

# Deere, Monsanto cancel planter deal, averting antitrust trial

Federal government claimed transaction would have reduced competition in high-speed planters

By MATEUSZ PERKOWSKI  
Capital Press

One month before a federal antitrust trial was to begin, Monsanto Co. has ended the litigation by halting the sale of its high-speed planter subsidiary to the John Deere Co.

The U.S. Department of Justice filed a lawsuit last year seeking to block the transaction between Monsanto and Deere, which the government

argued would impair competition in the high-speed planter market.

In 2015, Monsanto agreed to sell its Precision Planting business for \$190 million to Deere, which now equips its machinery with a rival high-speed planting system.

The federal government claimed the purchase would eliminate Precision Planting as a competitor for Deere, giving it control over 86 percent of the market for high-speed planters.

Precision Planting had posed a threat to Deere because farmers could retrofit their existing planters with its technology rather than buying new high-speed machinery, according to DOJ's antitrust division.

Monsanto's subsidiary also leased the technology to Deere's competitors in the machinery industry, the government claimed.

According to Deere and Monsanto, however, the DOJ's lawsuit was largely filed at the behest of rival manufacturers CNH Industrial and Kinze Manufacturing, which feared the deal would actually increase competition in the planter market.

Precision Planting's technology would gain greater distribution through Deere's retail outlets and would be leased to another firm, Ag Leader, which would manufacture and improve the planting equipment, the defendants argued.

The defendants also claimed the federal govern-

ment's definition of "high-speed planting systems" was vague and ambiguous, as there isn't a distinct market for such equipment.

The companies defended themselves against the DOJ's lawsuit for eight months, most recently participating in a final conference before a trial that was set to begin on June 5 in Chicago.

At the pretrial conference, held April 26, U.S. District Judge Edmond Chang ruled on motions made by the parties, admitting into evidence redacted performance appraisals of several Deere executives that defendants said contained highly confidential information.

A few days later, on May 1, the federal government agreed

to drop the case because Monsanto had terminated its sale agreement with Deere.

Monsanto said it's still planning to sell the Precision Planting business, in which other parties have expressed an interest.

Deere said that it remains committed to precision agriculture technology despite the deal's breakup, noting that if the litigation had gone to trial, "we believe it would have been clear the challenge to the transaction was based on flawed assessments of the marketplace."

It's not unusual for defendants in antitrust cases to suddenly give up after initially fighting the federal government's accusations, said Peter Carstensen, a law professor

specializing in agricultural antitrust at the University of Wisconsin.

Companies typically defend such cases to get a sense of the DOJ's evidence and to test the government's willingness to settle the lawsuit, Carstensen said.

"Businesses reassess as they learn more," he said.

In this case, it's also likely that Monsanto didn't want the dispute over Precision Planting to loom over its planned merger with Bayer, a German chemical company, Carstensen said.

Critics have urged the DOJ to block that deal, arguing the combined seed-and-pesticide company would have an outsized influence on global agriculture.

# Fossil sawmill earns state loans to improve its juniper production

By ERIC MORTENSON  
Capital Press

A one-man sawmill in Fossil, Ore., that specializes in Western juniper products is the recipient of two state business loans intended to support efforts to remove the intrusive trees.

Kendall Derby, owner of the In the Sticks sawmill, was approved for loans totaling \$148,550, according to Business Oregon, the state department that administers the funding. Derby said the money is meant to increase production and jobs, and some of it is forgivable if he meets certain conditions.

Derby said he is buying a more efficient electric saw to cut juniper logs. He'll also use the money to buy logs and will purchase a better skid-steer loader to move logs and lumber.

"Oh happy days for In the Sticks," Derby said in an email. "The idea is that I can prove the market and performance of this operation in order to get added future financing from a bank or other institution."

The money comes from a fund approved by the state Legislature in 2015 and administered by Business Ore-



Eric Mortenson/Capital Press File

Kendall Derby, owner of In the Sticks sawmill in Fossil, Ore., cuts a Western juniper log in this photo from November 2014. Derby was approved for a state loan intended to support the state's juniper industry. He'll buy an improved saw setup and other equipment.

gon. The intent is to jack up juniper removal and lumber production in Eastern Oregon. Western junipers have taken over large swaths of the landscape in that part of the state and elsewhere in the West. The species is often described as a water "thief" because it robs grasses and sage of moisture. Studies have shown that removing them rapidly makes more water available for other plants. Juniper removal has emerged as a key component of rangeland conservation work, including improving habitat for greater sage

grouse. Logging and milling juniper, however, is not easy. They are often difficult to reach with logging trucks and equipment, and an infrastructure of logging roads is lacking. Derby said he had trouble getting logs this past winter.

In addition, the logs often are gnarled and difficult to cut, compared to the straight lines and size of pine or fir.

Derby and others have found a niche market in urban areas, however, where some buyers seek out specialty lumber products or ones seen as

environmentally sustainable. Juniper is naturally rot-resistant, and Derby sold posts to an organic vineyard in the Willamette Valley, for example, that didn't want posts that had been treated with a chemical preservative.

Derby said the market remains strong for other juniper products, which include landscaping timbers, beams for retaining walls and posts to support rows of wine grapes.

"It's nutso," he said. "I'm turning away customers. It's like having a business and keeping the doors locked."

# Idaho hop growers to add 1,500 acres this year

By SEAN ELLIS  
Capital Press



Sean Ellis/Capital Press

WILDER, Idaho — Idaho hop growers will add 1,500 acres this year, and there is an outside shot the state could move into the No. 2 spot in the U.S. for hop production.

