

Bayer buys Monsanto, creates ag giant

AP Business Writers

American seed and weed-killer company Monsanto and German medicine and farm chemical maker Bayer are combining in a deal that could help farmers produce higher yields to address challenges from global warming to rising food demand from a fast-growing global population.

Consumers could benefit from more-affordable and healthier food options as well as the companies’ using their expertise to help farmers limit their chemical use and environmental impact, company executives said Wednesday after the all-cash deal was announced.

It comes amid record harvests driving crop prices to painfully low levels for many farmers.

After four months of courtship, Leverkusen, Germany-based Bayer AG said Monsanto Co. accepted its third offer. In addition to the \$57 billion price for shareholders, Bayer is assuming \$9 billion in Monsanto debt. It will pay Monsanto shareholders \$128 per share, \$6 above its initial offer and a 44 percent premium over the St. Louis company’s closing price before rumors of a bid emerged.

Because Bayer is mainly funding the deal through debt, by selling bonds and stock, Jefferies LLC analyst Jeffrey Holford wrote to investors, Bayer’s increased debt load could limit investment in its “sub-optimal” prescription drug pipeline and its consumer health business.

The deal would create a global agricultural and chemical giant with a broad array of products.

Fitch Ratings noted the combined Bayer would have a 25 percent share in some markets, “almost certainly drawing regulatory scrutiny and posing antitrust obstacles.”

That’s because the deal combines two of the six U.S. and European companies that dominate in agrochemicals.

“It will ... create an innova-

Merger may drive up costs for farmers

ST. LOUIS (AP) — 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:

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 in northwest Missouri, 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.”

the need to reduce pollution and greenhouse gas emissions from farming operations, that is pressuring farmers to be more productive.

“It’s going to take a lot of innovation to ensure that everybody can be fed,” and the combined company will be able to speed up product improvements to help, Liam Condon, head of Bayer Crop Science, told The Associated Press.

Affordability also is an issue, Condon said, as people in many poor countries spend more than half their income on food, compared to 10 percent to 15 percent in the U.S.

Bayer and Monsanto both are well known to farmers and home gardeners. Monsanto sells seeds for fruits, vegetables, corn, soybeans, cotton and other crops, plus heavily advertised Roundup weed killer. Bayer sells chemical and biologic crop protection products and the Bayer Advanced garden chemicals line.

Both companies offer services in “digital farming,” helping farmers use data from sensors in their fields and satellites to improve crop yields by choosing the best seeds and applying just the right amount of chemicals at the right time throughout the growing season.

Monsanto is a top maker of seeds genetically modified to resist drought, weeds and insects, among other “traits.” They’re not accepted in Europe due to health concerns, so Monsanto sells little in Bayer’s backyard. Bayer is a major agricultural supplier in Europe, Asia and Africa, though it’s best known for prescription drugs such as blood clot-preventer Xarelto and consumer health products including Aleve pain reliever and One A Day and Flintstones vitamins.

Bayer and Monsanto executives wouldn’t discuss the fate of the Monsanto name, but said the combined company’s seeds and North American business will have headquarters at Monsanto’s St. Louis base.

BRIEFLY

In leaked emails, Powell calls Trump a ‘national disgrace’

WASHINGTON (AP) — In a trove of newly leaked emails, former Secretary of State Colin Powell calls Donald Trump “a national disgrace” and suggests his own Republican Party is “crashing and burning.”

Powell also laments Hillary Clinton’s attempt to equate her use of private email at the State Department with his.

The emails, posted on the website DCLeaks.com and first reported by Buzzfeed News late Tuesday, offer insight into the unvarnished opinions of the respected retired Army general who was secretary of state under President George W. Bush. The messages run from March 2015 through last month.

In the emails, Powell, 79, said he stayed relatively quiet during the rise of Trump, the Republican presidential nominee. “To go on and call him an idiot just emboldens him,” Powell said.

To a former aide he writes: “No need to debate it with you now, but Trump is a national disgrace and an international pariah.”

Powell, a Republican, also suggests frustration with the state of the nation’s politics.

“We all need to start voting for America and not our parties,” Powell writes. “Trump is taking on water. He doesn’t have a GOP philosophy or even a Conservative philosophy. We need a revolution and it will begin with the GOP crashing and burning up its current form.”

DCLeaks.com has been alleged to be an outlet for hackers tied to the Russian intelligence groups. The website, which says it intends to expose the misuse of political power, has previously released emails from other Washington political figures.

U.S. official: Difficult to alter elections through hacking

WASHINGTON (AP) — President Barack Obama’s homeland security adviser said Wednesday that it would be very hard for someone to hack into America’s voting systems in a way that could alter an election outcome.

