Drexel

Drexel Chemical Company

April 20, 2017

Federal Trade Commission
Office of the Secretary
600 Pennsylvania Avenue NW
Suite CC-5610 (Annex D)
Washington, DC 20580

Re: In the Matter of China National Chemical Corporation and Syngenta AG,
File No. 161 0093

Dear Federal Trade Commission:

Thank you for the opportunity to comment on the anticompetitive effects resulting from the proposed acquisition of Syngenta AG by China National Chemical Corporation (ChemChina).

Drexel Chemical Company believes the proposed divestiture of ADAMA products containing chlorothalonil, abamectin, and paraquat does not go far enough to remedy significant competitive concerns created when ChemChina acquires Syngenta.

In addition to chlorothalonil, abamectin, and paraquat ADAMA also possesses a considerable market for the herbicide active ingredient, metolachlor, marketed under the trademark, Parallel. Metolachlor was first introduced into the United States market in 1977 by one of Syngenta's predecessor companies and even after generic competition arose in 2003, Syngenta still maintains the vast majority of this market with its S-metolachlor version of metolachlor. Joining the metolachlor markets of these two companies would yield a combined market share in excess of eighty percent.

S-metolachlor was introduced into the market in 1997 as part of Syngenta's post patent strategy to maintain its exclusive metolachlor market access. Syngenta had touted to the Environmental Protection Agency (EPA) and the public that its S-metolachlor version of metolachlor is more active than the traditional mixture of metolachlor enantomers, known simply as metolachlor. That was not the case, today metolachlor and S-metolachlor target the same crop markets at the same EPA registered use rates. Aside from evaluations conducted by generic metolachlor registrants, many universities, such as Purdue and Ohio State, have also found no difference in herbicide activity between the two metolachlor types on the market. As recently as March 28, 2017, Syngenta representatives testified before the California Department of Pesticide Regulation (CDPR) that the two metolachlors are equivalent in all aspects, including weed control. See attached CDPR Agenda.

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In terms of volume, metolachlor is one of the top 5 pesticide active ingredients utilized in the United States.

Syngenta's loyalty program is one of the most powerful in the agricultural chemical industry and S-metolachlor is a significant item within this program due to its widespread use in dozens of crops nationwide. The current Syngenta loyalty program requires that ninety percent of a distributor's metolachlor purchases be Syngenta's S-metolachlor products. So strong is Syngenta hold on the metolachlor market through its loyalty program, Drexel's staff has been told on numerous occasions by large distributors they could not afford to take Drexel metolachlor products if Drexel gave them away.

With the advent of glyphosate resistant weeds, metolachlor has become even more important to US agriculture providing broad spectrum residual weed control for most glyphosate tolerant weed species. To stop further development of herbicide weed resistance, it is crucial for growers to utilize a mixture of herbicides having different modes of activity. All university agricultural extension personnel recommend treatments must include a residual herbicide, like metolachlor, as the most vital part of any herbicide program. Most universities, such as Louisiana State University, are now recommending two applications of residual herbicides to provide season long residual herbicide activity.

Should you have any questions or need additional information, please contact Stanley Bernard, 901-774-4370.

Sincerely,

Stanley Bernard
Vice President

METOLACHLOR/S-METOLACHLOR PUBLIC HEARING PESTICIDE CONTAMINATION AND PREVENTION ACT MARCH 28, 2017

9:00 am (Pacific Time)
California Environmental Protection Agency (CalEPA) Headquarters Building
Sierra Hearing Room
1001 I Street, Second Floor
Sacramento, California 95814

AGENDA

1. Introductions – Daniel Rubin, Department of Pesticide Regulation
2. Hearing Purpose and Procedures – Sheryl Gill, Department of Pesticide Regulation
3. The Presence of Metolachlor Degradates in California's Ground Water – Risk Assessment – Dr. Elliot Gordon, The Metolachlor Task Force (20 min.)
4. Syngenta's Response to California DPR's Ground water Detection Notice – Dr. Clint C. Truman, Syngenta Technical Leader for Environmental Safety (20 min.)
5. Public Comments – 5 minutes per comment
6. Closing Remarks – Sheryl Gill, Department of Pesticide Regulation
    - Next meeting: PREC subcommittee deliberative meeting May 4, 2017

The webcast of the meeting is located online at <https://video.calepa.ca.gov/>. During the meeting, stakeholders unable to attend in person may send questions and comments to <preccomments@cdpr.ca.gov>.

Additional public comments will be accepted in writing until April 12, 2017. Send all additional comments to <preccomments@cdpr.ca.gov> or by mail to:

Metolachlor/S-metolachlor Comments
Attn: Tulio Macedo
Pesticide Registration Branch
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