Hop acres in Idaho, the nation's No. 3 hop producing state behind Washington and Oregon, have increased by large amounts every year since 2012, when they totaled 2,423.

They increased to 3,376 acres in 2013 and then 3,743 in 2014, 4,863 in 2015 and 5,648 in 2016.

Idaho growers told Capital Press they planted about 1,500 new acres this year, which would push the total number of hop acres in the state past 7,000.

With Idaho typically enjoying higher hop yields than Oregon, it's possible Idaho could move into the No. 2 spot for total production this year, said southwestern Idaho grower Mike Gooding.

"There is an outside chance Idaho may move into the No. 2 spot, ahead of Oregon," he said. "That would be something that nobody ever dreamed of 10 years ago."

According to USDA's National Agricultural Statistics Service, 7,765 acres of hops were harvested in Oregon last year. NASS will release state-level hop acreage estimates next month.

Since 2014, average hop yields in Idaho have ranged from 50 to 300 pounds per acre higher than in Oregon.

"I think over time, that's certainly a possibility," Hop Growers of America Administrator Ann George said about Idaho's chances of passing Oregon in hop production.

Idaho's string of large hop acreage increases is expected to come to an end next year because hop production is catching up with

Hops are strung for processing last September in southwestern Idaho. Idaho hop growers estimate that an additional 1,500 acres of hops were planted in the state this year.

market demand, industry leaders told Capital Press.

"I think most everybody is done after this year putting more hops in," Gooding said. "It's definitely going to slow down next year."

The huge jumps in craft beer production drove the Idaho acreage increases and while craft beer production is still healthy, growth slowed to single-digit percentages in 2016 after six straight years of double-digit growth.

Southwestern Idaho hop grower Brock Obendorf, who added a couple hundred new acres this year, believes the whole industry will slow down for a few years to see what the craft industry does.

"I think (the acreage increases are) going to come to a screeching halt because the market is going to drop off," said Obendorf, chairman of the Idaho Hop Commission. "I think there are too many acres."

Growth in the craft beer industry is still healthy, "it's just not at the meteoric pace that it was before," George said. "I would certainly see things starting to slow down. Brewers are telling us to put the brakes on."

George said early estimates, as reported at the International Hop Growers' Convention in April, are that 5,000 acres of hops will be added around the nation this year, and about 4,200 of those acres will be in the Northwest.

# Ag groups laud new USDA trade undersecretary

By CAROL RYAN DUMAS  
Capital Press

USDA Secretary Sonny Purdue is winning quick support from most in the ag community with his creation of an undersecretary for trade and foreign agricultural affairs.

The move is part of his reorganization of the agency, which is also garnering accolades from ag groups.

Many groups issued statements lauding the move, including the American Farm Bureau Federation, which said members of Congress made it clear they were eager for Purdue to create the position as required under the 2014 Farm Bill.

It's "good news for farmers and ranchers and assures that exports will receive daily attention at USDA," said Zippy Duvall, Farm Bureau president.

The American Soybean Association also registered strong support, noting the U.S. exports well over half of the soybeans produced domestically.

"That success abroad leads to success here at home, returning billions to the economy and supporting more than a million jobs," said ASA President Ron Moore.

With President Donald Trump's focus on trade, "It will be imperative to have high-level officials within the administration who understand the intricacies of global agriculture markets," he said.

Total ag exports in 2016 were nearly \$130 billion and accounted for 20 percent of the value of U.S. agricultural production. Every \$1 billion in U.S. ag exports supports about 8,000 U.S. jobs, ac-



An aerial view shows the Export Grain Terminal at the Port of Longview, Wash., on the Columbia River. Ag groups are lauding USDA Secretary Sonny Purdue's plan to appoint a new undersecretary for trade and foreign agricultural affairs.

Courtesy of Port of Longview

ording to USDA.

The National Association of Wheat Growers said the new position emphasizes the mutual importance of agriculture and trade to the U.S. economy.

"Our producers rely on trade access throughout the world. It's vital that whoever fills this new position ensures that American wheat growers are made a priority in trade negotiations," said NAWG President David Schemm.

The North American Meat Institute said USDA's trade roles have been unchanged since the last reorganization in 1978 and its trade structure is outdated.

"Over the last 40 years, the challenges that U.S. agriculture faces in global markets have increased and markedly changed from primarily tariff barriers to phytosanitary and other non-trade barriers," said NAMI President and CEO Barry Carpenter.

"USDA is now positioned to appoint an undersecretary with extensive experience in international trade negotiation and policy issues who can advocate for the importance of science-based agri-

cultural trade," he said.

Establishing an undersecretary for trade was one of National Cattlemen's Beef Association's top priorities this year.

"This position will play a vital role in leading USDA's efforts to capitalize on foreign demand for U.S. agricultural products, and we look forward to working with the undersecretary to break down barriers and expand our ability to meet the growing demand for U.S. beef in key markets like Asia," said NCBA President Craig Uden.

National Corn Growers Association said trade is more important than ever to farmers' incomes given the current farm economy and the announcement signals to farm country that the administration is listening.

"Overseas markets represent 73 percent of the world's purchasing power, 87 percent of economic growth and 95 percent of the world's customers. Now is the time for U.S. agriculture to fully capitalize on the long-term, increased global demand for our products around the world," said NCGA President Wesley Spurlock.



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marc.connolly@sulus-solar.com  
971-280-1596  
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