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From: Michael McCey [mailto:mmecey@kenyonblack.com]

Sent: Wednesday, January 03, 2007 4:47 PM

To: [REDACTED]

Subject: Ag Policy Inquiry

Dear [REDACTED],

For introduction purposes, I am seeking your organization's position on behalf of the American Antitrust Institute (AAI) regarding the proposed acquisition of Delta & Pine Land by Monsanto Co. I am currently running the campaign to protect competitiveness and choice in the seed industry. We believe that the proposed acquisition -- and what would become a seed industry monopoly -- will have a negative impact on the California farmers and small agricultural businesses.

It is our intention to approach certain agricultural and free-market organizations in California to gauge their position on the proposed acquisition and request a letter in opposition to Congressman Jim Costa (CA) as well as incoming Attorney General Jerry Brown. (I can provide you with sample draft for your use.)

I have attached a position paper for your review. Should you have any specific questions, I can put you in touch with one of our policy experts in Washington, DC. Our deadline for correspondence is fast approaching -- January 15.

I hope you will join our effort and assist with a letter in opposition to the proposed acquisition of Delta & Pine Land by Monsanto Co.

Thank you for your consideration.

Regards,

Mike McCey
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Talking Points

Brief Timeline:

1998 – 2000 – Monsanto's attempt to acquire Delta & Pine Land (D&PL) is blocked by the Anti-trust Division at the Department of Justice (DOJ). *See articles for more information.*

August 2006 – Monsanto announces plans to acquire Delta & Pine Land. *See current clips.*

If approved – this merger would create a monopoly in the biotech seed marketplace, specifically in the cotton market. A monopoly would:

- Stifle innovation
- Limit choice
- Increase costs

Biotech Agriculture Industry Seed Technology

Monsanto's 3 bio-traits for cotton, corn and soybean seeds:

- 1) In-seed protection against potent insect pests
- 2) glyphosate-tolerant seed, "Roundup" resistant
- 3) disease resistance

In 95-99% of these traits farmers have no choice in what seed brand they use.

Adverse Impact of Merger:

- Stifle innovation
 - New trait development costs are substantial
 - R&D programs are sustained by market growth prospects or the "pipeline" potential of investing in the R&D.
 - A Monsanto monopoly would foreclose on any of those traits in the R&D pipeline, leading to reduced R&D, less innovation and fewer farmer choices.
 - Any potential traits would be provided at the discretion of one company, Monsanto.
- Limit choice
 - In 1998, other companies were just beginning to develop competing traits. These various competitors are 80-90% complete to rolling out alternate choices in seed traits through program partnerships with D&PL.
 - Additional competing traits pending in the near term can expand farmer's choice, but only if they are not foreclosed from the market.
 - All the traits that would *potentially* compete with Monsanto's seeds are currently being developed by D&PL, which Monsanto would then also control.
 - A merger would create one company, Monsanto, as the "Gatekeeper" for existing and new bioengineering technology – guaranteeing farmers would be left with no choice.
 - Monsanto currently "corners" retailers and farmers into using only Monsanto branded products. Monsanto links their sales of chemical products (their brand name herbicide "Roundup" for which there is a generic option) with sales of seeds and traits through "Grower License Agreements."
 - Through this "incentive" program farmers can get small rebates on "technology fees" for future trait seed purchases; however they must exclusively use Roundup instead of the much less expensive generic glyphosate herbicide. Roundup is ~\$38 where as the generic can cost as little as ~\$12.

- The notion of one company dominating the cotton seed traits markets has implications in other commodities. These traits have application to other crops including corn and soy bean. ALL farmers, not just cotton farmers, are better off with CHOICE!
- Increase costs
 - Seed Costs: Seeds have increased in total expenditure for farmers. For example:
 - "Roundup Ready" soybean seed price has increased 118% in the past 4 years. (02 to 06)
 - "Roundup Ready" cotton seed price has increased 229% from 2002-2006.
 - Of a bag of seed, 70% of the price is attributed to cost of trait technology.
 - For a farmer, seed expenditures are 25% of overall operating costs and continuing to rise.
 - With Monsanto left to continually increase prices without any competition in the US marketplace, American farmers will be at a competitive disadvantage with other farmers Internationally, i.e. India and China.

What they say is different in 2006 and reality:

- In 1998 D&PL had an 80% market share throughout the United States. Today D&PL is the world's largest cotton seed company, with 50% share in the US.
- Monsanto is counting on a more *conservative* DOJ under the Bush administration than the Clinton administration.
- A group of Attorneys General have already joined together to investigate the anti-trust concerns associated with this merger. (List of states forthcoming)