

RESOLUTION 2
ENSURING COMPETITION FOR SEED AND CROP PROTECTION PRODUCTS

- WHEREAS:** Global Agribusiness Bayer has offered to purchase another Global Agribusiness, Monsanto;
- WHEREAS:** A compilation of agriculture statistics indicates that in 2010, 46% of Canola grown in Canada was Liberty Link (Bayer) 47% was Roundup Ready (Monsanto), 6% was Clearfield (BASF). Based on those statistics, seed and the related pesticides sales on approximately 93% of Canola grown in Canada could conceivably belong to a merged Bayer/Monsanto company;
- WHEREAS:** Competition encourages research, more choices on seed and crop protection products and lower prices, which is better for primary producers as well as consumers;
- WHEREAS:** Section 90.1 (1) (a) of the *Competition Act* states:
If, on application by the Commissioner, the Tribunal finds that an agreement or arrangement — whether existing or proposed — between persons two or more of whom are competitors prevents or lessens, or is likely to prevent or lessen, competition substantially in a market, the Tribunal may make an order

(a) prohibiting any person — whether or not a party to the agreement or arrangement — from doing anything under the agreement or arrangement.

THEREFORE BE IT RESOLVED

THAT ALBERTA’S AGRICULTURAL SERVICE BOARDS REQUEST THAT Alberta Agriculture and Forestry, Agriculture and Agri-Food Canada and the Administrative Tribunals Support Service of Canada work cooperatively to ensure a merger between Bayer and Monsanto is either prevented, or allowed only in a manner which assures competition of agricultural seeds and crop protection products remains.

SPONSORED BY: Municipal District of Smoky River No.130

MOVED BY: _____

SECONDED BY: _____

CARRIED: _____

DEFEATED: _____

STATUS: Provincial and Federal

DEPARTMENT: Alberta Agriculture and Forestry, Agriculture and Agri-Food Canada and the Administrative Tribunals Support Service of Canada

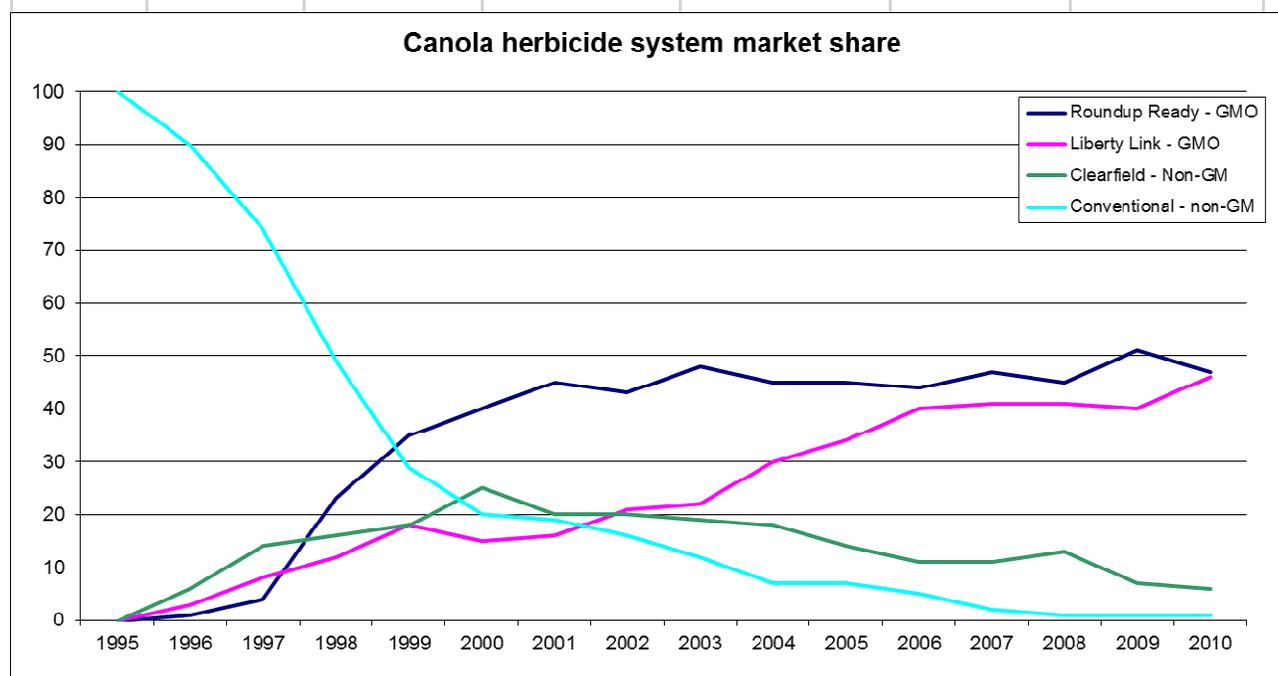
Background Information:

Estimated acreage and percentage of HT and conventional canola in Canada - updated December 3, 2010

Source: Provincial databases, seed company information, surveys and Statistics Canada.