Lisa Monaco, speaking at an event commemorating the 10-year anniversary of the Justice Department’s national security division, said election systems by and large are not hooked up to the Internet and are diffusely operated by state and local governments.

“That makes it extremely disparate, extremely diffuse and, as a consequence, extremely difficult to have an effect across the board that would result in a change in results,” Monaco said during a question-and-answer session.

The bigger worry, she said, involves efforts to sow “concern or confusion” about the resilience of the system.

To help counter that, the federal government is pushing out to states a set of tools, such as the ability to scan for vulnerabilities and quickly patch them, and best practices that they should apply — including encrypting their voter registration data, she said.

The comments come amid ongoing concern about the ability by hackers from Russia or other nations to breach voting systems. The FBI last month warned state elections officials to boost their election security in light of evidence that hackers targeted related data systems in at least two states, Illinois and Arizona.

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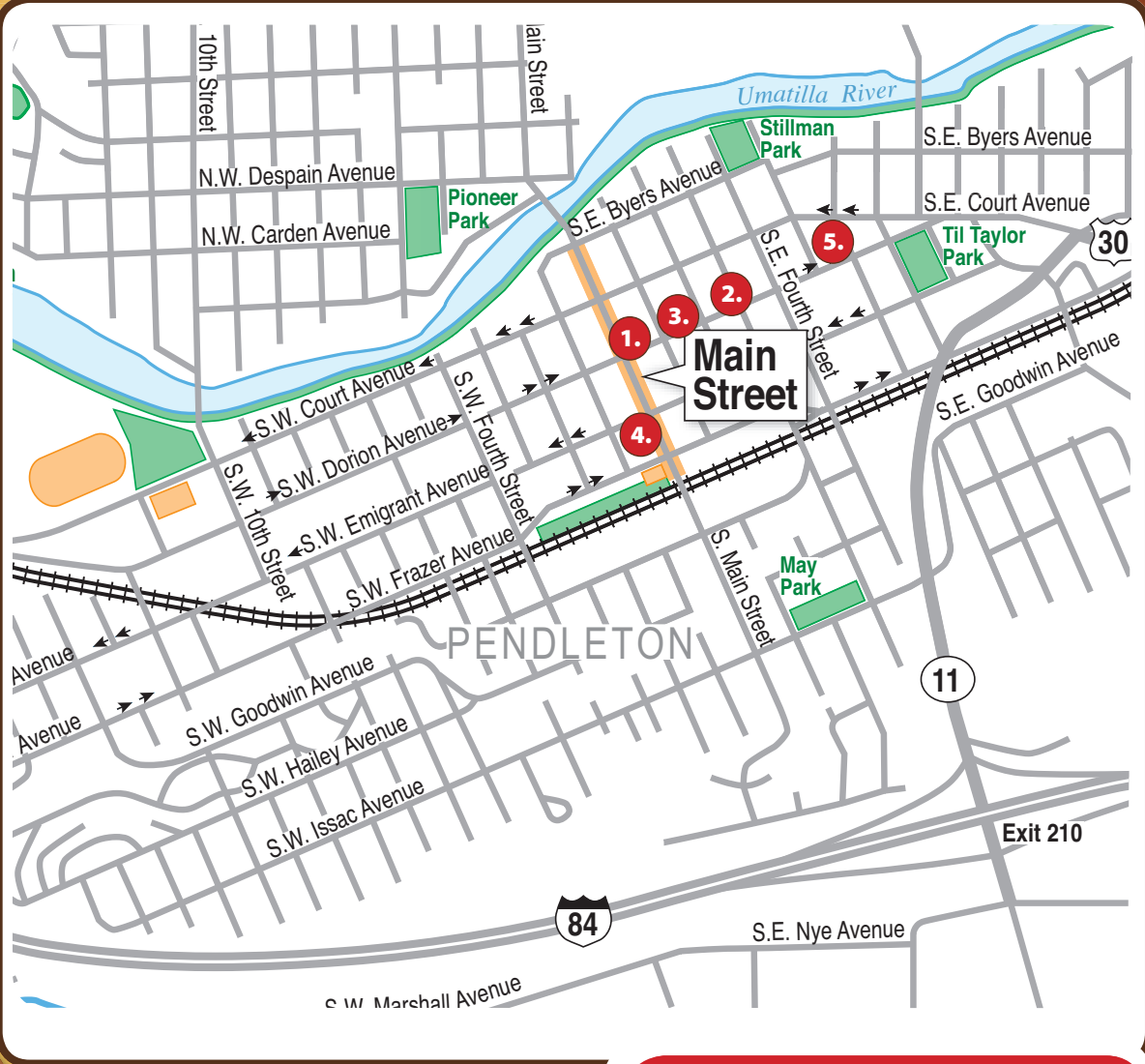


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