

**SOMO**

Paulus Potterstraat 20

1071 DA Amsterdam

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PROFILE ON  
CARGILL INCORPORATED

Adelien van de Kasteele.  
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**CARGILL, INCORPORATED, USA.**

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**1. INTRODUCTION.**

Name of the Company: CARGILL INC. USA  
15407 McGinty Road West,  
Minnetonka, Minnesota 55343, USA.  
Chairman: Whitney MacMillan.

Total Sales (1986) : US\$ 32.3 billion  
Net earnings (1986) : US\$ 230.1 million  
Total Assets (1986) : US\$ 8.2 billion  
Stockholders' equity (1986): US\$ 2.7 billion  
Employees (1986) : 46,000 worldwide

Cargill, Inc. is a privately-held company with engages primarily in the acquisition, processing, storage, transportation, and resale of agricultural and other bulk commodities on a worldwide basis. Its most important businesses are grain and commodity marketing, vegetable and oilseed processing and refining.

Cargill has over 800 subsidiaries in 55 countries worldwide: US, Canada, Europe, Latin America and Asia, and to a less extent in Africa.

**2. EARLY ACTIVITIES.**

In 1865 Will Cargill, the oldest son of a Scottish immigrant who had moved to Wisconsin in the late 1850's, went to Iowa where he bought an interest in country grain elevators along the new railway lines. With the close of the Civil War, railroads began to crisscross the Midwest, providing wheat farmers ready access to national markets. Within a few years Will and his two brothers had built grain silos and elevators in Iowa, Minnesota and Wisconsin, buying grain from and selling coals to farmers.

Because Cargill in many cases controlled the only elevator at major railroad stops, the local farmers were often forced to accept the price offered by the company for their grain. By the 1880s, Cargill operated along major railway arteries in five northern states of the Mid West belt. Cargill cooperation with the railroads is reflected in its representation on different railroad boards through the years.

By the turn of the Century, Cargill's profits enabled the family to expand into new areas. But many of these endeavors were speculative, and by 1909 Cargill was near bankruptcy. Then John MacMillan - a member of a prominent business family from

Winconsin, who had married into the Cargill family -, backed by the company's creditors, assumed managerial control of the ailing firm. Since then the company plays safe and speculation has remained taboo.

### 3. EXPANSION OF ACTIVITIES.

#### -1920

By the early 1920's Cargill started a new expansive phase. When eastern grain trading interests began moving into the Midwest markets, the company responded by opening up direct sales offices in the East of the U.S.. At the end of the decade Cargill joined the growing list of U.S.companies with foreign operations when it established sales offices in the principal European grain centers and in Argentina.

#### -1930

As one of the few grain trading companies - mainly those that had concentrated in storage and transporting - Cargill survived the Great Depression. In 1930 it moved into the Chicago market. In 1932 it acquired the largest existing export elevator in Albany, New York. In the same time the company started to build its own barges needed for transporting grain and soya beans over the Mississippi River. It soon got the reputation of one of the toughest and most uncompromising companies in the Midwest.

#### -1940

World War II limited private grain exports. Cargill reponded by diversification, within the new commercial framework that offered the war. The company made its first steps in soybean extraction (1942), it also built tankers for navy and army, and acquired Nutrena Mills (animal feeds) in 1945. After the war the company took advantage of the growing foodexports (i.a. Marshall Plan) to Europe and Asia: US exports were up to 503 m. bushels of wheat and flour in 1948 from 48 m. bushels in 1944.

#### -1950

The enormous boom in the US-agricultural production lead to a massive program of government support for the sale or donation of agricultural products. The concessional, low interest, long term loans and outright grants, which PL-480 (Food & Peace-program) provided to Third World countries, largely attributed to the position of the US as world-leading grain exporter. In the following decades companies like Cargill and Continental Grain were the principal beneficiaries of this and other government programs. They earned not only on the export but also on the government subsidized storage and distribution of grain. These companies also were qualified to borrow the money (at

concessional rates) which the USA received in repayment for its PL-480 loans. Cargill used it to finance a variety of foreign projects ranging from feed and poultry facilities in South-Korea (1969) to a soybean processing plant in Brazil (1972).

These government programs gave Cargill not only the opportunity to increase its sales, but also generated a type of "ties" with the developing countries, opening up markets at the smallest expense possible. And as Cargill took advantage to the utmost of these possibilities, the 1950's marked the definitive start for its worldwide expansion.

#### 4. SOME GENERAL REMARKS ON CARGILL'S WORLDWIDE EXPANSION.

Figure 1 gives a global idea of how Cargill expanded through the years: from trading to processing and industrial activities, expanding its trade again with the resulting products. The following gives a general view on the characteristics of Cargill's investment policy. Its activities will be discussed more in detail in chapter 5 and 6.

##### -cautious.

Cargill's investment policy can best be described as "cautious", investing heavily in activities narrowly related to its original trade, storage, and distribution business.

First of all its diversifications stayed "close to home" : besides corn and wheat trading it started with oilseeds; trading grain brought Cargill to seeds and fertilizer activities; transporting grain made barge construction lucrative, having barges Cargill made them more effective transporting and selling salt, etc..

Secondly Cargill became strong by vertical integration, starting to process the commodities it already traded in. Regularly it acquired companies it previously supplied to. (p.g. MBPLX, USA: meatpacking industry; Hendrickx-Crijns, Neth.:malt processing). It started soybean extraction, went on in feed production, corn and flour milling, cattle feeding, and ended up in the meat and poultry industry. Today Cargill is its own best customer and has gained control from "seed to supermarket", whether its grain is sold as seed, sweetener, flour, chicken or beefsteack ! It also makes it extremely powerful against its competitors, who have not diversified their operations.

Cargill's interests in the beef-industry show clearly their general strategy. The combining of grain trade, cattle-feeding and processing is no coincidence. In the US corn production costs

Figure 1: CARGILL: COMPANY STRUCTURE AND EVOLUCION OF ACTIVITIES

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 1071 DA Amsterdam

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	TRADING AND COMMODITY MARKETING GROUPS	PROCESSING AND REFINING GROUPS	INDUSTRIAL GROUP	FOOD AND FARM PRODUCTS	TRANSPORT GROUP FINANCIAL SERVICES	
1865	Grain trading Development network of elevators in de US					1865
1920	Oilseeds Trade Agents in Canada, Argentine and Europe				Transport Barge construction	1920
1940	Vegetable oils, Feeds, Feedcakes Resins	Soybean process. US	Resins US	Nutrena Feeds US		1940
1950	----- start internationalisation Salt, (sugar & molasse?)	flax/coconut proces.		Hybrid Seeds Intern	Transport Intern.	1950
1960	Poultry, Eggs Corn starch, corn syrop	Soybean proc. Intern. Cornmilling US	Salt mining US	Poultry proc. Inter	Insurance Intern.	1960
1970	Carg. Investor Services Steel, Metals & ores Petroleum + Pet.products Cotton, Wool, Rubber, Fibers orange, apple juice; Beef Tapioca	Fruitproces. Brazil Cornmilling Europe Cotton/Sunflower processing intern. Tapioca/Rubber Asia Malt process. Europe Cocoa proces. Intern	Steelmilling US Coal mining US Waste disposal US Salt min. Austr. Resins Intern. Fertilizers US	Flourmilling US Cattle feeding US Beef processing US	Leasing Intern. Ocean vessels Int.	1970
1980	Coffee, Cocoa Pork			Beef proc. Canada		1980

Division structure 1988, as far as known:

Trading Division Commodity Marketing Div. Cargill Investor Services	Dom.Soybean Proc. Div. Multiseed Div. Corn Milling Div. Fruitproc. Div	Chemical Prod. Div Industrial group Fertilizer Div.	Nutrena Feed Div. Seed Div. Excel Poultry Div. Flourmilling Div	Financial Serv. Dep. Transport Div.
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\$ 3 per bushel, but the grain companies can buy it for less than \$1.50. These low grain prices have been fueling the meatpacking industry. With the high production costs of corn and other feeds no rancher or feedlot operator can compete with the Cargills: by integrating feeding and processing, grain companies capture the profit from their competitive advantage in grain handling.

