



# Nebraska Farmers Union

Office: 402-476-8815  
Fax: 402-476-8815  
1305 Plum Street  
Lincoln, NE 68502

[www.nebraskafarmersunion.org](http://www.nebraskafarmersunion.org)

Secretary Donald S. Clark  
Federal Trade Commission  
600 Pennsylvania Avenue NW  
Washington, DC 20580

April 28, 2017

Re: China National Chemical Corporation proposed purchase of Syngenta AG

Dear Secretary Clark:

Thank you for this opportunity to comment on the China National Chemical Corporation proposed purchase of Syngenta AG. Nebraska Farmers Union (NeFU) is the second largest general farm organization in Nebraska with over 3,500 families, and has been representing the interests of our state's family farmers and ranchers since 1913.

The 2016 data from the Nebraska Department of Agriculture and the USDA NASS ranks Nebraska 3<sup>rd</sup> in corn production with 1,699,900,000 bushels, 5<sup>th</sup> in soybean production with 314,150,000 bushels, and 4<sup>th</sup> in receipts for all crops with \$9,055,996,000. Nebraska is a major crop producing state.

Nebraska Farmers Union is strongly opposed to China National Chemical Corporation's proposed purchase of Syngenta AG for four basic reasons:

1. Based on decades of market consolidation and concentration issues, NeFU knows this merger will mean fewer choices in the ag supply marketplace for farmers to choose from, and higher prices for products purchased. Like most farmers in our nation, Nebraska farmers are facing the worst financial crisis since the 1980's. After three years of below the cost of production commodity prices, our banking partners estimate between 10 to 20% of our state's ag loans are in the "red zone" and subject to non-renewal. When that happens, families that farm lose their farms built by generations of hard work and sacrifice, as well as their way of making a living, identity, heritage, and legacy. Our rural communities, state, and nation loses some of the most highly skilled food producers and natural resources in the world. The farm crisis we are currently facing is caused in no small part by market failures fueled by never ending market concentration. More mergers mean more market failures and more misery for farmers in the days to come.
2. Nebraska Farmers Union also strongly opposes the China National Chemical Corporation proposed purchase of Syngenta AG because it makes an already non-competitive ag supply marketplace that is currently in the process of imploding even less competitive, more concentrated, and more expensive for the families that produce crops. Our organization spends a great deal of time trying to make our marketing system function as it was intended to work. As markets are allowed to become more concentrated, the less competitive they become, and the more likely they are going to use their economic muscle to manage and manipulate prices they pay and charge to their economic advantage. As a result, we have less true price discovery, more market manipulation, and more price gouging.

***Fighting for Nebraska's family farmers and ranchers since 1913.***



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3. If ChemChina's proposed \$43 billion purchase of Syngenta is approved, one more major state owned company will use their unfair economic, legal, and regulatory advantages to distort and control traditional marketplace competition between companies. ChemChina will become the world's largest manufacturer and distributor of agrichemicals and pesticides by a wide margin thanks to the financial resources of the Chinese government. State owned companies destroy our traditional marketplaces because of their unfair competitive advantages due to their "insider" operating advantages that include preferential access to virtually unlimited amounts of capital, legal and tax status as well as preferential licensing, regulatory and oversight treatment, not to mention favored status in the marketplace itself. We know from past experience that the Chinese government uses all of the tools in their toolbox in an organized and coordinated manner to carry out their government policies and economic objectives in a coordinated manner. The lethal combination of unfair insider advantages by state owned companies pose a major threat to the functioning of markets everywhere. Conventional companies cannot compete against state owned companies over time. Our regulatory system must adjust to properly regulate the far reaching threat state owned companies bring to our marketplace.
  
4. When our government allows foreign governments to buy private companies of this magnitude and importance, we believe it does so at the expense of our own national security interests. NeFU strongly feels it was a monumental mistake for the European Union and United States to grant antitrust approval for China National Chemical Corp's (ChemChina) proposed acquisition of Syngenta AG. While our organization is alarmed at the emergence of state owned companies and the failure of regulatory bodies to fully comprehend the far reaching implications of their impacts on traditional markets, an equally disturbing prospect is the use of state owned companies by countries to achieve foreign policy objectives. China has a well-earned reputation for using all of the tools in their well-stocked tool box to achieve their economic and policy objectives. When China can cut off our access to products necessary to produce our nation's food, it provides them with enormous operating leverage over our nation. It is fair to say that China's record of compliance in treaties and common use of currency manipulations should cause our nation pause and legitimate concerns about their potential use of state owned companies for both economic and political objectives.

In closing, based on the four reasons listed, we urge the Federal Trade Commission to reject ChemChina's proposed purchase of Syngenta. Thank you for your consideration.

Sincerely,

John Hansen  
President  
Nebraska Farmers Union

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