

Bayer pays \$10 bn to settle weedkiller cancer cases

24 June 2020, by Michelle Fitzpatrick



Roundup weedkiller. The deal relieves a major headache for Bayer, going on since it bought US firm and Roundup maker Monsanto for \$63 billion in 2018

German chemical giant Bayer said on Wednesday it had agreed to pay more than \$10 billion to end a wave of lawsuits from Americans who say their cancers were caused by its Roundup weedkiller.

The deal relieves a major headache for Bayer, which has been going on since it bought US firm and Roundup maker Monsanto for \$63 billion in 2018.

"The Roundup settlement is the right action at the right time for Bayer to bring a long period of uncertainty to an end," said CEO Werner Baumann in a statement.

At the same time Bayer announced it had also agreed separate multi-million-dollar payouts to resolve longstanding legal issues involving other Bayer products, as the group tries to turn the page on its courtroom dramas.

Bayer's share price climbed nearly six percent to 74.06 euros in after-hours trading following the

surprise announcement.

The Roundup deal would bring closure to around 75 percent of current litigation that involves roughly 125,000 filed and unfiled claims, the statement said.

It would also settle about 95 percent of the cases currently set for trial and establish "key values and parameters" to resolve the remainder of the claims, Bayer added.

'Hard-fought battle'

Roundup is a flagship Monsanto product containing glyphosate, a widely used weedkiller that tens of thousands of plaintiffs say caused their illness—with many suffering from the blood cancer non-Hodgkin's lymphoma.

Bayer suffered a clutch of financially painful setbacks in first-instance US court rulings last year, although the amounts awarded were later reduced.

The legal woes have weighed heavily on the group's share price with many observers and investors questioning the wisdom of the Monsanto takeover.

Jennifer Moore, a lawyer representing several Roundup plaintiffs, welcomed the deal.

"This settlement is significant for our clients because this has been a long, hard-fought battle and it brings justice for our clients," she told AFP.

Bayer maintains that scientific studies and regulatory approvals show Roundup's main ingredient glyphosate is safe, but said when it released first-quarter earnings data in April that it "continues to engage constructively in the mediation process".

The settlement announced on Wednesday consists

of a payment of \$8.8 billion to \$9.6 billion to resolve the current Roundup litigation, Bayer said, and \$1.25 billion to address potential future litigation.

"All three settlements are in the best interest of the company and our stakeholders," said supervisory board chairman Norbert Winkeljohann.

Bayer stressed that the agreement would not cover three cases currently going through the appeals process. © 2020 AFP

They include the landmark first Roundup case brought by school groundskeeper Dewayne Johnson who was eventually awarded \$78.5 million.

Dicamba deal

In the same statement, Bayer said it would pay \$820 million to settle decades-old complaints over Monsanto-made toxic chemicals known as PCBs that caused water contamination.

It also agreed to settle US lawsuits involving dicamba herbicide which has been blamed for wrecking crops in America, by drifting on to plants unable to resist it.

The group said it would pay up to \$400 million to resolve pending claims in Missouri for the 2012-2015 crop years.

Bayer said it expects co-defendant BASF—which also manufactures a type of dicamba—to contribute towards the settlement.

It comes after a US jury in February awarded \$265 million to Missouri peach farmer Bill Bader who accused the two companies of encouraging farmers to use the weedkiller irresponsibly.

Bayer said the Bader case was not included in the proposed settlement.

"The company believes the verdict in Bader Farms is inconsistent with the evidence and the law and will continue to pursue post-trial motions and an appeal, if necessary," it said.

Bayer said it would make the first cash payments related to the mass settlements starting this year. Part of the funds will come from the sale of its profitable animal health unit.

APA citation: Bayer pays \$10 bn to settle weedkiller cancer cases (2020, June 24) retrieved 19 September 2020 from <https://phys.org/news/2020-06-bayer-bn-roundup-cancer.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.