

Bayer, Monsanto on cusp of marriage after US green light (Update)

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US authorities said German pharmaceutical giant Bayer and US conglomerate Monsanto can proceed with their merger after executing \$9 billion in divestitures

Nearly two years after unveiling their proposed merger, German chemicals firm Bayer and US agricultural giant Monsanto are on the cusp of finalizing the deal following conditional US government approval.

The Justice Department's antitrust division Tuesday announced it was ready to approve the massive transaction once the two companies break

off key units where they overlap. The government said the \$9 billion in divestitures was necessary to address competition concerns.

"This comprehensive structural solution to significant horizontal and vertical competition concerns—the largest merger divestiture ever required by the United States—preserves competition in the sale of these critical agricultural products and protects American farmers and consumers," assistant attorney general Makan Delrahim said.

The mandated asset sales cover areas of overlap between the two companies including Bayer's cotton, canola, soybean and vegetable seed business and a Bayer herbicide that competes with Monsanto's Roundup product.

The companies also must sell key intellectual property and research programs to address competitiveness worries.

"Without the agreed-to divestitures, the proposed merger would likely result in higher prices, lower quality, and fewer choices across a wide array of seed and crop protection product," the US agency said.

"Under the terms of the proposed settlement, Bayer must divest those Bayer businesses that compete with Monsanto today."

The German company, which has been chasing approval from antitrust regulators on both sides of the Atlantic ever since it launched the bid in September 2016, cheered the announcement.

"Receipt of the DOJ's approval brings us close to our goal of creating a leading company in agriculture," Bayer CEO Werner Baumann said in a statement.

Monsanto, contacted by AFP, sent Bayer's statement.

The settlement still must win approval from a US court. The agreement also is subject to public comment under US government administrative procedures.

BASF deal approved

The EU approved the buyout, which is to create the world's biggest integrated pesticide and seeds company, in March.

Bayer was previously told by competition authorities, including the European Commission, to sacrifice existing activities in seeds and pesticides worth 7.6 billion euros (\$8.8 billion) to homegrown rival BASF in exchange for approval of the Monsanto deal.

That means there will be less overlap and fewer savings when Bayer assumes the US firm's product range of genetically-modified seeds and compatible pesticides.

The EU Commission said separately on Tuesday that it approved BASF as a suitable buyer for the assets.

Environmentalists are unhappy with the deal, fearing it will give too much power to the world's leading manufacturers of GMOs and the controversial weedkiller glyphosate.

When launching the bid, Bayer said it would not introduce genetically modified crops in Europe. The deal was part of a wave of consolidation in agriculture that included combinations between Dow Chemical and DuPont and ChemChina and Syngenta.

Prior to the US announcement, Bayer had received approval from numerous other regulators, including in China and Brazil.

Shares of Monsanto rose 0.7 percent to \$127.38, a rare gainer in a down day for global stocks.

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