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## Food Aid Project: Cargill Fact Sheet

**Overview:** Cargill is a global food and agriculture company with diversified operations including grain, cotton, sugar, and petroleum trading; financial trading; food processing; futures brokering; and feed and fertilizer production. The company is the leading grain producer in the U.S., and its Excel unit is one of the top U.S. meatpackers. It is also a global supplier of oils, syrups, flour, and other products used in food processing.

Cargill is one of the largest private corporations in the U.S., with 85% of the company still owned by descendents of the founding Cargill and MacMillan families. The company was founded in 1865 as a grain storage warehouse and grew to become one of the largest grain traders. In the 20<sup>th</sup> century, Cargill diversified into a major merchandiser and processor of various agricultural and other commodities and has continued to move up the value chain, shifting its focus away from commodity transactions to providing total business solutions for customers, including supply chain logistics and transport, risk management and financial advisory services. The company employs 124,000 people in 59 countries.

**Financial Information:** Cargill had over \$71 billion in sales in 2005, with net earnings of \$2.1 billion.

**Cargill and food aid:** Agribusiness companies bid on food aid contracts offered by U.S. government agencies. In a highly consolidated industry, only a few corporations are qualified to bid on these procurement contracts. The two most dominant companies are Cargill and Archer-Daniels Midland (ADM). In 2003, Cargill and ADM reportedly won the contracts to provide a third of all U.S. food aid shipments.

These two firms also dominate much of the agribusiness industry: Cargill and ADM are two of the top three companies that export 80% of U.S. corn and 60% of soybeans, dominate flour milling, control 71% of the soybean-crushing industry, and dominate export handling facilities essential for wheat exports.

Food aid constitutes a \$1-2 billion market domestically, which constitutes less than one percent of the \$900 billion agricultural industry in the U.S. But more significantly, over the past two decades, food aid has accounted for 15.5% of rice exports and 12.1% of wheat exports from the U.S.

### Leadership: Warren Staley, CEO

Warren Staley was elected chief executive officer of Cargill in June 1999. He was elected president in February 1998 and elected to Cargill's Board of Directors in August 1995. Staley joined Cargill in 1969 as a trainee and held several positions in the Corn Milling Division, including general manager of the company's European corn milling business from 1978-82. He served as general manager of Cargill's Argentine operations from 1983 to 1987. From 1987 until he was elected president of the company in 1998, he served as president of its international feed and meat businesses and head of its North American and Latin American operations.

He is a member of the board of directors of U.S. Bancorp and Target Corporation. He is also a member of the board of the United Way as well as the Minnesota Private College Council. In February 2002, Staley was appointed by President George W. Bush to serve on the President's Export Council (PEC). As the premier national advisory committee on international trade, the PEC promotes export expansion, advises the President on government policies and programs that affect US trade performance, and provides a forum for discussing and resolving trade-related problems among the business, agricultural, industrial, labor and government sectors.

**The Tasks:**

1. Prepare a 10-12 page strategy memo for CEO Staley on how to respond to the USAid proposal. Be sure to link the strategy to Cargill's core values propositions while also taking account of the interests of all other crucial stakeholders including USAID, Oxfam and Catholic Relief Services.
2. Prepare a 15 minute Powerpoint presentation to persuade USAID, Oxfam and Catholic Relief Services on the merits of your position. The presentation will be given during a meeting (held during the last class session) that will include members of all four groups and will be hosted by USAid.
3. Prepare a 30 minute presentation to be given to the management team for Cargill that covers items 1 and 2 above. This presentation will be given outside of class during the week prior to the last class.

**Important Links:**

- Cargill website: <http://www.cargill.com>
- Cargill Citizenship Report: [http://www.cargill.com/files/br\\_citizenship.pdf](http://www.cargill.com/files/br_citizenship.pdf)
- Download for "US Food Aid: Time to Get It Right," Institute for Agriculture and Trade Policy paper (see pages 27-29 for an overview of the "Iron Triangle," including the role of agribusiness in food aid): <http://www.tradeobservatory.org/>