National Farmers Union

UNITED TO GROW FAMILY AGRICULTURE

The Honorable Donald Trump
1600 Pennsylvania Ave NW
Washington, DC 20500

March 28, 2017

Dear Mr. President:

National Farmers Union has advocated for more than a century for vigorous antitrust enforcement against agribusiness monopolies that disadvantage farmers. In light of the European Union's approval of the proposed $130 billion merger of Dow Chemical and DuPont, we urge you to stand up for family farmers and ranchers and oppose the merger. The reduction in competition that would be wrought by a Dow-DuPont merger will result in less innovation, higher prices and less choice for farmers.

The proposed Dow-DuPont merger occurs against a complex industry backdrop, marked by highly concentrated agricultural biotechnology and seed markets. For 30 years, major agribusiness companies have been acquiring small companies, consolidating the market place and increasing their market share. We are currently in the midst of a third wave of consolidation, as the Dow-DuPont merger is happening alongside proposed mergers of Bayer and Monsanto and Syngenta and ChemChina. In 2007, the four largest agricultural biotechnology, seed, and chemical firms controlled approximately 72% of U.S. markets for corn and soybean seed.

Notably, the European Union did not require the two companies to divest any of their seed interests despite the serious impacts the merger will have on input costs for farmers. The merger of Dow and DuPont, the 4th and 5th largest firms, would give the resulting company about 41% of the market for corn seeds and 38% of the market for soybean seeds. If the Dow-DuPont and Bayer-Monsanto were both approved, there would effectively be a duopoly in the corn and soybean seed markets.

The merger will also further limit choice for farmers. As Dow and DuPont look to leverage any efficiencies from the merger, there will undoubtedly be reductions in seed portfolios. While the existing portfolios are extensive, consolidation of those traits will impact farmers differently on a geographic basis. For example, in Turtle Lake, North Dakota, the two companies currently offer a combined seven canola traits. Even a single reduction in seed lines could have a significant impact on farmers' abilities to improve their own production levels and profitability.

Finally, the merger will likely diminish innovation competition, as the elimination of direct competition will reduce incentives to develop new products. Dow and DuPont biotechnology pipelines contain overlapping input and output traits in development for corn, soybeans and cotton, as well as crop protection. Innovation is key to farmers and ranchers' ability to increase crop production and improve crop quality. Without standalone competition between Dow and DuPont incentivizing innovation, farmers' profits and consumers' access to affordable food are at risk.

While Dow and DuPont agreed to sell some of their key research and development assets, mergers in this consolidated of an environment are difficult, if not impossible, to remedy. It is highly likely that many of those assets will be purchased by companies among the Big 6. Therefore, any reallocation of share within the large incumbents through divestitures would only result in a game of market concentration "musical chairs."

Given the damaging and lasting effects this merger will have on family farmers and rural America, we urge you to oppose this merger.

Sincerely,

Roger Johnson
President

20 F Street NW Suite 300 Washington, DC 20001 P: 202.554.1600 F: 202.554.1654 www.nfu.org