	NATIONAL FRESH PRODUCE MARKET INQUIRY	**ANSWERS TO BE SUPPLIED ON THIS TABLE WITH ATTACHMENTS UPLOADED INTO THE SHAREPOINT**
----	**ANNEXURE 1: DETAILS OF THE STAKEHOLDER**	
Question	Question	Answer
A1	Provide the name of your firm or organisation, a contact person and contact details.	Bayer (Pty) Ltd Cobus Bester cobus.bester@bayer.com Mobile : 0826107136
A2	Provide a brief description of the activities of your firm or organisation.	Throughout this questionnaire, Bayer (Pty) Ltd will make use of shading to indicate answers specifically applicable to onion, carrot, cabbage, and tomato vegetables seeds and Crop Protection Products for use on potatoes, and nominated fruits being apples, citrus (particularly oranges and soft citrus), bananas, pears and table grapes. Areas containing no shading will be general and/or applicable to both areas. Bayer (Pty) Ltd ("Bayer") in South Africa is a direct and indirect subsidiary of Bayer AG, headquartered in Leverkusen, Germany, which produces a variety of vegetable seeds through its other global subsidiaries of which only seeds for onions, carrots, cabbage, and tomatoes are exported to Bayer in South Africa. These vegetable seeds are then on sold to key account holders and appointed third party seed distributors in South Africa. As additional background, it should be pointed out that Vegetable Seeds was acquired by Bayer following the merger with Monsanto South Africa (Pty) Ltd ("Monsanto") which was effective as from August 2018. In South Africa the merged entities consolidated on 1 October 2019 and as such, there were combined AFS as from 2020. Bayer AG also manufactures and sells Crop Protection Products ("CPP") through its worldwide subsidiaries for use in agriculture. These products include fungicides, insecticides and herbicides which are used during the

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		production of various agricultural products, including grains, fruits [*inter alia* your nominated apples, citrus (particularly oranges and soft citrus), bananas, pears and table grapes], and also for application on potatoes, which fruits and veg will thus be the focus of this reply. These CPP are exported to *inter alia* Bayer in South Africa for resale. Our activities include the development, registration, manufacturing, marketing and sales of our CPP to appointed agrochemical distributors.
A3	Please indicate if you would like your identity to remain confidential and please fully explain the reasons for seeking anonymity.	Bayer's identity does not need to be kept confidential
A4	Explain your understanding of the fresh produce value chain (all levels and players) and indicate where your firm fits within the value chain.	Fresh Produce growers buy their agricultural inputs (fertilizers, equipment, seeds, CPP, etc.) from various sources, including retailers, agrochemical distributors and directly from suppliers in some cases. Bayer supplies its vegetable seeds direct to growers or through appointed distributors, and its CPP only to appointed agrochemical distributors. These distributors all on sell directly to growers which all have access to the product ranges of various other manufacturers/suppliers as well.
A5	Provide a broad overview of the regulatory framework applicable to fresh produce.	All CPP in South Africa are subject to the regulatory requirements as stipulated in the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, Act 36 of 1947 ("Act 36"). Bayer Crop Science registers all CPP through the guidelines of Act 36, and only sells CPP that have been approved by the Registrar of Act 36. The provisions of the Plant Breeder's Rights Act, Act 15 of 1976 ("Act 15") and the Plant Improvement Act, Act 53 of 1976 ("Act 53") are also applicable, the latter also on vegetable seeds.
A6	What is your experience in dealing with any regulatory body? Kindly provide details of the particular regulatory body/bodies and be as specific as possible.	Bayer Crop Science in South Africa has a long history of compliance with the requirements of Act 36. Every single Bayer CPP sold in South Africa is registered and approved by the Registrar of Act 36. As part of the registration process, Bayer submits all the required data to the Registrar of Act 36, which inter alia includes:

