

# FAIR FOOD PRICES

## BACKGROUND BRIEF

*“In the context of cascading crises, there is a stark contrast between growing risks to the food security of millions, and profiteering by corporations that control global food systems”*

– **United Nations Conference on Trade and Development (UNCTAD)**  
Trade and Development Report 2023<sup>1</sup>

*“The benefits from trade are not shared equally ... because firms with sufficient market power can raise their markups in response to cost reductions, and market concentration has been increasing over the last decades”*

– **World Trade Organization (WTO)**  
World Trade Report 2023<sup>2</sup>

In a fair food system, value should be distributed equitably throughout the supply chain. All those involved in food production and distribution should make a decent livelihood; while consumers should not have to pay an excessive price to access their fundamental right to food.

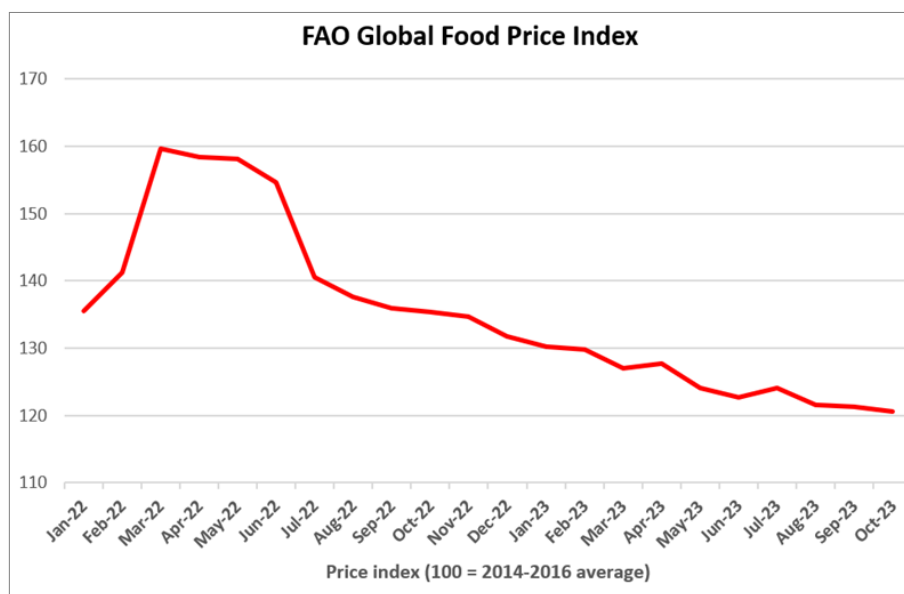
Yet our food systems – both global and national – are facing a crisis of unfair prices. Growing market concentration is enabling a small number of actors to make record profits, off the backs of overcharged consumers and underpaid farmers and workers. This is a reality highlighted by UNCTAD, WTO, and many more – yet governments remain slow to act on the threat of unfair prices.

<sup>1</sup> UNCTAD, [Trade and Development Report 2023](#), p.78

<sup>2</sup> WTO, [World Trade Report 2023](#), p.67

The causes of food price volatility are highly complex. Surging inflation in recent years has been triggered by external shocks such as conflict, climate crisis, and COVID-19, causing costs to rise for all marketplace actors. Yet despite these rising costs, some actors have registered record profits, suggesting they may have taken advantage of these crises to increase food prices excessively and unfairly.

The UN Food and Agriculture Organization (FAO) Global Food Price Index shows that after hitting a record high in March 2022, prices of food commodities on international markets have been falling steadily ever since.<sup>3</sup> Yet consumer prices continue to rise in nearly every country across the world – a further red flag for potential unfair food pricing, as a lack of competition can mean there is insufficient pressure to pass savings back to consumers.



Regardless of cause, the impact of rising prices has been devastating, with more than three billion people – 40% of the world’s population – unable to afford a healthy diet. Yet the actions required to tackle price rises caused by market concentration are different from those needed in response to external shocks.

Falling food prices on international markets demonstrate the relative success of efforts to facilitate trade and bolster agricultural production, in response to conflict, climate, and COVID-19.<sup>4</sup> However, these benefits will only be passed onto food producers and consumers if governments also take action to tackle unfair pricing.

<sup>3</sup> FAO, [Food Price Index](#)

<sup>4</sup> UN Global Crisis Response Group, [‘Global Impact of war in Ukraine on food, energy and finance systems’](#)

In some locations, initial efforts to tackle unfair pricing are already underway. The International Monetary Fund (IMF) has reported that *“rising corporate profits account for almost half the increase in Europe’s inflation over the past two years, as companies increased prices by more than spiking costs”*.<sup>5</sup> Many countries have responded with windfall taxes on excess profits (so far primarily in the energy sector, despite record profits for food companies too).<sup>6</sup>

Similarly, the US government has noted how *“corporate consolidation gives middlemen the power to squeeze both consumers and farmers ... absent this corporate consolidation, prices would be lower for consumers and fairer for farmers”*; and responded with efforts to promote competition and break up monopolies in the food sector.<sup>5</sup>

Yet in contexts where market concentration and import dependence are even clearer – in Africa, Asia, Latin America – solutions rooted in competition policy have been under-utilised. Some authorities have begun to take action against price gouging, price fixing, and other anti-competitive practices.<sup>6</sup> But in many cases, efforts are constrained by a lack of data on prices and profits; insufficient resources to investigate and act; or an absence of suitable competition legislation altogether.

In the long-term, the challenge of market concentration and unfair food prices can be tackled by building more diverse, local, and resilient food supply chains, where no actor has the power to exploit others. But in the short-term, as consumers and producers alike pay the price for our uncompetitive food systems, governments must act urgently to tackle unfair pricing practices, and to regulate a competitive food marketplace.

<sup>5</sup> IMF, [‘Europe’s Inflation Outlook Depends on How Corporate Profits Absorb Wage Gains’](#)

<sup>6</sup> Reuters, [‘Portugal approves windfall tax on energy firms, food retailers’](#)

<sup>7</sup> The White House, [‘Executive Order on Promoting Competition in the American Economy’](#)

<sup>8</sup> Competition Commission of South Africa, [‘Fresh Produce Market Inquiry’](#)

*Nigerian Tribune*, [‘We’ll go after trade associations fixing prices for members – FCCPC’](#)