Year	Total Acres Harvested (000)	Total Production (000 tonnes)	Roundup Ready (transgenic; herbicide tolerant)	Liberty (transgenic; herbicide tolerant)	Clearfield (not transgenic; herbicide tolerant)	Conventional
			% of acres			
1995	13,200	6,436	0	0	0	100
1996	8,800	5,056	1	3	6	90
1997	12,000	6,266	4	8	14	74
1998	13,500	7,588	23	12	16	49
1999	13,700	8,798	35	18	18	29
2000	11,995	7,086	40	15	25	20
2001	9,601	5,062	45	16	20	19
2002	7,060	3,577	43	21	20	16
2003	11,600	6,669	48	22	19	12
2004	12,200	7,728	45	30	18	7
2005	12,980	9,660	45	34	14	7
2006	12,946	9,100	44	40	11	5
2007	15,511	9,529	47	41	11	2
2008	16,048	12,643	45	41	13	1
2009	15,755	12,417	51	40	7	1
2010	16,097	11,866	47	46	6	1

* Numbers may be slightly off due to rounding.



Saskatchewan Agriculture statistic taken from the June 14, 2013 Western Producer Article “Are Clearfield canola’s struggles over?”

“Other estimates are lower than that. Saskatchewan Agriculture says the Clearfield system captured 2.4 percent of the 6.86 million insured canola acres in that province in 2012, followed by Roundup Ready at 42.4 percent and LibertyLink at 55 percent.”

Current Status of Herbicide Tolerance

From: The International Service for the Acquisition of Agri-Biotech Applications

<http://isaaa.org/resources/publications/pocketk/10/default.asp>

From 1996 to 2014, HT crops consistently occupied the largest planting area of biotech crops. In 2014 alone, HT crops occupied 102.6 million hectares or 57% of the 181.5 million hectares of biotech crops planted globally. The most common are the glyphosate and glufosinate tolerant varieties.

From: Genetically Engineered Crops in the United States USDA report #162 February 2014

<http://www.ers.usda.gov/media/1282246/err162.pdf>

Three crops (corn, cotton, and soybeans) make up the bulk of the acres planted to GE crops. U.S. farmers planted about 169 million acres of these GE crops in 2013, or about half of total land used to grow crops. Herbicide-tolerant (HT) crops have traits that allow them to tolerate more effective herbicides, such as glyphosate, helping adopters control pervasive weeds more effectively. U.S. farmers used HT soybeans on 93 percent of all planted soybean acres in 2013. (page 5)

*HT corn accounted for 85 percent of corn acreage in 2013, and HT cotton constituted 82 percent of cotton acreage. Farmers planted insect-resistant (Bt) cotton to control pests such as tobacco budworm, cotton bollworm, and pink boll-worm on 75 percent of U.S. acreage in 2013. Bt corn—which controls the European corn borer, the corn rootworm, and the corn earworm—was planted on 76 percent of corn acres in 2013. The adoption of Bt crops increases **yields** by mitigating yield losses from insects. However, empirical evidence regarding the effect of HT crops on yields is mixed. Generally, stacked seeds (seeds with more than one GE trait) tend to have higher yields than conventional seeds or than seeds with only one GE trait. GE corn with stacked traits grew from 1 percent of corn acres in 2000 to 71 percent in 2013. Stacked seed varieties also accounted for 67 percent of cotton acres in 2013. (page 6)*

On a global scale, approximately 420 million acres of GE crops were planted in 28 countries in 2012 (International Service for the Acquisition of Agri-biotech Applications, 2012). U.S. acreage accounted for approximately 41 percent of acres planted with GE seed, Brazil accounted for 21 percent, Argentina for 14 percent, Canada for 7 percent, India for 6 percent, and China, Paraguay, South Africa, and Pakistan each for roughly 2 percent. (page 9)

Roundup Ready Soybeans

Today, over 60% of soybean acres in Eastern Canada are planted using the Roundup Ready system.

