

COFECE sets conditions for concentration between *Bayer* and *Monsanto*

- *This is one of the largest global transactions analyzed by COFECE, since its creation in 2013.*
- *The conditions imposed avoid that Bayer becomes the only supplier of genetically modified cotton seeds in Mexico, gains high market shares in the market for vegetable seeds for diverse crops and non-selective herbicides.*
- *Bayer must divest these businesses to Basf, which is the firm that holds global operations with the capacity and incentive to vigorously compete in the involved markets.*

Mexico City, June 4, 2018.- The Federal Economic Competition Commission's (COFECE or Commission) Board of Commissioners conditioned the concentration between *The Monsanto Company (Monsanto)* and *Bayer Aktiengesellschaft (Bayer)*, to the divestment of the genetically modified cotton seed business, the vegetable seed business in its totality and certain non-selective herbicides that belong to *Bayer*.

Bayer is a German firm and *Monsanto* a U.S. company. These companies are the two most important agents world-wide in the agricultural industry. In Mexico they supply farmers with an ample variety of seeds and products for crop protection, such as herbicides.

COFECE's analysis of file CNT-024-2017 determined that the transaction would result in *Bayer* becoming the sole supplier of genetically modified cotton seeds in Mexico and would gain significant market shares in the market for multiple crops, such as onion, cucumber, tomato, watermelon, melon and lettuce as well as non-selective herbicides. These markets have high entry barriers, mainly in terms of the difficulty and time required for research and development of new products, restrictions in legal frameworks and the high levels of investment required.

Without these conditions, the transaction would significantly reduce Mexican farmer's alternatives of a wide variety of seeds and non-selective herbicides, which could result in higher prices, lower innovation, research and development of new products.

The conditions proposed in Mexico by *Bayer* and *Monsanto* entail the divestiture of their vegetable seed business, the genetically modified cotton seed business and glufosinate-ammonium non-selective herbicides to *BASF SE (BASF)*.

BASF is a German company that operates internationally and has a business for crop protection (insecticides, fungicides and herbicides), as well as fertilizers and seed treatment products. COFECE determined that the firm has the capacity and incentives to vigorously compete in the involved markets.

For the analysis of this operation, the Commission collaborated world-wide with competition agencies, mainly the United States' Department of Justice (DoJ).

Bayer and *Monsanto* must accept the conditions imposed by COFECE in their entirety, to finalize the transaction.

Once the parties' have been notified of the resolution, the Law grants the economic agents the right to go before the Federal Judiciary Branch to review the legality of COFECE's actions.

Things you should know about competition (in Spanish): [Notification thresholds](#) and [Notification Requirements](#)

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The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. Through this, it contributes to consumer welfare and the efficient functioning of the markets. Through its work, it seeks better conditions for consumers, greater output and better services and a "level playing field" for companies.