Another characteristic is Cargill's worldwide expansion, assuring itself vast market control over the major products of its international trading and processing activities. This internationalisation has gone further for its trading, processing and refining activities, while its industrial activities (steel, salt, coal, etc.) are mainly limited to the USA.

As a result of this investment policy, the contribution of the grain-trading activities to total sales relatively has got less importance. Where in the late 40's a 20% of the company revenues came from other than grain-trading activities, near 1970 this was a 40%, and in 1979 already 60%. Today (1988) it's an estimated 66%.

Cargill has 40% of its networth invested abroad. The following tabel gives the contribution of some countries to Cargill total sales in 1986:

Cargill, Inc. Total Sales	:	US\$ 32.3 b.	100 %
Cargill U.K. (£ 2,0 b)	:	US\$ 3.0 b.	9 %
Cargill Netherlands (DF1 5,6 b) (incl. Gerkens Cocoa)	:	US\$ 2.3 b.	7 %
Cargill Canada	:	US\$ 1.5 b.	5 %
Cargill Brazil	:	US\$ 0.3 b.	1 %

#### -aggressive.

Cargill's policy is aggressive in the sense, that once it enters a market, it is not content with a third-rate place. It rapidly tries to obtain a strong position in the industry concerned, and works hard to consolidate this position. This is done by reorganizing, improving production efficiency, sharp price policies, etc., leading its competitors to defensive moves.

When Cargill acquired the National Grain Company in Canada in 1974, it closed many of its 286 country elevators, substituting them by large regional grain terminals. Large scale farmers who could afford to transport their grain long distances were favoured with premium prices. Because of this change, many other small country elevators, owned by cooperatives, were left with only small farmers to buy from and, along with these small farmers, forced out of business.

In 1986 Cargill acquired the General Cocoa/Gerkens Group, becoming one of the four largest cocoa processors in the world. Directly it started to consolidate its position. It lowered Gerkens prices for cocoa butter, powder and liquor, gaining important customer like Mars from its competitors. Other companies began defending their positions and a merger wave followed.

Today Cargill is:

Number 1 World-grain trade (with about 25%) of the market.  
 Number 1 in USA, Canada, France, Argentina, (Australia ?) grain exports.  
 Number 2 in USA-Soybean crushing (>60% with Archer Daniels Midland), also with ADM and Ferruzzi the biggest in Europe.  
 Number 3 in USA-corn wet milling and, Number 4 in Europe.  
 Number 1 or 2 world-Cotton trade  
 Very big world-Coffee trade.  
 Of the top 4 in world-cocoa processing.  
 Of the top 10 in world-hybrid seeds.  
 Very big world orange juice trade

Number 1 in USA-egg producer  
 Number 2 in USA-flourmilling.  
 Number 3 in USA-meatpacking. (With IBP and ConAgra >75%)  
 Of the top 4 in USA salt mining.  
 Of the top 8 in USA-steel & steel products.  
 Very big in USA Animal Feed; and Fertilizer.

-government lobby.

Cargill has a vast experience in dealing with governments. Not only in the US, but worldwide it's famous for manipulating them. Personal exchanges between Government (Agriculture Departments) and Cargill have been common in the US as well as in Canada, and Cargill's influence on Government policies frequently has been criticized. From 1981 to 1986 Cargill was top contributor of the seven major U.S. agribusiness companies to Congressional campaigns through Political Action Committees. Furthermore the company belongs to more than 20 trade organisations. This offers the possibility of Washington influence without the costs of close company identification with controversial proposals.

Cargill uses its influence in two ways: It makes no secret of its ideas of "free trade", and is a fierce defender of decoupling farmer support programs from price policies, in the USA as well as in Europe, and lobbies for liberalisation of all trade through the GATT-negotiations.

But at the same time Cargill is notorious for using government support programs. The US-export programs are mentioned above, but also in Europe, Canada and Latin America it got government subsidies for its investments. In the late 70's Cargill played the Dutch and Belgium government off against each other, when it had to decide about the location for a Corn milling plant. And in 1987 Cargill got a \$ 4 m. Canadian grant for an investment in a beef plant, that it would have built anyhow.

Recently (1988) Daniel Amstutz, leader of the US commission at the GATT-negotiations on agricultural policy, and former Cargill officer (25 years), was in Europe to promote his plans to eliminate protectionism, subsidies and tariff agreements. He declared that only "one quarter of the world does not agree with our plans, and that is Brussel".

At the same time Cargill's soybean subsidiaries in Holland, U.K., Belgium and France, along with subsidiaries of ADM, complained about the fact that the EG reduced the soybean restitutions because of the higher world market price.....

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-strong financial policy.

Cargill is world's largest private company and known for its astute use of public and private funds. Through the years it received millions of dollars for storing and exporting grain and for investments, from several governments; its port facilities frequently have been financed and constructed by port authorities and then leased to Cargill; its relations with the leading US commercial banks assured -and assure- the credit lines necessary to finance the high inventories its trading activities bring along.

Cargill's ability to survive on low margins and high volumes, together with its advantage in handling and transport costs, makes that it can profit even in hard times. Its diversification policy makes Cargill more flexible. Losses in one activity or in one country can be overcome by profits in other activities or countries. Cargill has been willing to risk large short-term costs - costs that would depress the share price of a public corporation - to establish major presence in industries such as beef and poultry processing. As a Cargill officer said: "Cargill has patience", and its strong financial position allows the company at economic downturns to purchase financially troubled corporations at a discount. (Gardinier, KSH-UK, MBPXL, etc.)

Cargill declared 1987-sales of \$32.4, being the biggest private held company. Being public, it would rank 14th on the 1988 Fortune-list. According to the 1988 Fortune Worlds Billionaires list, Whitney MacMillan and his brother Cargill MacMillan list 42



with a estimated wealth of \$2.9 bil. The family's personal wealth, according dates of late 70's, is managed by Waycrosse, Inc, a family owned investment firm, and by the Salevia Foundation in Switzerland.

- scandals.

Cargill has been involved in many scandals throughout the years. Three times it has been struck off the membership list of the Chicago Board of Trade for cornering the market: in 1937 for corn, in 1963 for wheat and in 1973 for soybean trading. In 1984 Brazil charged Cargill and other companies for manipulating soybean prices.

But also the quality of its grain often has been criticized. In 1976 India filed a lawsuit against five grain TNC on charges of underweight deliveries of inferior quality. But complaints have been more frequent, even of adding moisture and dirt on purpose before exporting to third World countries, that often lack possibilities to check quality or weight of deliveries.

Furthermore Cargill has been subject of several antitrust, tax and other government investigations. One of the most known anti trust cases, was Cargill's purchase of Spencer Beef. Montfort of Colorado blocked the purchase in 1983, when it filed a lawsuit, arguing that Excel's purchase of the three Spencer plants would reduce competition in the industry. In 1986 the antitrust suit was reversed, and Excel could complete its purchase. As also other takeovers in the beef industry show, US anti-trust enforcement policy seems to be relaxing under the Reagan administration. In 1987 Cargill accepted a file by the London International Financial Futures Exchange (LIFFE) for tax-avoidance.

-Research and information network.

Another secret to Cargill's succes is its technical and business information center, capable of providing instantly information to all Cargill companies. It is based on an extensive research and development program, in which the company invested worldwide about US\$ 19m. during fiscal 1986.