Source: Monsanto.ca <http://www.monsanto.ca/products/Pages/RoundupReadySoybeans.aspx>

large corporations, many of them multinational conglomerates, who possessed the resources and scientific personnel to achieve scale economies in R&D, and to support the regulatory process associated with HT and IR crop varieties.

In the United States, Monsanto placed an early emphasis on GM trait development and anticipated licensing them to other companies. Pioneer had acquired a large library of corn germplasm and had obtained access to significant soybean germplasm through a major acquisition and set out to obtain licenses to use GM traits developed by others, including Monsanto. However, by 2000, both of these companies had reversed courses. Monsanto then purchased large amounts of corn, cotton, and soybean germplasm so as to be able to market its traits directly in its own plant germplasm. Pioneer started looking for new partners in GM trait development and slowly started building expertise in GM trait development.

Monsanto remains the clear leader in biological event trait crop variety developments for cotton, soybean, corn, and canola that are approved for commercial sale to farmers. Bayer CropScience is second, and Syngenta, Dow AgroScience, and Pioneer-DuPont have been less important in new trait development. However, in hybrid corn variety sales, Monsanto and Pioneer-DuPont are the leaders, and in soybean sales, Pioneer-DuPont is the leader. Monsanto's biotech events for GM traits have been successfully transferred to crop varieties grown by farmers in Argentina, Brazil, China, and India. Chinese scientists have been successful in developing a few new GM crop varieties. Also, China seems set to make rapid advances in approving new GM crops for planting by farmers, including GM corn, rice, and wheat. India, with the assistance of Monsanto, has developed GM cotton varieties that are widely sold there.

References

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Bayer clinches Monsanto with raised US\$66 billion bid

Regulatory sell-off expected for some canola, soybean assets

By [greg-roumeliotis](#), [Ludwig Burger](#)

Published: September 14, 2016

New York/Frankfurt / Reuters — German drugs and crop chemicals company Bayer has won over U.S. seeds firm Monsanto with an improved takeover offer of US\$66 billion including debt, ending months of wrangling after increasing its bid for a third time.

The \$128 a share deal announced on Wednesday, up from Bayer's previous offer of \$127.50 a share, is the biggest of the year so far and the largest cash bid on record (all figures US\$).

The transaction will create a company commanding more than a quarter of the combined world market for seeds and pesticides in a fast-consolidating farm supplies industry.

However, competition authorities are likely to scrutinise the tie-up closely, and some of Bayer's own shareholders have been critical of a takeover plan which they say is too expensive and risks neglecting the company's pharmaceutical business.

"Bayer's competitors are merging, so not doing this deal would mean having a competitive disadvantage," said Markus Manns, a fund manager at Union Investment, one of Bayer's top 12 investors, according to ThomsonReuters data.

He said few people had expected a deal to be agreed at less than \$130 a share, but that there were regulatory risks and the acquisition would also leave Bayer with less scope to invest in healthcare, where rivals are consolidating too.

The transaction includes a break fee of \$2 billion that Bayer will pay to Monsanto should it fail to get regulatory clearance. Bayer expects the deal to close by the end of 2017.

The details confirm what a source close to the matter told Reuters earlier.

At 2:30 p.m. GT, Bayer shares were up 2.4 per cent at 95.52 euros (C\$141.07). Monsanto's were up 0.7 per cent at \$106.80 (C\$140.60).

Baader Heleva Equity Research analyst Jacob Thrane, who has a "sell" rating on Bayer shares, said the German company was paying 16.1 times Monsanto's forecast core earnings for 2017, more than the 15.5 times ChemChina agreed to pay for Swiss crop chemicals firm Syngenta.

He also said there was uncertainty over what the combined company would look like as regulators might demand asset sales.

Some analysts said the deal could face a rough ride from U.S. politicians opposed to a key supplier of U.S. agriculture falling into foreign hands and from farmers concerned a reduction in competition could lead to higher prices.

Bayer said it needed approval from antitrust authorities in 30 jurisdictions, but its initial feedback from both regulators and politicians was encouraging.

The German firm said it expected the deal to boost core earnings per share in the first full year following completion, and by a double-digit percentage in the third year. It is targeting \$1.2 billion in annual cost synergies and \$300 million in sales synergies after three years.

One-stop shop

Bayer's move to combine its crop chemicals business, the world's second largest after Syngenta, with Monsanto's industry leading seeds business, is the latest in a series of major tie-ups in the agrochemicals sector.

