



Media release
For Immediate Release
5 July 2017

DOW, DUPONT MERGER APPROVED WITH CONDITIONS

The Commission has recommended to the Tribunal that the proposed large merger whereby DowDuPont Inc. (DowDuPont) intends to acquire Dow Chemical Company (Dow) and E.I. du Pont de Nemours and Company (DuPont) be approved, with conditions.

Both Dow and DuPont are companies incorporated in accordance with the company laws of the USA. DowDuPont is a newly incorporated holding company for the purposes of the proposed transaction. DowDuPont is controlled by Dow and DuPont, both companies are listed on the New York Stock exchange. Dow and DuPont are not controlled by any firm.

Dow is a global diversified chemicals company headquartered in the USA. It is the ultimate parent company of the Dow Group, which is broadly active in the research, development, production and distribution of plastics and chemicals, agricultural sciences including seeds, hydrocarbon and energy products and services.

In South Africa, Dow's activities include the distribution of sunflower seeds, agrochemicals, material science products and food texturisers. Dow does not manufacture any of these products locally but imports them into South Africa from its manufacturing operations in different parts of the world.

The DuPont Group researches, develops, produces, distributes and sells a variety of chemical products, polymers, agrochemicals, seeds, food ingredients and other materials. In South Africa, DuPont is involved in the distribution of various seeds including maize and sunflower seeds. DuPont is also involved in the distribution of agrochemicals.

Although there is no direct overlap arising in respect of the commercialisation of hybrid and GM hybrid maize seed in South Africa since Dow does not have maize seed commercial operations in the country, the Commission found that the proposed transaction will likely result in the removal of potential competition. This is so because Dow had plans and a strategy to enter the South African commercial maize seed market. The instant transaction removes the potential constraining influence that would have been exerted on DuPont and Monsanto had Dow proceeded with its plans to enter the South Africa market absent the merger.

The Commission also found that the proposed transaction is likely to lead to a substantial prevention or lessening of competition post-merger in the market for development and supply of insecticides for chewing insects for citrus (in Limpopo, Western Cape, Mpumalanga, Eastern Cape, KwaZulu-Natal and the Northern Cape), deciduous fruits (Western Cape, Northern Cape, North West and Limpopo), vegetables (nationally) and tomatoes (in Limpopo, Mpumalanga and the Eastern Cape).

In order to address the abovementioned concerns relating to maize seed, Dow will make available 81 maize hybrids and 7 maize inbred lines to other third parties for licensing of these hybrids and inbreds in South Africa. Secondly, Dow is required to register its PowerCore and Enlist biotechnology traits in South Africa within 2 years of approval of the merger.

These conditions ensure that other smaller maize seed producers will be able to license and introduce new and different hybrids into South Africa and from this, access to the germplasm materials of Dow which is situated in other regions such as Argentina. This will likely improve maize seed varieties available to South African farmers, other than from the current two main suppliers being DuPont and Monsanto. On biotechnology traits, the conditions also ensure that other maize seed producers will have alternative traits to license other than those of Monsanto, which will likely improve choice as well as the prices available for traits in South Africa.

In relation to insecticides, the merging parties are required to divest DuPont's entire insecticide business, including the research & development (R&D) associated with developing such products. The divestiture will include the insecticides supplied into South Africa, which implies that the production and supply of these insecticide products will be taken over by a different third party.

Since Dow and DuPont are large global crop protection manufacturers, the divestiture ensures that the buyer will be a separate entity, and more importantly for South Africa, the condition requires that the purchaser of this divested business is specifically required to continue to supply the insecticides in South Africa. Farmers will continue to benefit from the availability of these insecticides in South Africa at competitive prices from a different supplier who is neither Dow nor DuPont.

[ENDS]

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