A central laboratory is devoted to work in resins and protective coatings, fats and oils, salt, food product development, biochemistry and biochemical engineering. Cargill operates major research farms on poultry and livestock nutrition and feed formulation. It has worldwide genetic research on grain and oilseeds. Furthermore it has its agents all over the world, reporting on crop yields, shortages, prices, storm and flood problems, political onrest, etc.. It is said, that when it comes

to agricultural intelligence, Cargill knows more than the CIA, and has a far bigger capacity to generate information than the vast-collection systems of the US Department of Agriculture.

## 5. COMPANY STRUCTURE.

To enable a more systematical discussion on Cargill's activities, it will be done according to the mayor groups in which the company can be divided:

- Trading, Commodity Marketing and Transport Groups;
- Processing and Refining Groups;
- Industrial Group;
- Food and Farm Products Groups;
- Financial Services Division.

For a schematic summary, see Appendix A. Appendix B gives a view responsible managers, as far as known.

### 5.1. TRADING, COMMODITY MARKETING AND TRANSPORT GROUPS.

#### -Grain trade.

The expansion of US agricultural exports made it possible and then necessary for Cargill to build a worldwide trading network, and to improve its storage, transport and information facilities.

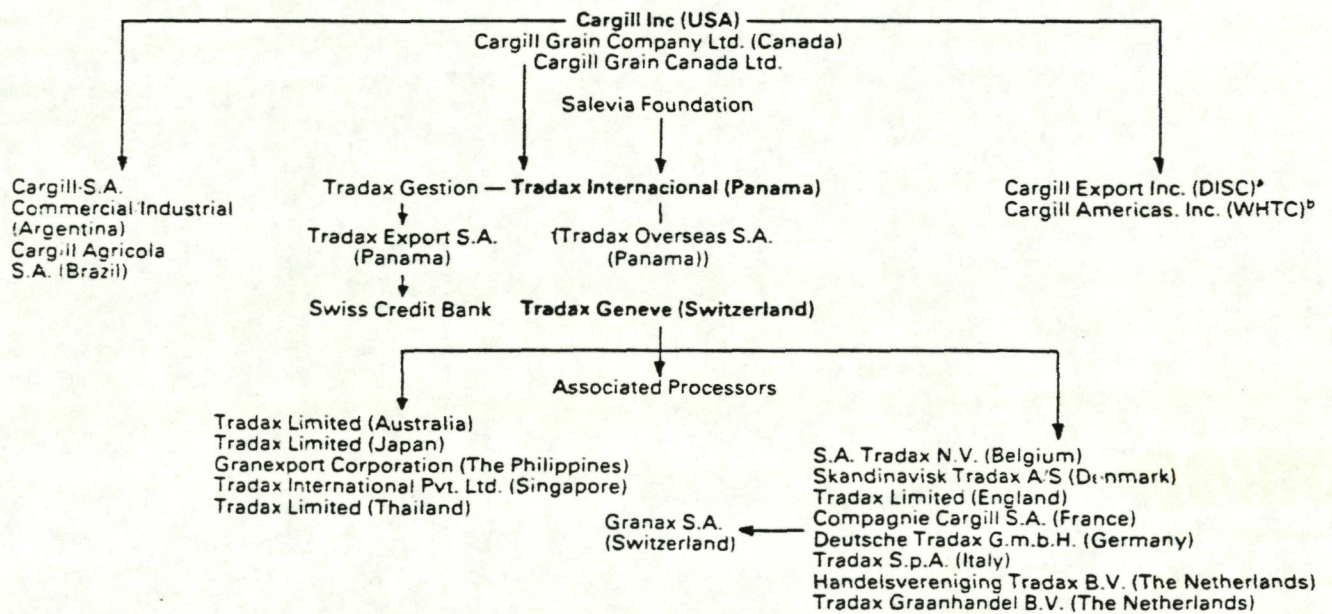
In this sense the creation of TRADAX INTERNATIONAL in 1954 has to be understood. Its headquarters are in Panama, for tax reasons, but with its nerve center, since 1956, in Geneva (Tradax Geneve, 100% subsidiary of Tradax Int.), where worldwide trading activities are coordinated and business information is instantly available. For the Cargill/Tradax structure see figure 2.

During the 1950's Cargill brought the number of export terminals (East Coast and Great Lakes) up to twelve in the USA, and added a second export elevator (Norfolk, Virginia). It expanded its use of the inland waterways for grain transport through its shipping subsidiary Cargo Carriers.

Cargill still depended heavily on land transportation, and in the 1960's, along with other companies, it pressed to restructure railways regulations, taking control of entire train units at special rates and for extended periods of time. This gave the companies control of much of the US grain carrying capacity. They used that position to hold selling prices down for local farmers in 1972, when the boom in the world grain trade due to SU-purchases of more than 20 million ton, sent shockwaves of price increases through the entire food industry. The whole case is better known as the Great American Grain Robbery. Cargill claimed losses on its sales to the SU, but apparently hold

Figure 2. Cargill/Tradax.

*Cargill/Tradax Corporate Structure*



Notes: a. Domestic International Sales Corporation.  
 b. Western Hemisphere Trade Corporation.  
 Source: Gilmore, 1982

supplies, selling them later when prices were up. Its earnings rocketed the next two years from US \$ 40 million in 1972 to US \$ 212 million in 1974, never to return to 1972-levels!

The export boom of the 70's also planted the roots of the farm crises in the 1980's. The US export market stagnated and especially small and medium sized farmunits entered difficult times. But Cargill increased sales, proving that size is a buffer against hard times! And again government support programs were welcome: where under the PL-480 program Continental exported from 1954-1978 1.2 times more than Cargill, in 85/86 under the Export Enhancement Program Cargill was leader with 35,7% of total EEP-sales, before Continental with 22,8%. And of total sales Cargill realized through the EEP, the bonus involved formed 24%.

Outside the USA Cargill has major grain trading interests in France, Canada, Argentina and Australia. In Canada Cargill entered in the 1928, but only in 1974 became a major force in the Canadian grain trade by acquiring the National Grain Comp., with interests in a big number of grain elevators, feed plants and port facilities. In 1988 Cargill bought Maple Leaf Mills, Ontario, from Hillsgate Holdings, UK., including 23 country elevators and 4 major grain terminals, for C\$ 40 m.

Cargill own over 360 grain elevators with a total storage capacity of over 390 million bushels.

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-General trade.

In Europe, Latin America and Asia the company started in the 1950's with trading, storage and distribution of bulk commodities, later expanding in related areas, establishing subsidiaries of Cargill and Tradax. In the 70's, with the increase in its sales and earnings, Cargill started to acquire major trading companies, expanding its trade to major agricultural commodities like cotton (1975), coffee (1980), cocoa (1983), and also non-agricultural commodities like steel, metals and ores. (1974). (See Appendix A).

Today Cargill has large trading interests in grain, coffee, cotton, sugar and molasse, copra, cacao, peanuts, tapioca, salt, rubber, fibers, coal, steel, metals, lead, oil, petrochemical products, orange juice, etc. For more details see tabel 1.

In Asia Cargill moved into countertrade and barter, and opened in 1986 a department in Singapore, aiming to increase barter trade between Indonesia and Eastern Europe.

-Transport.

In the late 1970's Cargill started to invest heavily in transport. Today Cargill Marine and Terminal, Inc. owns 11 towboats and about 430 barges in the USA. Through its international subsidiaries Cargill operates more than 28 ocean vessels. Apart from its fleet, Cargill has worldwide port facilities.

In the USA the company also operates a leased fleet of more than 2800 hopper cars (train) and over 4500 tank cars for bulk commodities.

-Cargill Investor Services.

Cargill Investor Services (1972), a wholly owned futures brokerage, with memberships in the leading Exchanges (Grain, Coffee, Cotton and Commodity), and with operations in US, London and Japan, forms also part of the Trading Group.

## 5.2. PROCESSING AND REFINING GROUP.

-Oilseeds.

