

Some farmers worry Monsanto merger will drive up costs

September 14 2016, by Jim Salter



This Aug. 31, 2015, file photo, shows the Monsanto logo on display at the Farm Progress Show in Decatur, Ill. German drug and farm chemical company Bayer AG said it has signed a deal Wednesday, Sept. 14, 2016, to acquire seed and weed-killer company Monsanto for about \$66 billion in cash. (AP Photo/Seth Perlman, File)

Bayer's buyout of St. Louis-based Monsanto has agricultural groups and farmers concerned that the merger will lead to higher prices for seed and

crop protection products, though some experts are confident the deal will be good for farmers.

Monsanto produces seeds for fruits, vegetables and crops, such as corn, soybeans, and cotton, and is the world's largest seed supplier, including genetically modified seeds. The company also makes a variety of products to protect crops from pests, disease and weeds; its Roundup line is the world's best-selling weed killer.

Bayer makes several brands of [crop protection](#) chemicals used to kill weeds, insects and fungal diseases, including Liberty herbicides and Movento brand insecticides.

Different stakeholders have different takes on what Wednesday's buyout will mean:

THE COMPANIES

Farmers will benefit from the combination of expertise that will emerge, officials from Monsanto and Bayer said, citing the possibilities of a combined research and development team that will be able to "accelerate innovation."

Hugh Grant, chairman and CEO of Monsanto, said the ag industry is entering an era with challenges "that demand new, sustainable solutions and technologies to enable growers to produce more with less," and the merger will help do that.

ANALYSTS

Prices for seeds and crop protection will remain low because the farm economy simply won't allow for higher prices, according to Juli Niemann of Smith Moore in St. Louis said

"Everything is about cost right now because the farm industry is in the tank," Niemann said. "They (farmers) are getting very low prices for the huge amount of crop rolling in. Farmers aren't making any money and you don't start increasing the price of seeds when nobody is making any money."

Macquarie Securities in New York said the merger will create a structure that will help farmers optimize crop yields.

FARM GROUPS

Some organizations that advocate for farmers worry reduced competition will force up prices on necessary products.

National Farmers Union president Roger Johnson said in a statement that the deal marks the fifth major agribusiness merger in the past year.

More than 250 members of the organization are in Washington this week to meet with members of Congress and Agriculture Secretary Tom Vilsack, raising concerns that such deals will result in higher costs of seed and fertilizer at a time when farmers are already struggling.

"We will continue to express concern that these mega-deals are being made to benefit the corporate boardrooms at the expense of family farmers, ranchers, consumers and rural economies," Johnson said.

FARMERS

Blake Hurst, who farms 6,000 acres of corn and soybeans near the northwest Missouri town of Tarkio, wonders whether less competition will mean higher prices for seeds and herbicides.

"I think [farmers](#) are always concerned when mergers occur that there will be upward pressure on prices," said Hurst, who is also president of the Missouri Farm Bureau Federation, which hasn't taken a stand on the merger. "I'm more worried about what it will mean for innovation in agriculture.

"I think a larger, more bureaucratic firm may be slower to respond in innovation, and we need progress in our seeds and crop protection."

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