

April 25, 2017

Senator Charles Grassley
Chairman, Senate Judiciary Committee
224 Dirksen Senate Office Building
Washington, D.C., 20510

Senator Dianne Feinstein
Ranking Member, Senate
Judiciary Committee
332 Hart Senate Office Building
Washington, D.C., 20510

Senator Mike Lee
Chairman, Subcommittee on Antitrust,
Competition Policy and Consumer Rights
361A Russell Senate Office Building
Washington, D.C., 20510

Senator Amy Klobuchar
Ranking Member, Subcommittee
on Antitrust, Competition Policy
and Consumer Rights
302 Hart Senate Office Building
Washington, D.C., 20510

Dear Chairman Grassley, Ranking Member Feinstein, Senator Lee, and Senator Klobuchar:

We are a group of 80 farmer, consumer, and environmental groups deeply concerned about growing concentration in the agricultural products sector and, in particular, about the proposed merger of Monsanto Company and Bayer AG.

As you know, the merger was proposed in the fall of last year and is currently under review by the Department of Justice (DOJ).

As you consider the nomination of Makan Delrahim to lead the Antitrust Division at DOJ we urge you to ensure that he will fully and skeptically evaluate the proposed merger, devote all necessary resources to the investigation, and hold the welfare of farmers, consumers, workers, and innovation foremost in his mind as he decides whether to block the merger.

If the merger were to go through, the new corporation will be the world's largest agribusiness company. Moreover, the proposed merger is pending amidst an overall wave of consolidation in the agribusiness sector, with the Dow Chemical Co. in the midst of merging with E. I. du Pont de Nemours and Company (DuPont) and China National Chemical Corporation (ChemChina) acquiring Syngenta AG. If all three deals close, the three resulting companies would control 70 percent of the world's pesticide market. They would control 83.7 percent of the U.S. corn seed market, 85.0 percent of the cottonseed market, and 76.2% of the soybean seed market.¹

In addition, about 95 percent of all acres growing corn, soybeans, and cotton will contain a genetic trait owned by one of the Big Four companies if the merger wave goes through.² In addition, an analysis of genetically approved events shows that if the merger goes through Monsanto+Bayer will control 69 percent of all herbicide tolerance traits approved for use in the United States for alfalfa, canola, cotton,

¹ See Diane Bartz and Greg Roumeliotis, "Bayer's Monsanto acquisition to face politically charged scrutiny," Reuters, September 15, 2016; Henry Bryant, Aleksandre Maisashvili, Joe Outlaw, and James Richardson, "Effects of Proposed Mergers and Acquisitions Among Biotechnology Firms on Seed Prices," Report from Agricultural and Food Policy Center, Texas A&M, September, 2016 at p.6.

² Keith Fuglie, Paul W. Heisey, John L. King, and David Schimmelpfennig, "Rising Concentration in Agricultural Input Industries Influences New Farm Technologies," Amber Waves, USDA Economic Research Service, December 2012 at pp. 4-5.

corn, soybean, and wheat.³ In addition, Monsanto+Bayer will be the world's largest vegetable seed business for products like broccoli, green beans, carrots, and onions.⁴

Such a heavily consolidated seed and agricultural input industry makes it easier for cartel-like collusion that raises prices for farmers and other buyers and ultimately consumers all the while stifling innovation.

Even before these mergers were proposed, the outlook for American farmers has been deteriorating. A recent report from the Kansas City Fed warned:

Since 2013, profit margins have dropped precipitously for corn, soybeans, wheat, and cotton. The outlook for the farm economy has continued to worsen through 2016, despite some occasional rebounds in income and profit margins. As 2016 winds down, there will be increasing focus on the outlook for 2017 and likely more questions about the ability of some producers to continue to operate after experiencing losses for multiple consecutive years.⁵

Unless DOJ and Mr. Delrahim take this perilous situation seriously and act to block the merger, by the end of this year, four companies may control seed and chemical pricing and dictate all innovation in farming.

