

Multinationals make billions in profit out of growing global food crisis

Speculators blamed for driving up price of basic foods as 100 million face severe hunger

By [Geoffrey Lean](#)

Theme: [Global Economy](#)

Global Research, May 08, 2008

independent.co.uk 4 May 2008

```
//Custom Functions for HBX
var _hbEC=0,_hbE=new Array;function _hbEvent(a,b){b=_hbE[_hbEC++]=new
Object();b._N=a;b._C=0;return b;}
var hbx=_hbEvent("pv");hbx.vpc="HBX0200u";hbx.gn="a.independent.co.uk";

//BEGIN EDITABLE SECTION
//CONFIGURATION VARIABLES
hbx.acct="DM560629F5MB84EN3";//ACCOUNT NUMBER(S)
hbx.pn="article820855";//PAGE NAME(S)
hbx.mlc="/environment/green-living";//MULTI-LEVEL CONTENT CATEGORY
hbx.pndef="title";//DEFAULT PAGE NAME
hbx.ctdef="full";//DEFAULT CONTENT CATEGORY
hbx.ptc="y"; // FOR PRINT AND GALLERY PAGE ONLY
//OPTIONAL PAGE VARIABLES
//ACTION SETTINGS
hbx.fv="";//FORM VALIDATION MINIMUM ELEMENTS OR SUBMIT FUNCTION NAME
hbx.lt="auto";//LINK TRACKING
hbx.dlf="n";//DOWNLOAD FILTER
hbx.dft="n";//DOWNLOAD FILE NAMING
hbx.elf="n";//EXIT LINK FILTER

//SEGMENTS AND FUNNELS
hbx.seg="";//VISITOR SEGMENTATION
hbx.fnl="";//FUNNELS

//CAMPAIGNS
hbx.cmp="";//CAMPAIGN ID
hbx.cmpn="";//CAMPAIGN ID IN QUERY
hbx.dcmp="";//DYNAMIC CAMPAIGN ID
hbx.dcmpn="";//DYNAMIC CAMPAIGN ID IN QUERY
hbx.dcmpex="";//DYNAMIC CAMPAIGN EXPIRATION
hbx.dcmpre="";//DYNAMIC CAMPAIGN RESPONSE EXPIRATION
hbx.hra="";//RESPONSE ATTRIBUTE
hbx.hqsr="";//RESPONSE ATTRIBUTE IN REFERRAL QUERY
hbx.hqsp="";//RESPONSE ATTRIBUTE IN QUERY
hbx.hlt="";//LEAD TRACKING
```

```
hbx.hla=""//LEAD ATTRIBUTE
hbx.gp=""//CAMPAIGN GOAL
hbx.gpn=""//CAMPAIGN GOAL IN QUERY
hbx.hcn=""//CONVERSION ATTRIBUTE
hbx.hcv=""//CONVERSION VALUE
hbx.cp="null"//LEGACY CAMPAIGN
hbx.cpd=""//CAMPAIGN DOMAIN
```

```
//CUSTOM VARIABLES
```

```
hbx.ci=""//CUSTOMER ID
```

```
hbx.hc1=""//CUSTOM 1
```

```
hbx.hc2=""//CUSTOM 2
```

```
hbx.hc3=""//CUSTOM 3
```

```
hbx.hc4=""//CUSTOM 4
```

```
hbx.hrf=""//CUSTOM REFERRER
```

```
hbx.pec=""//ERROR CODES
```

```
//INSERT CUSTOM EVENTS
```

```
//END EDITABLE SECTION
```

```
//REQUIRED SECTION. CHANGE "YOURSERVER" TO VALID LOCATION ON YOUR WEB SERVER
(HTTPS IF FROM SECURE SERVER)
```

Giant agribusinesses are enjoying soaring earnings and profits out of the world food crisis which is driving millions of people towards starvation, *The Independent on Sunday* can reveal. And speculation is helping to drive the prices of basic foodstuffs out of the reach of the hungry.

The prices of wheat, corn and rice have soared over the past year driving the world's poor - who already spend about 80 per cent of their income on food - into hunger and destitution.

The World Bank says that 100 million more people are facing severe hunger. Yet some of the world's richest food companies are making record profits. Monsanto last month reported that its net income for the three months up to the end of February this year had more than doubled over the same period in 2007, from \$543m (£275m) to \$1.12bn. Its profits increased from \$1.44bn to \$2.22bn.

Cargill's net earnings soared by 86 per cent from \$553m to \$1.030bn over the same three months. And Archer Daniels Midland, one of the world's largest agricultural processors of soy, corn and wheat, increased its net earnings by 42 per cent in the first three months of this year from \$363m to \$517m. The operating profit of its grains merchandising and handling operations jumped 16-fold from \$21m to \$341m.

Similarly, the Mosaic Company, one of the world's largest fertiliser companies, saw its income for the three months ending 29 February rise more than 12-fold, from \$42.2m to \$520.8m, on the back of a shortage of fertiliser. The prices of some kinds of fertiliser have more than tripled over the past year as demand has outstripped supply. As a result, plans to increase harvests in developing countries have been hit hard.

The Food and Agriculture Organisation reports that 37 developing countries are in urgent

need of food. And food riots are breaking out across the globe from Bangladesh to Burkina Faso, from China to Cameroon, and from Uzbekistan to the United Arab Emirates.

Benedict Southworth, director of the World Development Movement, called the escalating earnings and profits “immoral” late last week. He said that the benefits of the food price increases were being kept by the big companies, and were not finding their way down to farmers in the developing world.

The soaring prices of food and fertilisers mainly come from increased demand. This has partly been caused by the boom in biofuels, which require vast amounts of grain, but even more by increasing appetites for meat, especially in India and China; producing 1lb of beef in a feedlot, for example, takes 7lbs of grain.

World food stocks at record lows, export bans and a drought in Australia have contributed to the crisis, but experts are also fingering food speculation. Professor Bob Watson – chief scientist at the Department for Environment, Food and Rural Affairs, who led the giant International Assessment of Agricultural Science and Technology for Development – last week identified it as a factor.

Index-fund investment in grain and meat has increased almost fivefold to over \$47bn in the past year, concludes AgResource Co, a Chicago-based research firm. And the official US Commodity Futures Trading Commission held special hearings in Washington two weeks ago to examine how much speculators were helping to push up food prices.

Cargill says that its results “reflect the cumulative effect of having invested more than \$18bn in fixed and working capital over the past seven years to expand our physical facilities, service capabilities, and knowledge around the world”.

The revelations are bound to increase outrage over multinational companies following last week’s disclosure that Shell and BP between them recorded profits of £14bn in the first three months of the year – or £3m an hour – on the back of rising oil prices. Shell promptly attracted even greater condemnation by announcing that it was pulling out of plans to build the world’s biggest wind farm off the Kent coast.

World leaders are to meet next month at a special summit on the food crisis, and it will be high on the agenda of the G8 summit of the world’s richest countries in Hokkaido, Japan, in July.

Additional research by Vandna Singh

window.print();

The original source of this article is Independent.co.uk
Copyright © Geoffrey Lean, Independent.co.uk, 2008

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Geoffrey Lean](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca
www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca