

Argentina alleges serious tax avoidance by food compa...

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As the [Guardian reports](#):

The world's four largest grain traders, responsible for the vast majority of global corn, soya and wheat trading and processing, have been accused of large-scale tax evasion in a landmark series of cases being brought against them by the Argentinian government.

In an interview with the Guardian, Ricardo Echegaray, the head of Afip, the country's revenue and customs service, has given a detailed account of the charges his department is bringing against ADM, Bunge, Cargill and Dreyfus.

"These companies have gone into criminality," Echegaray said. "2008 was when agricultural commodities prices spiked and was the best year for them in prices, yet we could see that the companies with the biggest sales showed very little profit in this country."

The Guardian has learned from separate sources that Afip is seeking to claim \$476m (£290m) for what it says are unpaid tax and duties from Bunge, \$252m from Cargill and \$140m from Dreyfus. The companies have all denied all the allegations and have said they will defend themselves vigorously.

As they continue:

Echegaray said he had begun investigating [Argentina](#)'s large business taxpayers towards the end of 2008, cross-checking information given to his authorities with that from other countries where their exports were destined, by making use of tax information exchange treaties — some of which have been newly signed. He also cross-checked declarations made to Argentinian customs with corporate income tax returns.

He said he had evidence from his detailed inquiry that all four traders had submitted false declarations of sales and routed profits through tax havens or their headquarters, in contravention of Argentinian tax law.

He also alleged they had on occasion used phantom firms to buy grain. He further alleged that they had inflated costs in Argentina to reduce taxable profits or claim tax credits there.

The Afip inquiry has focused on the traders' sales to [Uruguay](#), among other low-tax jurisdictions.

Echegaray said Bunge had set up an office in the tax-free zone of Montevideo through which it began routing its exports after 2007, from which point it declared no gains in Argentina. He alleged his checks had revealed that Bunge employed only a handful of people in Uruguay's capital, and that it had no real imports or exports from that office other than small items for those staff. Bunge was expelled from the Argentine exporters' register last week.

I hope I'll be forgiven for quoting at length, but this is important. Of course it is important to note that all the companies deny the allegations, and I do that. However, the pattern of trading that it is suggested that they are using is classic transfer pricing abuse.

I, the Tax Justice Network and others outline this time and again and are repeatedly told no such thing happens.

We do not believe no such thing happens. We believe it is commonplace the world over.

We believe that considerably greater transparency in the form of country-by-country reporting is required to tackle this issue (see briefing sheets page on this site).

We believe a more aggressive attitude by tax authorities is needed.

The case brought by Argentina is very welcome even if unproven: the challenge on the abuse made available by tax havens at cost to legitimate governments and their people has to be at the forefront of action to sustain democracy, beat poverty and support well being for ordinary people the world over.