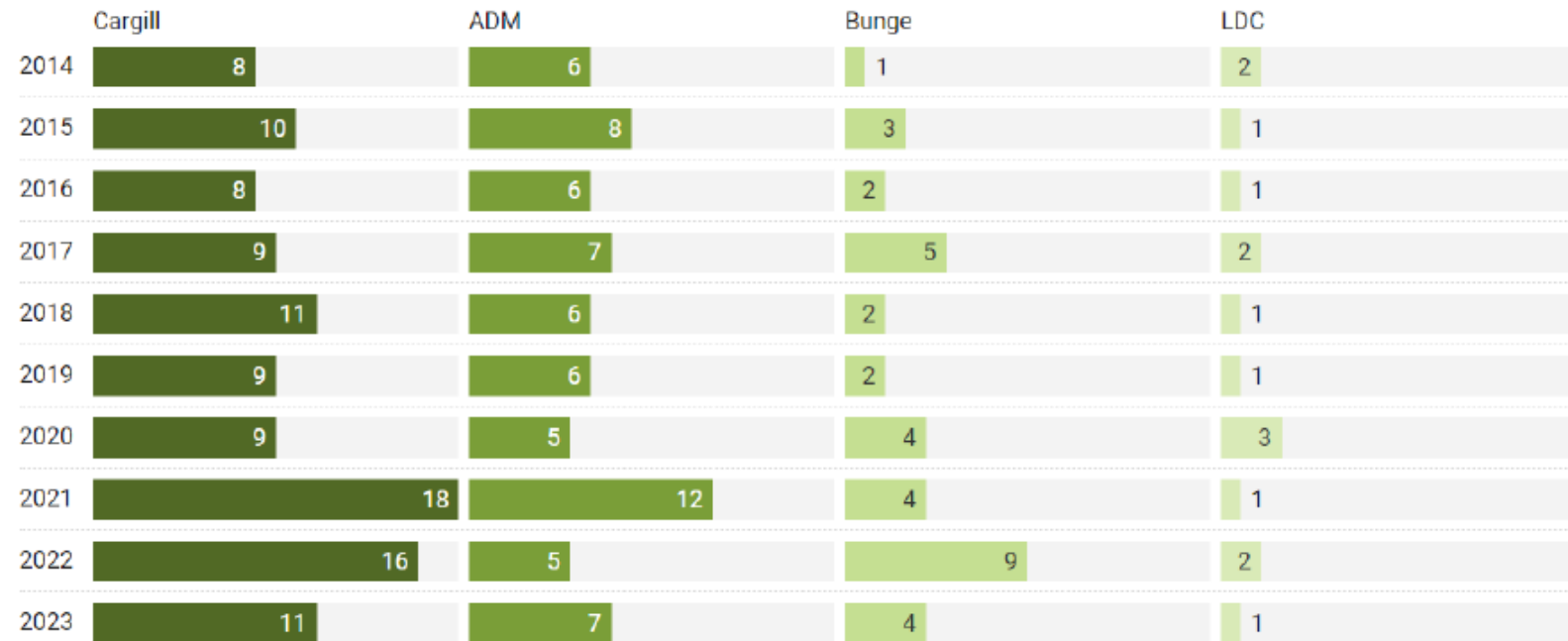
Table III.1 Global food trading companies: Number of subsidiaries

Global ultimate owner	Number of subsidiaries
Glencore	877
Archer Daniels Midland	825
Cargill	780
COFCO International	734
Wilmar International	619
CHS	353
Bunge	352
OFI Group (includes Olam)	207
Akira Holding (includes Louis Dreyfus Corporation)	187
Andersons	150
CMOC Group	100
GrainCorp	60
Noble Group	56
CGB Enterprises	46
Scoular	20

Source: UNCTAD calculations based on Orbis database.