In 1942 Cargill set the first steps in soybean extraction, expanding within the USA during the 50's in products like soybean, flaxseed, and coconut. Late 1940 the vegetable oil division was already good for 25% of the company business, and number #3 in USA. It also meant expansion of Cargill's trading business to processed commodities, like vegetable oils, seedcakes, etc.

In the 60's the company established itself as a major vegetable oil processor in Europe by constructions in Spain (1963), Holland (1966), France (1970). In 1980 it built a second plant in Holland, and more recently it bought the soybean and oil refinery operations in the UK from Continental Grain. (1986). In 1972 it started a soybean plant in Brazil. Its latest big acquisitions in the US were 6 soybean plants from Ralston Purina Co., of which it closed the one at Louisville, Ky in 1987.

Apart from soybeans Cargill processes sunflowerseed, cottonseed, coconut, flaxseed, peanuts, etc.. In 1979 it constructed a US\$ 18m linseed and sunflower plant in Argentina, where it had already sunflower operations since the 50's. In the same year it increased its US capacity with a US\$ 18m plant in Red River Valley, and built a plant in Amsterdam, Holland in 1980.

In the processing of oil-seeds Cargill can be flexible. As many of its plants are multiseed-plants, able to process different types of seed, Cargill can adapt its processing activities to changing market situations.

In 1988 Cargill started operations in China, building a cotton seed crushing plant in a US\$ 18m. joint venture with Shandong Supply & Marketing Cooperative and China Int. Trust & Investment Corp. (Hong Kong). The plant will be ready in 1989, and apparently will be managed through Cargill's cottonseed subsidiary in Australia.

-Corn wetmilling.

With corn wet milling Cargill started in the fifties in the USA; the first isoglucose plant was built in 1967. In 1976 in joint venture with Miles Laboratories opened a HFCS (High Fructose Corn Syrup) facility in Dayton, Ohio (Car-Mi, Inc.).

Big expansion started in 1979-80 with the increased use of HFCS as cane and beetsugar substitute. In 1980 Coca-cola, followed by Pepsi, announced its start using HFCS. In 1981 Cargill acquired the 35% Miles Lab. had in the joint venture and doubled its capacity in 1981. A fourth plant was built in Eddyville, Iowa in 1985. Cargill produces 25 different kinds of corn syrups (i.a. maltose) and starts with the production of citric acid.

In Europe Cargill purchased a corn wet milling plant in the U.K. (1978), operated by Albion Sugar Co., a subsidiary of the bankrupt Dutch company KSH, and started a sister plant in Holland in 1979. In Europe Cargill announced mid 1987 to have plans to expand the corn wet milling business and the partial substitution of wheat for corn as a processing base. Total corn milling capacity is over 300 million bushels a year.

-Fruit processing.

Cargill operates two orange-juice processing plants in Brazil since 1977, through which Cargill has an important share of the Brazilian orange juice export market. Frozen orange juice concentrate is exported in two company owned bulk vessels to company owned or leased terminals in Amsterdam, Holland and New Jersey, USA.

Late 1987 the three biggest Brazilian Fruitjuice comp. (Cutrale, Citrossuco and Cargill Agricola) signed an agreement to install an apple juice facility near Moscow, in association with the Soviet Government and Tetra Pak (Swedish). The idea is to produce apple juice for export to US and Europe, using the hard currency earnings for importing Brazilian orange juice. Brazilia's most important market is Western Europe, but they are also negotiating the expansion of their Japanese market quota.

Furthermore Cargill owns a tropical fruit plant (processing and

canning pineapple, cashew, mangos, etc., ) in N.E. Brazil, and an apple and alcohol processing plant in Italy.

#### -Cocoa.

Also in Cocoa Cargill belonged in a few years to the top. It started cocoa processing in Ilheus, Brazil in 1981. In 1983 it expanded its cocoa trading activities by acquiring ACLI Cocoa, Inc. In 1986, with the purchase of the Dutch General Cocoa-Gerkens Group with 4 cocoa processing plants, Cargill became one of the major processors of cocoa in the world. It declared its intentions to have a stake in processing in the US and Singapore, Malaysia, aiming at 25% market share in world grinding and related trade in cocoa.

#### -Other.

In 1986 Cargill expanded its malt processing capacity in Europe to a 240,000 million ton by acquiring the Dutch firm Hendrickx Crijnsen (former client and heading for bankruptcy). In Thailand it processes tapioca into pellets, mainly for the European market.

### 5.3 INDUSTRIAL GROUP.

#### -Steel

From ship building to steel trading and steel industry has been a logical step for Cargill. Steel milling was started in 1974 with the purchase of the North Star Steel Comp., and Cargill went on expanding its steel production in the 1980's (see Appendix A), belonging in 1985 to the USA top ten. Furthermore it operates several steel services center facilities, producing steel products, wire, etc.

#### -Salt.

In 1954 the company went into the salt business in order to use its barges on return trips up the Mississippi. In 1962 Cargill opened a saltmine, and another in 1970. In 1976 Cargill acquired a mayor interest in Watkins Salt. Comp., becoming the 4th largest US producer of salt. Through the acquisition of Leslie Salt Co. in 1978, Cargill obtained interests in Australia.

#### -Fertilizer

In late 1985 Cargill completed its acquisition of 80% of the stock of -nearly bankrupt- Gardinier, Inc. Florida. Hereby it expanded its existing nitrogen production to phosphate mining, and augmented its worldwide trading business.

-Chemical products.

Since the late 40's the company operates a chemical products department/division with a research center. It produces among others: resins, coatings, and plastics.

Other activities of the industrial group: Aenco, waste disposal (before 1978); Cravat, Coal mining (1977).

### 3.4 FOOD AND FARM PRODUCTS GROUP.

-Feeds.

The Nutrena Feed Division started in the USA in 1945 with one feedmill, having 51 feedmills by 1987. In Europe the first acquisition was that of HENS-Belgium in 1964, with interests in West-Germany, Netherlands and France. Today it has through Hens interests only in France and Spain.

1964 also marked Cargill's start Latin America. In Canada a important share in feeds was obtained in 1974, when Cargill acquired the National Grain Company, which by that time owned 5 feedmills. In Asia Cargill started begin 70's, and in Africa it obtained interests through Seaboard Allied Milling in 1982.

Cargill makes cattle, pork and poultry feeds, and in Argentine and Brazil also petfoods, and does research on livestock and poultry nutrition and feedformulation.

-Flour milling.

In 1987 Cargill operated 14 wheat milling plants, starting this activity in the USA in 1972 (Burrus Mills), and acquiring a top position in US flour milling (about 15% of US flour cap. in 1982) with the acquisition of Seaboard Allied Milling Corp., with operations in the USA, Africa and Latin America (flour milling and feed plants). A Flour milling plant in Puerto Rico in 1948 was one of the first plants abroad, and lately it acquired a major interest in a pasta production plant in Venezuela. Cargill markets flour under "light crust" label.

-Cattle feeding and beef processing.

Apparently, Cargill had some interest in cattle feeding since the 1950's. In 1974 Cargill made a real start with cattle feeding by acquiring Caprock Industries. In 1978 it went on to beefpacking with the purchase of MBPXL Corp. (now EXCEL, Inc.), At that time MBPLX was, in spite of sales of \$1 billion dollars, in a difficult financial situation, but was acquired because of its long term potential.



In 1986 Cargill purchased Spencer Beef, USA after a 3 year long legal battle with Montfort of Colorado, invoking anti-trust law. In the same year Cargill acquired Del Pero Mondon Co. (DPM), USA, moving into processing, portion control and foodservice.

The meatpacking industry in the US has known a strong concentration in the last decade. When Cargill was number #9 in 1978, the four biggest companies had a combined share of 30% of the meatpacking industry. In 1987 the share of these four had grown to about 75%. Current capacity of Excel is about 6.5 million head/year, controlling about 23% of fat cattle slaughter. Excel has about 10,200 employees. Competition is fierce, because of the overcapacity and declining retail beef demand. All big four have been closing plants (temporally), and especially Excel is trying out to rise it sales by promoting brand-name beef under Excel-label.

