Bayer-Monsanto merger reflects larger trends in global agrochemical industry

The progress of the Bayer-Monsanto mega-takeover, which [recently] secured regulatory approval from European Union (EU) competition authorities, is only the most recent manifestation of a wider trend of structural transformation in the global agrochemical industry.

[F]ar-reaching developments such as climate change and a rapidly growing human population have instilled the agrochemical industry with widespread urgency to find solutions to related challenges. Against a backdrop of downward pressure on the global prices of seeds and agrochemicals, industry consolidation has been one of the logical outcomes of such considerations.

If Bayer’s bet on a long-term recovery in agrochemical prices due to rapid population growth is successful, the company stands to be handsomely rewarded for its pivot from being a mixed chemical-pharmaceutical company to a more specialized leader in the subfield of biotechnology. A key rationale behind Bayer’s takeover bid in this context is to gain access to Monsanto’s “digital farming” products.

According to Monsanto CEO Hugh Grant, together, the two firms could hereby become “innovation drivers” helping farmers to cope with new pressures resulting from structural transformation in the agricultural sector.

Read full, original post: News Analysis: Bayer takeover of Monsanto highlights tectonic shifts in global agrochemical industry