

German conglomerate Bayer is now the largest manufacturer in the agricultural chemistry sector

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After several tense months of negotiations and a successive increase in the value of the purchase offer, the American company Monsanto accepted Bayer's terms. The German pharmaceutical giant Bayer acquired the American biotechnology company Monsanto for 66 billion dollars.

The German pharmaceutical giant Bayer acquired the American biotechnology company Monsanto for 128 dollars (114 euros) per share, which is valued at 66 billion dollars (nearly 59 billion euros). This was announced by the German company after a meeting of the supervisory board. The deal was announced shortly before the start of stock trading in the USA on Wednesday. After approval by regulators in America and Europe of this historic merger of the two agrarian conglomerates, Bayer will become the largest producer of seeds and plant protection products. The Germans officially announced in May that they intended to acquire their American

competitor. Since then, the offer of the company based in Leverkusen has been repeatedly increased from 62 to 66 billion dollars.

The transaction is to be completed in 2017

In order for the deal to enter into force, it must also be approved by Monsanto's shareholders and, respectively, by the European antitrust authorities. Certain regulatory obstacles are expected, because some of the Americans' chemicals are not authorized for distribution in Europe. In the event of non-approval of the deal by the antitrust authorities of the European Union, the management of the German group has insured itself in advance against a possible withdrawal and has signed a penalty clause in the amount of 3 billion dollars.

The issue of financing the merger of the two companies has also not yet been clarified. According to initial data, Bayer was expected to pay with its own funds, but shortly after the announcement of the first acquisition offer in May, it became clear that the deal would be financed through debt, the share of which is still unknown. The negotiations were highly contested after Bayer's shareholders, supported by DZ Bank, declared that the proposed price was far too high for the budget of the German company. A campaign of mass discontent against Bayer's Chief Executive Officer Werner Baumann, who assumed the position only three months before the start of the merger scheme of the two companies, was also circulated on the Internet.

Bayer: a European and global giant with a new portfolio

The acquisition of Monsanto will consolidate the already embarked path of changes in the business structure of the European chemical conglomerate. The pharmaceutical segment will be reduced in favor of agricultural products, which are expected to generate half of the profits compared to 30% in 2015.

According to Werner Baumann, the merger of the two groups and their long-term development towards agriculture will meet the needs of the growing share of the world's population. UN statistics indicate that by 2050 the Earth's population will increase to 10 billion people. The consolidation also aims to strengthen the capabilities of the two companies. Monsanto remains a leading leader with extensive experience in breeding and genetic modification of seeds, as well as in "digital agriculture", while Bayer is successfully developing its business in the production of plant protection products in a constantly changing agricultural environment.

The global agricultural market for agrochemicals and seeds is in transition

Recently, a reshuffling of the global business for seeds and plant protection products has been observed, caused by market stagnation. Very recently, the American authorities approved the acquisition of the Swiss company Syngenta by the Chinese state-owned enterprises ChemChina. In December last year, Dow Chemical and Dupont also announced their merger.