The big four in the US meatpacking industry.

Rank			sales (in Mil \$)	
88	87		87	86
1	3	ConAgra, Inc.; Prep. Foods Segment.	7,696	3,250
2	1	IBP, Inc. (Occidental Petr.)	7,681	6,800
3	4	Excel Corp. (Cargill)	2,800	2,500
4	5	Sara Lee Corp.; Meat Group	2,400	2,100

Source: Meat & Poultry Magazine - July 1988.

In 1987 Cargill started two beef plants in Brazil, and as latest development must be pointed to the High River packing plant, Alberta, Canada, that Cargill has under construction. It will be the most advanced plant in North America, and will be able to deal with a third of Alberta's actual packing capacity. The plant will mainly be for export: only 25% will go to Eastern Canada, and the rest will aim for South-Korea, Taiwan, Japan and eventually China.

Cargill entered pork industry in 1986 in Honduras and in 1987 in the US. All the four big of the beef industry are moving into pork processing.

#### -Poultry.

The first major acquisition of Cargill in poultry was its 50% interest in Shaver Poultry Breeding Farm, Canada in 1964, increasing its interest to 100% when founder Donald M Shaver

retired in 1986. It went on expanding in poultry and eggs, in the 70's began to use its feed also for turkeys, acquiring the turkey operations of Ralston Purina (1975). By 1979 Cargill was #3 USA in turkeys, and #4 USA egg producer. ( see Appendix A).

Through its acquisitions Cargill obtained control over major poultry-chains. Sun Valley Poultry Ltd, UK. is distributor of for i.a. Mark & Spencer, Sainsbury, Asda, and Mac Donalds chicken McNuggets. With its recent acquisition of Tampa, Flo, it obtained a division of Bob's Food Service, a full line distributor for Kentucky Fried Chicken.

Brand names for Cargill poultry and turkeys are Honeysuckle white and Paramount.

Begin 1988 Cargill announced the sale of its Shaver Poultry Breeding Farm, ( with operations in 90 countries) to the French Research Institute: Institut de Selection Animal (ISA) (Merieux Group). It declared that "Cargill concentrate future resources on live production, processing and marketing of poultry products", and that "poultry breeding is out of the main stream of its integrated poultry operation".

#### -Seeds.

Cargill has important activities in hybrid-seeds since the end of the 60's (cereals, sunflower). In the USA it has 8 major centers, and one in Canada. In Argentine and Brazil it has research on Corn and Sunflower, and in Europe Gavadour (France) mainly on corn. Brandnames for hybrid seeds, "Paymaster", "PAG", and "Cargill Seeds", are since 1987 marketed as "Cargill Hybrid Seeds".

Also in hybrid seeds there is fiere competition. Cargill made a 28% decrease in the price of its hybrid wheat seed to increase it sales. Furthermore it is doing research on Canola. According to Ian Gillies, Manager Corp. Relations, Cargill Ltd. Winnipeg, Canada, Cargill is active in corn and canola seeds, because they are easy to manipulate genetically. Cargill's main interest is on canola, because the range of products that can be produced from canola are much greater than from corn. The herbicide resistant traits that can be put into canola, make it the "most attractive" oil seed, a real challenger to soybeans. Moreover, "in corn, Pioneer (US), is so dominant in hybrids, and so good in what they are doing, that they have blown everyone out of the water, the 2-3 percenters like Cargill".

## 5.5 FINANCIAL SERVICES DIVISION.

Cargill started its Financial Services Division in 1983, but was already in the insurance business since 1963 (Horizon, Bermuda). Also in England it has several financial services activities. However in 1986 Cargill announced plans to sell Summit National Life Insurance and started to liquidate its reinsurance business.

## 6. FINANCIAL STRUCTURE.

Cargill is a closely held private company, and has surrounded its business with secrecy. Cargill has no public annual meeting, and as a private company does not have to submit annual financial reports. This lack of public accountability is one of the reasons for its strength: it can take a long view because it does not have to worry about restless shareholders. Moreover, Cargill has relatively few shareholders. The US\$ 2.7 billion (1986) in stockholders' equity is split between less than 50 descendants of the founding families (Cargill, MacMillan), and fewer than 450 members of senior management. (Minneapolis Star & Tribune: May 18, 1986.) See Appendix B for the composition of Cargill's Directors.

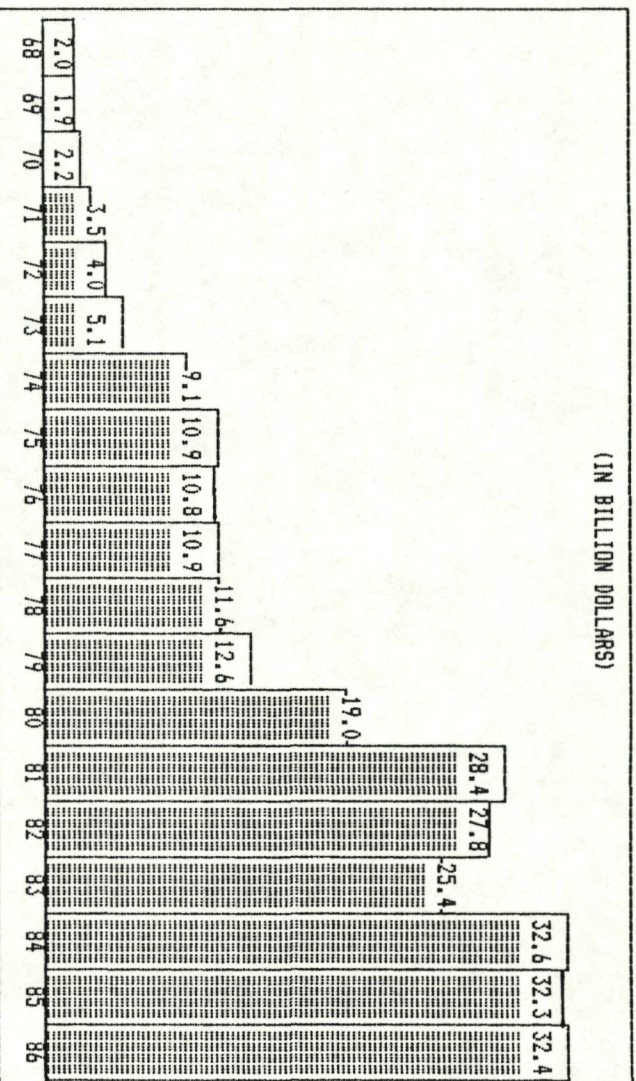
In 1986 and 1987, in view of two bonds issues, Cargill published prospectus with "selected" financial states. These gave some more details about Cargill's activities and financial structure. Since then it is silent again. For a summary of Cargill's financial dates from 1969 to 1986, see figure 3.

According to the prospectus, shareholders dividend pay-out has been a 3% of net earnings, which indicate that just over one billion dollars were retained in the company over the last five years. With depreciation charges amounting to US\$ 1,4 billions, a cash-flow (netted of dividends) of about US \$ 2,4 b. was available for investments over these years.