A number of studies have concluded that these mergers will very likely mean higher prices for farmers – putting the squeeze on their already slim profit margins. One study, from Texas A&M, indicated that just one of those mergers – Bayer and Monsanto – would drive up cotton seed prices by as much as 18%.⁶

Moreover history shows that concentration in the seed market is not beneficial to either farmers, consumers, workers, or innovation. In 1996 there were 600 independent seed companies; this number dropped to 100 by 2009.⁷ This concentration resulted in crop seed prices more than doubling relative to the prices farmers received for commodity crops between 1994 to 2010.⁸

In addition to these substantive concerns, we are very worried about reports that President Trump met with the CEOs of Monsanto and Bayer, who sought his approval of the merger. According to the President's Press Secretary Sean Spicer, the CEOs promised jobs and investments if the merger were approved.⁹ After they met with the President to discuss their proposed merger, *The Wall Street Journal* reported that investors had come to the conclusion that the president supports the merger. "They've been managing it in a smart manner," Fabrice Theveneau of Lyxor Asset Management, a Bayer shareholder, told the *Journal*. "If you can get access to the 'Big Man' directly, it obviously helps."¹⁰

³ See GM Approval Database, International Service for the Acquisition of Agri-biotech Applications

⁴ See ETC Group, "Mega-Mergers in the Global Agricultural Inputs Sector: Threats to Food Security & Climate Resilience," Presentation to UN Committee on World Food Security, September, 2015 at p. 19.

⁵ Nathan Kauffman, "U.S. Farm Economy Slumps into the Fourth Quarter," Federal Reserve Bank of Kansas City, September 28, 2016.

⁶ See Texas A&M Report, *supra* note 1.

⁷ Matthew Wilde, "Independent Seed Companies A Dying Breed," *The Courier*, May 31, 2009.

⁸ Keith O. Fuglie, Paul W. Heisey, John L. King, Carl E. Pray, Kelly Day-Rubenstein, David Schimmelpfennig, Sun Ling Wang, and Rupa Karmarkar-Deshmukh, "Research Investments and Market Structure in the Food Processing, Agricultural Input, and Biofuel Industries Worldwide," USDA Economic Research Service, ERR-130, December 2011, at p. 19.

⁹ "Bayer to boost U.S. jobs, investments amid Monsanto deal: Trump spokesman," Reuters, January 17, 2017.

¹⁰ Christopher Alessi, "Trump Backing for Bayer's Monsanto Deal Buoy Investors," *The Wall Street Journal*, February 20, 2017.

These meetings have raised serious ethical concerns,¹¹ and we urge you to clarify with Mr. Delrahim how he will handle the possibility of unwarranted political interference with a law enforcement matter and maintain the credibility of the Antitrust Division.

Thank you for your attention to our concerns.

Alliance for Democracy
All-Creatures.org
Association for the Tree of Life
American Bird Conservancy
Animals are Sentient Beings, Inc.
Baltimore Lutheran Campus Ministry
Bold Visions Conservation
Californians for Alternatives to Toxics
Center for Biological Diversity
Center for Environmental Health
Center for Food Safety
Center for Sustainable Medicine
Central Maryland Beekeepers Association
Citizens for GMO Labeling
Colorado Pesticide Reform Coalition
Community Agroecology Network
Connecticut Families Against Chemical Trespass
Corporations v Democracy National Issue Committee of Women's International League for Peace & Freedom - US Section
Crawford Stewardship Project
Cuatro Puertas
DC Environmental Network
Dogwood Alliance
Earth Open Source Institute
Ecological Farming Association
Endangered Species Coalition
Experimental Farm Network
Fair World Project
Farm and Ranch Freedom Alliance
Farmworker Association of Florida
Food Democracy Now!
Food and Water Watch
Friends of the Earth Australia
Friends of the Earth U.S.
Gap Mountain Goats
Global Exchange
GMO Free California
GMO Free USA
GMO Inside
Green America

¹¹ Josh Boak, "Trump's CEO meetings raise ethics questions," AP, January 14, 2017.

Humming for Bees
Illinois Right to Know GMO
Judith Schwartz, Author
Mangrove Action Project
Maryland Pesticide Education Network
Midwest Pesticide Action Center
Missouri Farmers Union
Multinational Exchange for Sustainable Agriculture
National Organization for Women of New Jersey
Northeast Organic Dairy Producers Alliance
Northeast Organic Farming Association of Massachusetts
Northeast Organic Farming Association of New York
Northeast Organic Farming Association of Vermont
Occidental Arts and Ecology Center
Organic Seed Growers and Trade Association
Organization for Competitive Markets
Pesticide Action Network North America
Pollinator Friendly Alliance
Rachel Carson Council
Raptors Are the Solution
Real Food Challenge Towson University
Rural Advancement Foundation International
Santa Cruz Permaculture
Save Our Sky Blue Waters
SAVE THE FROGS!
Sequoia ForestKeeper
Sierra Club
Slow Food USA
Soil Carbon Coalition
SumOfUs
Sustainable Arizona
Sustainable Economics Law Center
Texas Organic Farmers and Gardeners Association
The Acequia Institute
The Conscious Kitchen
The Organic & Non-GMO Report
Toxics Action Center
Turning Green
Turtle Island Restoration Network
Western Organization of Resource Councils
Wild Earth Guardians