“The Role of Commodity Traders in Shaping Agricultural Markets”, AGRI Committee, EU Parliament, November 2024:

Figure 3: Investment deals by ABCD traders, 2014 to 2023

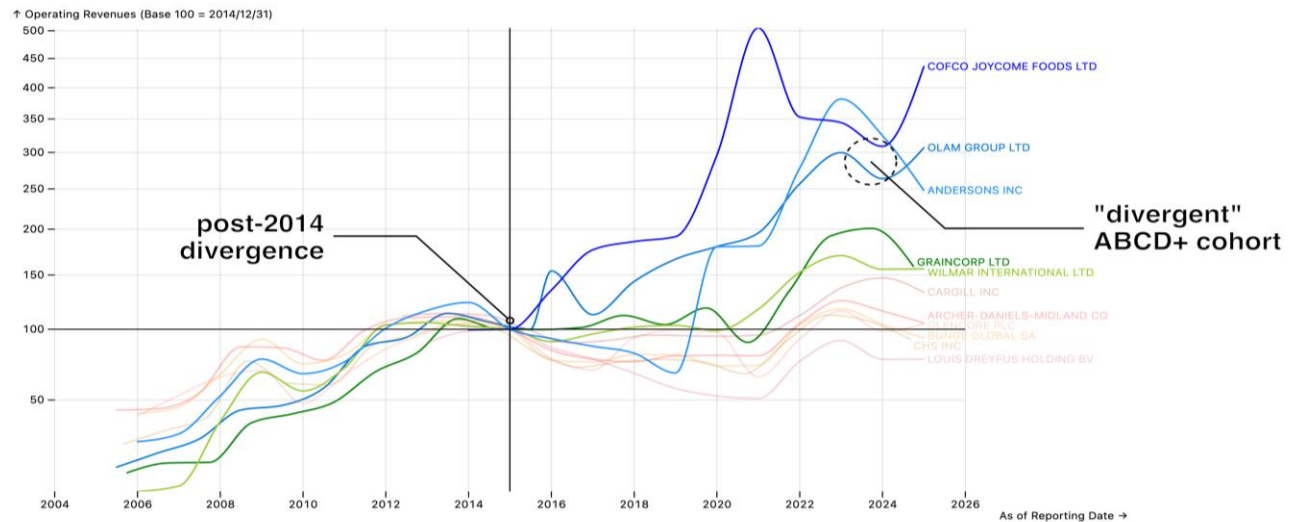
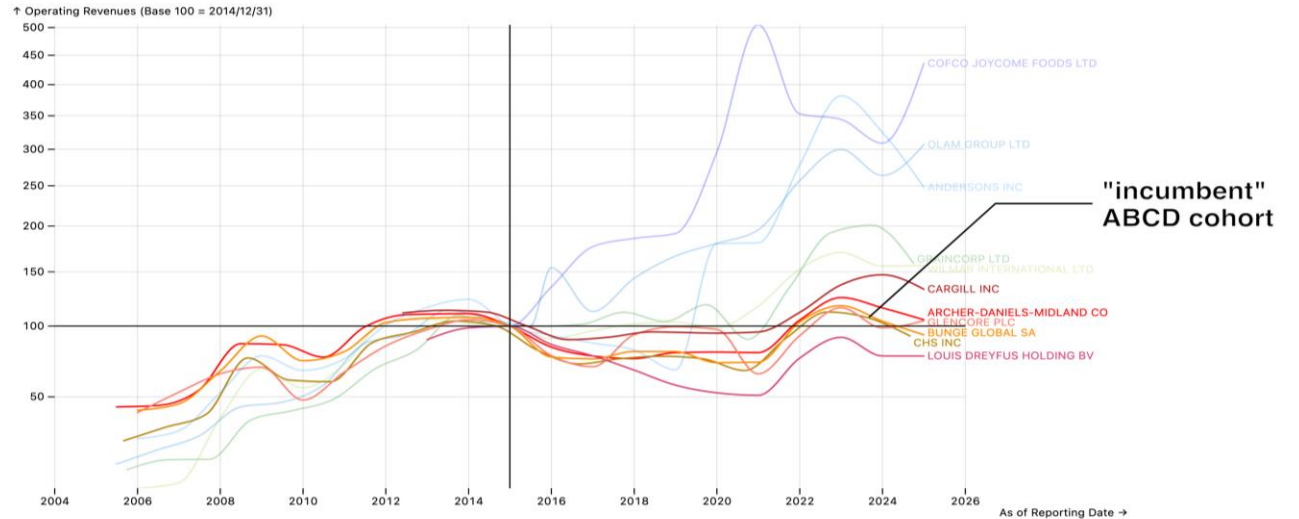