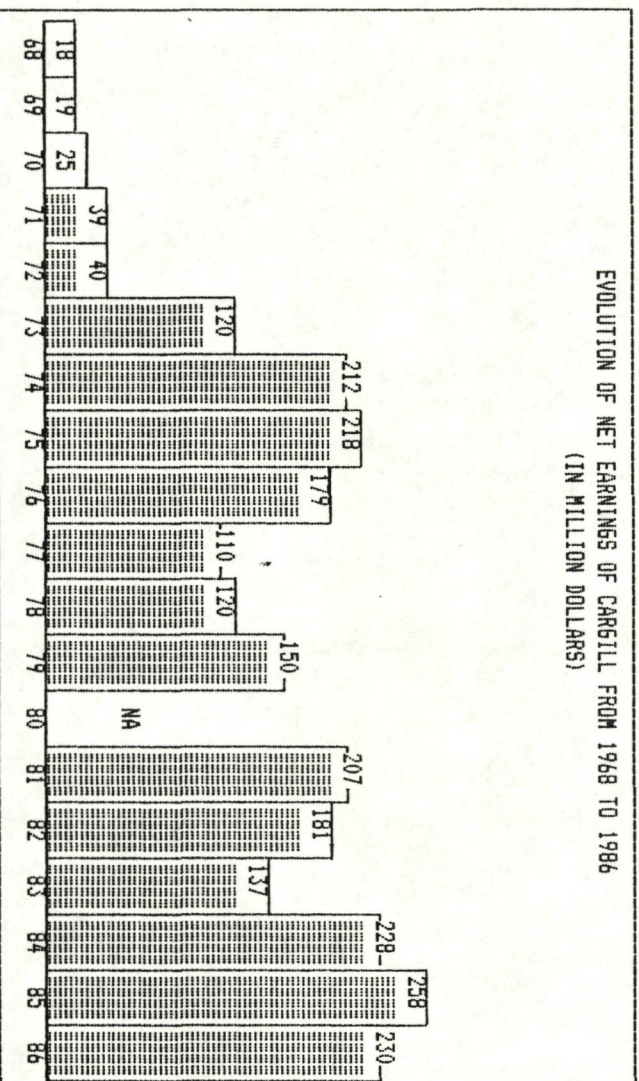
### -private funding.

The strategy of reinvesting nearly all earnings into the company has enabled a steady growth. Nevertheless, from the beginning, Cargill's cooperative relationships with banks have been very important. Early elevator purchases have been financed that way, and later the banks played an important role in the financing of the huge amount of short-term credits the company needed and needs for its business. Since the early 1930's the Chase Manhattan Bank has been the "lead bank" for Cargill.

Figure 3. Financial Dates.



Source: Forbes 18-09-78/MSJ 7-05-82/Prospectus 25-2-87



Source: Forbes 18-09-78/MSJ 7-05-82/Prospectus 25-2-87

Lately, in 1986 and 1987, the company issued two bonds (\$100m, \$150m resp.), as it declared, to redeem long term debt. Cargill cautious management and continued growth make it a save investment for financial institutions.

-public funding.

The way Cargill has exploited government support programs to increase sales and finance investments was mentioned above.

Another way of using public funds, has been trough investments of Port Authorities. In 1973, for example, the Duluth, Minnesota Port Authority and Cargill announced a \$15 million project for constructing new port facilities. The project was financed by revenue bonds backed by the Port Authority, and special federal and state programs. When the facilities were completed in 1977, Cargill leased them for 30 years.

The Cargill/Tradax construction.

Tradax International has subsidiaries all over the world (see figure 2), through which Cargill can arrange its trading activities according to its financial interests. Lately Tradax has been reorganised. Tradax Gestion has been renamed Cargill Gestion, and it has to be sort out, how Tradax-subsidiaries have been reorganised. At least in Holland, Tradax B.V. is not longer on the list of Cargill's subsidiaries.

Tradax, but more in general the different Cargill companies, can be used to manipulate the financial results of the different subsidiaries of the company, i.e. to avoid taxes and to generate earnings where it is the most convenient. A example was described in 1979 by Dan Morgan in his Merchants of Grain, and is in spite of Tradax' reorganisation still valid:

"When Cargill sells a cargo of corn to a Dutch animal feed manufacturer, the grain is shipped down the Mississippi River, put aboard a vessel, and sent to Rotterdam. On paper, however, as tracked by the Internal Revenue Service, its route is more elaborate. Cargill will first sell the corn to Tradax Int. in Panama, which will "hire" Tradax/Geneva as its agent. Tradax/Geneva then might arrange the sale to a Dutch miller through its subsidiary, Tradax/Holland. Any profits would ;be booked to Tradax/Panama, a tax-haven company, and Tradax/Geneva would earn only a "management fee" for brokering the deal between Tradax/Panama and Tradax/Holland."

Through the family owned Salevia foundation in Switzerland the family has a 30% interest in Tradax Internacional, Inc.. This means another possibility of manipulation, by transferring the earnings of foreign trade activities and operations to Swiss Banks.

## 7. LABOUR RELATIONS.

Cargill doubled its workforce since 1978, where other companies have been reducing through reorganisations. This reflects clearly Cargill's immense expansion and diversification in more labour intensive activities during the last decade.

Employees growth:

1978: 24.000      1983: 40,000      1987: 46,000.

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As most Cargill workers are poorly organised, not much is known about working conditions and personnel policy. But some general remarks can be made.

### anti-union.

Cargill, as many big TNC's, has a clear anti-union policy, and want to have it its own way. Where possible it tries to avoid workers organisation, and has been able to break unions.

In 1986 100 salt miners in Lansing, N.Y.,USA, have been on strike against Cargill, not about money, but about Cargill's push to gain absolute control over the workforce. The company demanded that bidding for better jobs be based on merit and skills, -in other words- company favoritism. Cargill wanted to be able to transfer workers from one job to another without time limitations, and wanted to create a new category of "seasonal" worker, paid less than others and not entitled to union benefits. The miners were members of IAM Lodge 1607. After a year of strike they lost badly. Scab workers were allowed to vote on the union's certification. Striking workers were not. There is no longer a union at Cargill's Lansing salt mines.

### -aggressive.

Because of Cargill's aggressive policy, expansions and takeovers are normally followed by stiff inter-corporate competition, what means more pressure on the industry's workers, giving them a hard time defending, let alone improving working conditions and wages.

The new High River Packing plant in Alberta, Canada caused trouble, even before having opened. As earlier the Canadian United Food and Commercial Workers pointed out, if Cargill

follows Excel's Pattern in the U.S.A., wage rates will be low, which could drag down rates at other plants. There is already a precedent: The Alberta Labor contract signed by Canada Packers late 1987, ties CP wages to Cargill's High River Wages in the second term of the contract, that coincidence with the opening of the High River plant in april 1989.

Indeed most Cargill plants do have poor union organisation, if at all. But in the last years Cargill has acquired plants with a longer history of unionisation. (Seaforth plant, Liverpool, UK; Gerkens plants, Holland). Apparently, Cargill has little experience of unions, causing problems needlessly.

Cargill U.K. acquired the Seaforth oilseed-processing plant in Liverpool from Continental Grain in march 1986. In december 1986 the 68 workforce at the Seaforth plant (organized mainly in the Transport and General Workers Union - TGWU) was presented with unilateral changes in the timing of wage negotiations, and a list of 8 named redundancies. Cargill UK had earnings of £ 13.5m pre-tax over 1986, so there was no direct financial problem. First Cargill tried to break the strike by bringing soyameal from Rotterdam into small ports on the UK's east coast. Movements were tracked down and the TGWU got workers at Cargill's customers to refuse to handle the imports. As negotiations proceeded management kept bringing new items onto the agenda. But in spite of prolonging the dispute into four monthes, the dispute was settled succesfully for the workers.

-dedication to the company.

Cargill prefers to start with young people, who get their training (tecnical and ideological) within the company, especially as far as higher personnel is concerned. Contacts on University level do guarantee them well prepared people, and at different Universities they have anual recruiting interviews.

Cargill sponsors different study programs for dependents of US Cargill employees (National Merit Scholarship, Achievement Scholarship). It is not known if they have similar programs outside the US.

In some industry plants, wages can be doubled by overwork, but workers must be prepared to a lot of extra work, and overtime hours are strictly at Cargill's convenience.

