

Five things to know about the Bayer-Monsanto deal

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Bayer's takeover of Monsanto will likely face close scrutiny as debate rages in Europe over the use of genetically modified crops

German chemicals firm Bayer on Wednesday clinched a \$66-billion deal to buy the US seeds and pesticides giant Monsanto, a high-profile takeover likely to face close scrutiny as debate rages in Europe over the use of genetically modified crops.

Here's what you need to know about the megadeal.

The aspirin maker and the GM pioneer: a brief history

Bayer was founded in Germany in 1863 as a maker of synthetic dyes for textiles before expanding into pharmaceuticals. It is still best known for making aspirin. More infamously, it briefly sold heroin in the early 20th century, marketing it as cough cure and morphine substitute.

Over the years the company grew through a series of acquisitions, becoming a drug and chemicals giant.

Today, Leverkusen-headquartered Bayer has annual revenues of more than 45 billion euros and more than 100,000 employees worldwide.

Monsanto was established by pharmacist John Queeny in 1901 in St. Louis, Missouri to produce saccharine.

By the 1940s, Monsanto was producing farm-oriented chemicals, particularly the widely used herbicide 2,4-D. Combined with another dangerous chemical, 2,4-D was used to make the notorious Vietnam War-era defoliant Agent Orange.

In 1976, it launched probably its most famous product, the weedkiller Roundup.

In the 1980s, its scientists were the first to genetically modify a plant cell. Monsanto then started buying other seed companies and began field trials of genetically modified seeds.

It eventually developed soybean, corn, cotton and other crops that were genetically engineered to be tolerant of Roundup.

Agrochemicals

The six giants in the sector

Group <i>Division</i>	Turnover <i>(billions of €)</i>
Monsanto	13.52
Syngenta	12.09
Bayer CropScience	10.37
DuPont Agriculture	8.83
BASF Agricultural Solutions	5.82
Dow Agricultural Sciences	5.75

Source: Annual figures, 2015



The agrochemical giants six giants

Today, Monsanto has annual revenues of some \$15 billion and some 25,000 employees.

Fourth time's a charm

Bayer had been actively courting Monsanto for months, but it was only after it increased its bid for a third time that Monsanto finally

succumbed.

They shook hands on an offer of \$128 a share for Monsanto, up from the \$122 per share Bayer had initially offered in May, and valuing the US company at \$66 billion.

The deal takes the crown for the largest takeover of the year, dwarfing the \$32 billion the Dublin-based pharma group Shire agreed to pay for US peer Baxalta in January.

It also marks the largest-ever takeover by a German firm.

Why was Bayer so keen?

Bayer, better known for its health products but also a prominent figure in the European agro-industry, wants to stake out a dominant position selling seeds and pesticides to farmers around the world.

It says "innovative" agriculture solutions are needed to feed the world's nine billion people by 2050, and it hopes to build on Monsanto's market-leading line in [genetically modified](#) crop seeds in the US.

Bayer was also lured by Monsanto's data analytics business known as Climate Corp, which provides farmers with precise data about their crops, a service Bayer believes will become increasingly sought-after.

Additionally, the industry has recently seen a lot of consolidation, meaning Bayer has to become a bigger player if it does not want to get left behind.



There are concerns the latest mega-merger in the agrochemicals sector could put too much power in the hands of just a few players, pushing up prices for farmers

Why is Monsanto so controversial?

Many consumers and environmental campaigners, especially in Europe, have not accepted the use of [genetically modified organisms](#).

They say GM seeds are dangerous to introduce to the farm and food system generally, and foods produced from GM crops could turn out unsafe to eat.

Monsanto has also come under fire in Europe over the possible health risks of its glyphosate-based herbicide Roundup, suspected of being a carcinogen.

What does the deal mean for farmers and consumers?

Well, it's not a done deal yet. The takeover is still subject to regulatory approval and will likely be closely scrutinised on both sides of the Atlantic.

Already there are concerns the latest mega-merger in the sector could put too much power in the hands of just a few players, pushing up prices for farmers.

The industry has already seen a tie-up of Swiss-based Syngenta with ChemChina, while US companies Dow and DuPont are also planning to merge.

The three giants born of these mergers would control two-thirds of the global market for seeds and pesticides.

The Bayer-Monsanto deal will also face strong opposition from environmental groups, with Friends of Earth calling it a "marriage made in hell".

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