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		• Product composition; • Manufacturing sites and details thereof; • Biological efficacy data; • Environmental fate studies; • Residue analysis and food chain considerations; • Guidelines on use and safety aspects; and • Proposed product label Vegetable seeds are fully imported and not subject to modification/alteration as may be contemplated under the regulations of the provisions of Act 53.
A7	Indicate which level(s) of the value chain is the focus of the submission (i.e., inputs, producers, processing, etc.).	Sale and distribution of vegetable seed to the growers/distributors, and the sale and distribution of CPP to appointed distributors for on sell to growers
----	**ANNEXURE 2: NFPMs AS A ROUTE TO MARKET**	N/A
----	**ANNEXURE 3: DIRECT CONTRACTING AS A ROUTE TO MARKET**	N/A
----	**ANNEXURE 4: DYNAMICS AROUND KEY INPUTS (SEEDS, FERTILIZER & AGROCHEMICALS)**	
1	Explain your understanding of the value chain for agricultural inputs and the various activities of the key role players at the different levels.	The importation of vegetable seeds brings a basic agricultural product (vegetables) from the grower's field to the consumer, through stages such as processing, packaging, and distribution, whilst Bayer is a member of Sansor. All agrochemicals (inclusive of CPP) are registered and approved by the Registrar of Act 36. Thereafter it can be sold to growers. This is generally done almost exclusively through agrochemical distributors, which then market and sell the inputs through their various channels, including agrochemical dealers/brokers located in all the important agricultural production areas of the country.

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2	Identify the leading manufacturers and/or suppliers of the following agricultural inputs: seeds, fertilizers, agrochemicals (herbicides, fungicides and pesticides), including their relative size based on value of sales, volumes and revenues.	The leading local manufacturers/suppliers of onion, cabbage, tomato and carrot seeds are (in no specific order): • Bayer (Pty) Ltd; • *Sakata Seeds Southern Africa (Pty) Ltd; • *Starke Ayres (Pty) Ltd; • Hazera Seeds South Africa (Pty) Ltd; • Alliance Seeds (Pty) Ltd • *Nuvance (Pty) Ltd; • *Hygrotech (Pty) Ltd; and • Enza Zaden South Africa; but we are unable to comment on their relative size based on value of sales, volumes and revenues. Bayer makes use of the companies marked with an asterisk above as distributors. As for CPP, the manufacturers/suppliers of CPP used in Fruits and potatoes are (in no specific order): 1. Villa Crop Protection (Pty) Ltd; 2. Corteva Agriscience; 3. Bayer (Pty) Ltd; 4. Syngenta South Africa (Pty) Ltd; 5. UPL South Africa (Pty) Ltd; 6. Adama South Africa (Pty) Ltd; 7. Basf South Africa (Pty) Ltd; 8. FMC Chemicals (Pty) Ltd 9. Harvest Chemicals (Pty) Ltd; and 10. Rolfes Agri (Pty) Ltd. We are (similarly to vegetable seeds) unable to comment on the relative size based on value of sales, volumes and revenues, of the above manufacturers/suppliers. Bayer makes use of the following companies as distributors into the indicated Fruit and Potato markets: 1. Laeveld Agrochem (Pty) Ltd; 2. AECI Plant Health (Pty) Ltd; 3. Nexusag (Pty) Ltd; 4. Inteligro (Pty) Ltd; 5. Bayagro / Noordkaap Oesbeskerming (Pty) Ltd; 6. Farmers Agricare (Pty) Ltd; 7. Viking Marketing (Pty) Ltd; 8. Midchem / N W K Beperk; and 9. Wenkem SA (Pty) Ltd.