Apparently, overall working conditions are relatively attractive, and the company offers vast possibilities for making a career (again especially for higher personnel), but in return demands a total and lasting dedication to the company.

-Other known strikes at Cargill plants.

- In 1978 there was 29-day strike at Cargill elevator in Portland, Oregon, USA, over a dispute at the elevator in Burbank, Wash., when the company failed to draw up the contracts of four members of the international longshoremen's and warehousemen's union in Burbank. Result not known.

- In 1987 Cindasa (Cargill-soybean plant) workers went on strike to gain an 6.5% increment of salary and to unfreeze negotiations on the Colective Labor Contract of the company, in view of the resistance of the company to negotiate any improvements in working conditions, being the salarial one not the most important, and a lot of violations of worker's rights have been denounced.

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## APPENDIX A. SUBSIDIARIES OF CARGILL, ACCORDING TO ACTIVITY.

## TRADING AND COMMODITY MARKETING GROUPS.\*

Grain trading.

1954 Panama, Tradax International.

main subs: U.K., Netherlands Belgium, France, W-Germany,  
Switzerland, Spain, Brazil, Argentina, Japan,  
Thailand, Malaysia, Australia, e.a.

1956 Swits. Tradax Gestion, Geneva.

1953 Canada, Kerr Gilford &amp; Co.

1974 National Grain Comp.

1987 Maple Leaf Mills, Ontario.

Over 360 Grain elevators in USA, Canada, Argentina, Brazil, Holland,  
France, U.K., Thailand. Total storage capacity >390 m. bushels.

Cotton.

1975 USA Hohenberg, bros. Co., Memphis, Ten;

1981 U.K. Ralligroup, Liverpool; (from Bowater Corp)

Subs: Maclain Watson & Comp, Singapore, Malaysia  
cotton, fibers, wool, rubber.

Coffee, cocoa.

1980 USA Scholtz Co., NY; coffee

1983 USA ACLI, Inc.: coffee, cocoa, non-ferrous metals ] integrated in:  
(from Donaldson, Lufkin & Jenrette)

- Cargill Cocoa, NY;  
Off.: London, UK; Paris, France; Amsterdam, Holland;  
Singapore, Malaysia; Brazil.

- Cargill Coffee: San Franc., Cal;  
Off.: London, UK.; Hamburg, W-Germ;

- Columbia, Comp Cafetera de Manizales, Bogota

Others:

Pan American Division: sugar, molasses, beef, tallow

35 terminal elevators for molasses, 25 in USA, 10 in Europe.

3 terminal elevators for orange juice; Santos, Brazil;

New Jersey, USA; Amsterdam, Holland.

Cargill Agr. SA, Santos &amp; Rio de Jan., Brazil

Carmex, SA de CV, Mexico City, Mexico.

Cargill Agropec., Asuncion, Paraguay.

Cargill Peru, SA Lima

Cargill Indonesia, Jakarta

Agrotex Commodities, Manila, Philippines

Cargill, Ltd, Bangkok, Thailand

Cargill North Asia, Ltd- Tokyo, Japan

Ethiopian Commodities, PLC, Addis ababa, Ethiopia

Sidexca, Abidjan, Ivory Coast

Cargill East Africa, Ltd, Nairobi, Kenya.

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\* Year marks start in indicated country.

country, with years of later acquisitions/expansions

- = Year not known

? = Country not known

Metals Trading Department, includes:

- 1974 Tennant & Sons: discontinued in 1986.  
 1986 Cargill Metals; Metals and ores;  
 1986 Cargill Ferrous; iron, steel, steelproducts  
 12 Off.: US, Europe, Japan, Mexico, Peru, Chile, Bolivia, Australia.

Petroleum and Petroleum products

- 1977 ? Tradax Petr. Ltd.  
 197. USA Tradax America, Inc., Stamford, CT;  
 1986 North East Petr. Corp, Chelsea, Mass. USA (4 plants)

**TRANSPORT GROUP**

- 1930 USA Cargill Marine and Terminal Insc. Subs:  
 Cargo Carriers, Arkansas. (11 towboats, over 420 barges)  
 - Stevedoring services at various coasts and Great Lakes.  
 - ? Tradax, Ocean Transports, SA. (ocean vessels)  
 off: London, Amsterdam, Geneve, Tokyo)

**PROCESSING AND REFINING GROUP.**Oilseed processing.

- Total 45 plants. (23 USA, 22 abroad)  
 soybean, sunflower, flax/rape seed, coconut, cotton;  
 it is not known, how many are multiseed plants.
- 1942 USA. (1988: 16 proc.plants, 7 vegetable oil plants)  
 - e.a.soybean plants at Norfolk and Memphis, Tenn;  
 Sidney, Ohio; Gainesville, Ga; (both expansion 1988)
- 1967 Minneapolis, Mi. (sunflower);  
 1979 Red River Valley (sunflower);  
 - Brickenbridge, Minn. (sunflower);  
 - Riverside, ND.; Sioux City (exp. in '85): multiseed;
- 1985 Ralston Purina Co.: with soybean plants at Blooming, Ill;  
 Lafayette, Ind; Iowafalls, IW; Kansas City, Kan; Raleigh, NC;  
 - 4 peanuts processing plants.
- 1963 Spain, Tarragona; (soybean) (1988: CINDASA, 8 plants, 342 pers.)  
 1966 Neth., Amsterdam; (soybean)  
 1980 Amsterdam, (sunflower)  
 1984 Zoetermeer, Botlek (from Brinkers)
- 1970 France St.Nazaire; (soybean)  
 1972 Brazil, (4 soybeanplants)  
 1979 Argentina, Necochea; (sunflower, e.a.)  
 1980 Belg., Antwerpen (soybean)  
 1985 U.K. Croda Premier Oils, Hull  
 1986 Seaforth plant, Liverpool (soybean)  
 (from Continental Grain)  
 - Phillipines (coconut)  
 - Austr. Cargill Proc. Ltd, Victoria, Australia (Cotton, sunflower)  
 - Queensland Oil Seed Crushers, Ltd. Australia (j.v. with  
 Allied Mills, Ltd)
- 1988 China (jv with Shandong Supply & Marketing Co. and China Int.  
 Trust & Investment Corp., Hongkong; (cottonseed)

Corn milling Group.

- 1966 USA (1988: 4 plants: Dayton, Ohio; Eddyville, Iw (Exp. in '89); Cedar Rapids, Iowa; Memphis, Tenn (exp. in 1987); include CAR-MI (1980), jv Cargill - Miller Lab., Dayton Ohio.  
 1978 U.K. Tilbury, (from Albion Sugar, KSH Holand)  
 1979 Neth. Bergen op Zoom.

Fruit processing.

- 1977 Brazil (orange juice) (2 plants)  
 1981 (pineapple, cashew, guava, mango)  
 - Italy (apple + alcohol)  
 1990 Moscow (jv with Cutrale, Citrossuco Brazil; Tetra Pak (Sweden); and the SU-government.) (apple juice)

Cocoa processing.

- 1981 Brazil, Ilpheus.  
 1986 Neth. Dutch General Cocoa-Gerkens Group, with plants in Zaanstad, Wormer and Deventer; (+ 1 in Berlin, W-Germany)

Malt processing.

- France (+ plant in Belgium)  
 1986 Neth. Hendricks Crijs, Swalmen; (+ 1 plant in W-Germany)

Tapioca : Thailand

Rubber : Malaysia

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**INDUSTRIAL GROUP.**Steelmilling

- 1974 USA: North Star Steel Company, St. Pauls, Minn. (3 plants)  
 1982 Monroe Michigan, (scrap metals)  
 1983 North Star Steel Texas,  
 1985 North Star Steel Kentucky (80%)  
 1985 Ohio River Steel Corp., Youngstown, Ohio  
 1985 Hunt Energy.  
 1986 Universal Tubular Serv. Inc. Houston, Tex.