The German company is aiming to create a one-stop shop for seeds, crop chemicals and computer-aided services to farmers.

That was also the idea behind Monsanto's swoop on Syngenta last year, which the Swiss company fended off, only to agree later to a takeover by China's state-owned ChemChina.

Elsewhere, U.S. chemicals giants Dow Chemical and DuPont plan to merge and later spin off their respective seeds and crop chemicals operations into a major agribusiness.

“The combined business will be ideally suited to cater to the requirements of farmers... because we have equal and meaningful strength in both crop protection, seeds and traits, and digital and analytical tools,” Bayer CEO Werner Baumann said on a call with analysts.

The deal will be the largest ever involving a German buyer, beating Daimler’s tie-up with Chrysler in 1998, which valued the U.S. carmaker at more than \$40 billion. It will also be the largest all-cash transaction on record, ahead of brewer InBev’s \$60.4 billion offer for Anheuser-Busch in 2008.

Bayer said it was offering a 44 per cent premium to Monsanto’s share price on May 9, the day before it made its first written proposal.

It plans to raise \$19 billion to help fund the deal by issuing convertible bonds and new shares to its existing shareholders.

It also said BofA Merrill Lynch, Credit Suisse, Goldman Sachs, HSBC and JP Morgan had committed to providing \$57 billion of bridge financing and that it was targeting an investment grade credit rating after completion of the deal.

Bayer and Monsanto were in talks about a possible tie-up as early as March, which culminated in Bayer’s initial \$122 per-share proposal in May.

Antitrust experts have said regulators will likely demand the sale of some soybeans, cotton and canola seed assets as a condition for approving the deal.

The two companies said their merged agriculture business would have its global seeds and traits and North American commercial headquarters in Monsanto’s U.S. home base of St. Louis. The merged global crop protection and overall crop science headquarters would be in Monheim, Germany, while the combined company’s “digital farming” activities would be based in San Francisco.

The two companies said they would also keep “an important presence” in Durham, North Carolina — the current home base for Bayer CropScience in the U.S. — and in “many other locations throughout the U.S. and around the world.”

Bayer CropScience’s Canadian operations are based in Calgary, with seed breeding operations in Saskatoon, seed processing at Lethbridge and formulation and distribution facilities in Regina.

Monsanto's Canadian business, meanwhile, is based in Winnipeg, with production facilities at Lethbridge and Cranbrook, B.C., research farms at Edmonton, Saskatoon and Yorkton, Sask., research facilities at Guelph, London, Ont. and Oakville, Man., a seed breeding operation at Carman, Man. and a corn and soy distribution centre at Tillsonburg, Ont.

Both Monsanto and Bayer CropScience also maintain Canadian regulatory offices in Ottawa and operation centres for Eastern Canada at Guelph.

— *Reporting for Reuters by Greg Roumeliotis in New York and Ludwig Burger in Frankfurt; additional reporting by Arno Schuetze and Christoph Steitz. Includes files from AGCanada.com Network staff.*

Bayer Monsanto Merger Serious Concern for Canola Farmers

JOINT STATEMENT- Alberta Canola Producers Commission

Bayer Monsanto Merger Serious Concern for Canola Farmers

The proposed merger between Bayer and Monsanto has the potential to significantly reduce competition and stifle innovation for canola farmers.

Winnipeg, Manitoba – September 19, 2016 The recent announcement of a merger agreement between Bayer and Monsanto is a cause of serious concern to Canada's canola farmers. The merger would combine two leading players in Canada's agriculture industry, significantly reducing competition and consolidating market share in the canola seed, trait and crop protection business.

Canola is an extremely important crop to the long-term economic and environmental sustainability of 43,000 Canadian grain farms. Canola farmers are especially concerned about the effect of the merger on the offerings that will be available to them in the future. A reduction in competition could potentially increase crop input prices, curtail product choice and diminish the incentive for future innovation in canola seed and chemistry.

The *Competition Act* and its enforcement agency, the Competition Bureau, have established review procedures for determining the impact that proposed corporate mergers will have on competition in a sector of the economy. The regulator has the power to impose actions, conditions or require divestitures in a merger agreement to ensure competition is not substantially lessened.

Associations representing canola farmers at provincial and national levels, call for a timely and rigorous review by the regulator of the merger's impact on competition in the canola sector in general, and more specifically at the farm gate. The associations will work with the regulator to ensure canola farmers' concerns are voiced and that the impact of the merger on canola farmers is fully understood.

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