

CONCENTRATION OF AGRICULTURAL MARKETS

April 2007

Mary Hendrickson and William Heffernan
Department of Rural Sociology -- University of Missouri
Columbia, MO 65211 (573)882-3776

e-mail: HendricksonM@missouri.edu email: HeffernanW@missouri.edu

CR4, referenced in the charts below, is the concentration ratio (relative to 100%) of the top four firms in a specific food industry.

CR4 Explained: A useful way to identify highly consolidated industries is to examine how much of a given industry is controlled by the top four firms. This measure is called a **concentration ratio** or **CR4**. Although not an exact process, if the top four firms control over **40%** of a given industry, that industry can be seen as highly consolidated and competition may be limited.

PORK PACKERS CR4 = 66% (Estimated)*

	<u>Daily Capacity** (2007)</u>
1. Smithfield Foods	102,900 (26% of the total market)
2. Triumph Foods	72,800
3. Seaboard Corporation	46,000
4. Iowa Select Farms	36,000

Source: *Smithfield is reported to process 27 million hogs per year and account for 26% of the total market. From this figure, we estimated the CR 4. *New York Times* 1/26/07 ** Daily Capacity from 2007 *Feedstuffs* Reference Issue.

Historical CR4

1987	1989	1990	2001**	2005***
37%	34%	40%	59%	64%

** *Feedstuffs* Reference Issue 2001.

*** 2007 *Feedstuffs* Reference Issue

PORK PRODUCTION

	<u>Number of Sows* (10/2006)</u>	<u>Top 4 companies in 2001**</u>
1. Smithfield Foods	1,200,115	(Smithfield 710,000)
2. Triumph Foods	399,800	(PSF 211,100)
3. Seaboard Corporation	213,600	(Seaboard 185,000)
4. Iowa Select Farms	150,000	(Triumph 140,000)

Sources: * *Successful Farming Pork Powerhouses* (October 2006). Notes: Smithfield includes sow numbers from PSF that is pending acquisition. Triumph markets pork through Seaboard.

** *Successful Farming Pork Powerhouses* (October 2001)