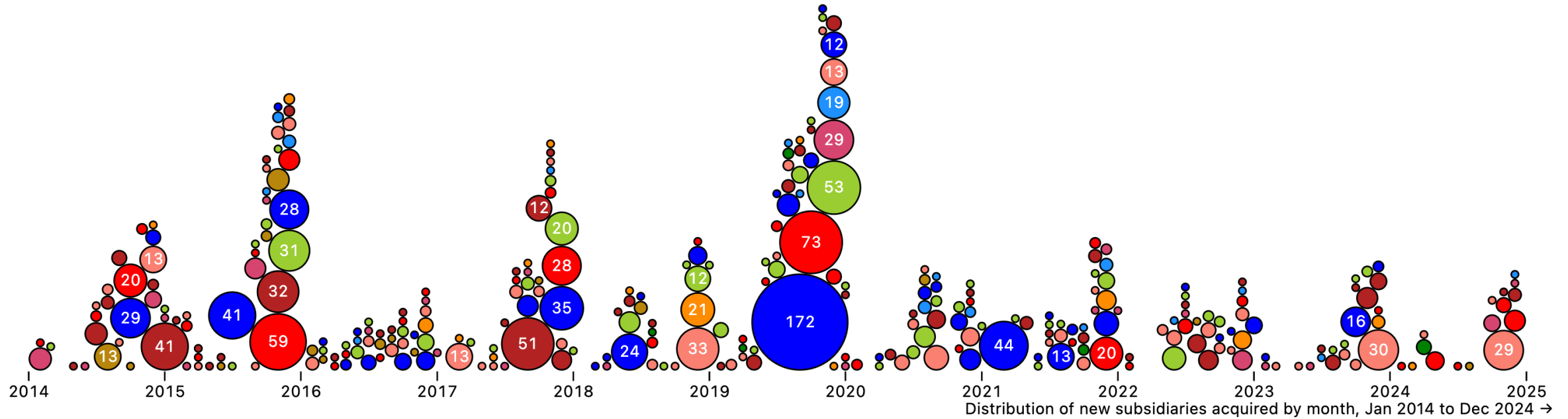
Source: Consortium elaboration based Pitchbook, 2023.

Note: Main types of deals include mergers & acquisitions, JVs, corporate asset purchases, non-control equity investments, and different stages of venture capital investments. Not considering divestments.

Three major shifts in the financialized food trading sector (post-2023):

- ABCD companies have become *de facto* shadow banks, or nonbank financial institutions. Newcomers in the sector
- The vast network of shadow banking in commodity trading helps ABCD+ to grow and occlude profits
- Relying on external credit, food traders have become service providers to financial markets; and they are remunerated for that service





Concentration through acquisition: evolution of share- ownership

Forthcoming in *From Fields to Futures: Competition, Financialization and Resilience in the Global Grain value Chain* (research study with BRICS Law and Competition Policy Centre).

Financialization and new policy concerns:

- **Food traders are now financial intermediaries and service providers to financial markets. Food commodity traders are remunerated for that service.**
- **Concentration is no longer about the growth of a company.**
- **The concentration of a trader is driven by the way they are integrated into banking and capital markets.**

Oversight remains fragmented:

- **on the one hand, unregulated financialization drives new risks on other;**
- **the growth of corporate power undermines public interest.**