Steel Services Center Department.

- 1973 USA: Zelrich Steel (3 plants: Houston, Texas; Memphis, Tenn; Tulsa, Okla.)  
 1979 Midstate Metals, Inc., East Chicago, Indi.  
 1983 Mitchell Steel, Nashville, Tenn.  
 - 4 Wire plants: Houston, and Cavolton, Tex; Memphis, Tenn; New Orleans, La.

Salt.

- 1954 USA Salt trading.  
 1962 Belle Isle, Louis.  
 1970 Lansing, NY  
 1976 Watkins Salt Co.  
 1978 Leslie Salt, Cal.  
 1978 Australia, Port Hedland (through Leslie Salt)

Chemical Prod. Division (i.a. Resins and Coatings)

- 1947 USA (1986: 3 plants in Lynwood, Cal; Forest Park, Ga; Carpentersville, Ill.)
- 1988 Dallas, Arkansas
  - Tennant Trapping Systems (4 plants US & Canada)
- 1974 Neth. Zaanlandse Olie raf. b.v., Zaandam.
  - U.K. Cargill Blagden, Haverhill

Fertilizers Division.

- USA Nitrogen Prod. Plant, Columbus, Miss.
- 1985 Gardinier, Inc., Tampa, Fla. (80%), phosphate mining

Others.

- 197. USA Aenco, Waste disposal
- 1977 USA Cravat, Coal mining.

**FOOD AND FARM PRODUCTS GROUP**Nutrena Food Division

- 1945 USA 1987: 51 mills, include e.a.:
  - 1969 Hales & Hunter
  - 1980 Young's Inc.
  - 1986 Fuzzy's Feeds, Inc. Florence, Ala; Roaring spring, Pa;
  - 1987 ACCO Feeds, Inc.
    - Grinell, Alta and W. Branch, Iw; Marchall, Mo; Kansas City, Kan.; Wilson, N.C.; Memphis, Tenn; Springdale, Ark;
    - Poultry Feeds, 1987 : 10 mills: California, Mo; Alix, Springdale, Ark; Trinity, Lineville, Ala; Frankford, Del; Jacksonvill, Fla; Liberty, NC; Westville, Okla; Oglthorpe, Ga.
- 1964 Belgium: HENS, b.v. (1988: France and Spain)
- 1964 Guatemala: Cargill America
- 1964 Argentina
- 1965 Brazil, Cargill Agricola, SA
  - Honduras, Alimentos Concentrados, SA
- 1969 El Salvador
- 1971 Thailand
- 1971 Taiwan, Cargill Taiwan Corp.
- 1974 Canada: Nat. Feeds and Livestock Ltd. (through Nat. Grain Co.)
  - 1981 Camrose, Alberta
  - 1986 Lethbridge, Alberta
  - 1987 Ayr Feed and Supply Comp, Ontario.
- 1986 Indonesia, Malaysia, Phillippines, Pakistan
- 1987 South Korea, Korea Cargill.
- 1987 Shibushi, Japan

Flour milling Division

- 1947 Puerto Rico.
- 1972 USA 1988: 14 plants, include e.a.:
  - 1972 Burrus Mills, Dallas, Tex.
    - Ross Ind., Kansas
  - 1982 Seaboard Allied Milling Corp.
    - Culpeper, Va; Albany, NY; Mankato, Minn; Wichita, Kans; Port Allan, La. Ontario, Cal. (1989)
    - Venezuela (major int.) pasta prod. plant
- 1978 West Germ. Du-Frit : potatos proc. plant.

Poultry Processing.

- 1965 Canada, Shaver Poultry Breeding Farms, Ltd.,  
sold in 1988 to Merieux group, France.
- USA Cargill Poultry, include e.a.
  - 1975 Ralston Purina- turkey operations.
  - 1977 Kansas Eggs
  - 1979 Riley Poultry.
  - 1980 Dent Poultry, Buena vista, Ga;
    - Lagrange, Tex; California, Mo; Ashland, Ala; Lincoln, Ark; Jacksonvill, Fla; Albemarle, NC;
- 1965 Brazil, Barbados (through Shaver Poultry)  
1969 South Korea, Korea Cargill  
1972 Argentine  
1980 U.K. Sunvalley Poultry, Ltd., Hereford. (90%)  
1986 Honduras

Cattle feeding.

- 1974 USA Caprock Industries, Gruver, Tex; (6 feedlots)  
1986 Farmer Country Feedyard, Bovina, Tex.
- Argentine

Beef processing

- 1978 USA EXCEL (MBPXL), Wichita, Kansas. (1988: 10 beef proc. plants)  
1986 DPM/Del Pero Mondon. (3 plants: Kansas, Arkansas, California)  
1987 Spencer beef  
1987 Sterling Colorado Beef Co., Sterling and Fort Morgan, Colo;  
1987 Brazil (2 plants: Panama, San Paulo)  
1989 Canada: High River Packing Plant, Alberta.

Pork processing.

- 1986 Honduras, Pork processing plant.  
1987 USA Pork proc. plant: Beardstone, Ill; (from Hormel & Co.)

Hybrid Seeds.

- USA (1988:13 facilities) include e.a.
  - 1980 ACCO seeds, Belmonte, Iw.
    - Dorman Seed, Paymaster seed, PAG seed, Tomno-Genetic Giant
  - Canada, Kroeker Seed.
  - France, Gavadour (80%)
- 1980 China, Chin. Gavadour-Cargill (j.v. with Nat. Seed Co. of China)  
Mexico, Carmix SA.  
Brazil, Sementes Cargill
- Argentina, Australia, Africa, Asia.

**FINANCIAL SERVICES DEPARTMENT**

- 1963 USA Bermuda Insurance.  
1972 Summit National Life Insurance, Akron, Ohio  
1973 Cargill Leasing Corp.  
- U.K. Several services.

APPENDIX B. CARGILL'S MANAGEMENT, BOARD OF DIRECTORS.

The following are directors of Cargill, Incorporated. (1987)

Name	Office Held
Whitney MacMillan	Chairman of the Board and Chief Executive Officer Walter B. *Responsible for corporate strategy, controls, finance, law, research.
Walter B Saunders	*Geographic supervision of Europe and Africa Vice Chairman of the Board *Responsible for commodity trading and marketing, transportation, public affairs.
James R. Spicola	*Geographic supervision of North America President and Chief Operation Officer *Responsible for Oilseed processing, milling, industrial activ., financial services and safety.
Heinz F. Hutter	*Geographic supervision of Southeast Asia Executive Vice President and Chief Administrative Officer *Responsibilities unknown.
James A. Howard	*Geographic supervision of Latin-America Executive Vice President. *Responsible for Com. Mark. Div., Tradax, Cargill Canada.
Gerald M. Mitchell	Executive Vice President. *Responsible for Excel; citrus, Flour milling, Poultry
B.S. Jaffray	Senior Vice President, Finance and Treasurer
John McGrory	Senior Vice President and General Counsel
William Pearce	Senior Vice President, Corporate Affairs.
W.Duncan MacMillan	President of Waycrosse, Inc
D.J. Berkley	Vice President and Controller.
Other high management:	
Hank van Veen	Group-vice president Oilseed Processing
Verett MacLennan	Group-vice president Trading Carg. Investor Services, Cocoa, Coffee, Fibers, Wool, Metals, Rubber, Tropical Com.
Don Leavenworth	Group-vice president Corn Milling, Corn milling, peanuts, Corporate Transportation
Daniel R Huber	Group vice president Commodity Marketing Flourmilling, Fertilizer div.
Reitze van Giffen	Group vice president Multiseed Processing
Guillaume Bastians	Corporate vice president production and technical development
Hubertus P Spierings	President Cargill Gestion SA
R. Murray	President Cargill Europe.

Source Prospectus 1987, Baking & Milling News, 1987.