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3	What are the barriers to entry for input suppliers? In your response, please refer to: (a) capital and infrastructure costs; (b) time required to recoup the costs of investment; (c) other sunk costs; and (d) scale economy advantages.	All input suppliers (manufacturers and distributors included) need to be compliant with the requirements of Act 36, Act 15 and Act 53. In order to do this, organizational support (including capital and infrastructure) is needed. This would result in the registration, production, logistics, etc. in the process of selling and supplying CPP inputs and vegetable seeds.
4	Provide a broad overview of the role cooperatives play in markets for fresh produce. In your response kindly refer to the ability of cooperatives to: (a) lower costs for small scale growers; (b) create access to markets for small scale growers; and (c) ensure better pricing and negotiating power with buyers.	We are unable to speculate on cooperatives as we do not deal with them during our sales processes.
5	In relation to producers/farmers as customers of agricultural inputs, to what extent has changes in climate conditions impacted on:	This question is not applicable to the importation and sale of vegetable seeds for distribution. As such the replies are similar regarding CPP unless insofar as expanded.
	5.1. The need to source more (or less) complex agricultural inputs;	Under wetter conditions, fungal diseases often develop more aggressively, and thus more fungicides are then used on most crops. Under hotter, wetter conditions, weed management becomes more challenging, and thus more herbicides are used. In hotter and drier conditions, insect populations often become more aggressive, and thus insecticide use is often higher. We have seen all 3 such scenarios in various parts of South Africa in the last few years, and thus can only remark that the use patterns of CPP are sensitive to climatic conditions.
	5.2. The increase/decrease in costs of agricultural inputs, particularly for small holder farmers;	With increases in demand as outlined above, there is naturally a higher cost to growers linked with higher volume. But climatic conditions do not have a direct impact on the price of individual products, regardless of farm size.
	5.3. The extent to which access to improved seeds and intellectual property around seed varieties may have created market barriers and higher input costs for smaller farmers and growers; and	Not applicable because products are imported and not subject to further treatment or additions which could affect the price to smaller farmers and growers. There are no further pricing impacts which may create higher input costs for smaller farmers and growers.

	5.4. The extent to which access to more advanced fertilizers, agrochemicals (herbicides, fungicides and pesticides), and farming equipment may have created market barriers and higher input costs for smaller farmers and growers.	We do not feel qualified to comment considering that our sales are to agrochemical distributors and not smaller farmers and growers.
6	Do you have any concerns in relation to key agricultural inputs? Please explain fully.	We do not feel qualified to comment considering that our sales are to agrochemical distributors.
7	If you have any concerns in relation to key agricultural inputs, kindly provide any potential remedies/suggestions that can address such concern(s).	Not applicable
----	**ANNEXURE 5: BARRIERS TO ENTRY - MARKET ACCESS**	N/A
----	**ANNEXURE 6: BARRIERS TO ENTRY – DISCRIMINATION FOR INPUTS**	N/A
----	**ANNEXURE 7: BARRIERS TO ENTRY – DISCRIMINATION FOR OUTPUTS**	N/A
----	**ANNEXURE 8: BARRIERS TO ENTRY – ACCESS TO FINANCIAL SUPPORT**	N/A
----	**ANNEXURE 9: BARRIERS TO ENTRY – ACCESS TO WATER RESOURCES**	N/A
----	**ANNEXURE 10: GENERAL QUESTIONS**	None
----	**BACKGROUND AND BUSINESS ACTIVITIES**	
1	Briefly describe the business activities of BAYER and how it is positioned relative to other businesses that provide key inputs for growers in the fresh produce sector.	Bayer and other manufacturers/suppliers provide competitive products (either vegetable seeds or CPP) via appointed distributors to growers in the fresh produce market and as such these growers can choose which products they would like to buy to suit their needs and farming conditions

2	If BAYER operates multiple businesses, provide the most recent organogram depicting the companies directly and indirectly controlled by your parent company and all its subsidiaries.	Bayer AG, is listed on the German Stock Exchange (DAX), and consists of three business groups: Pharmaceuticals, Consumer Health and CropScience (which includes Vegetable Seeds). The organogram for Bayer in South Africa is attached, which is aligned to that of Bayer AG, as Bayer in South Africa is representative of all three business groups [redacted]
3	Indicate if BAYER or related operating companies are owned and controlled by Historically Disadvantaged Persons ("HDPs").	No, Bayer is not owned and/or controlled by HDPs.
4	Provide a list of products sold by BAYER in South Africa.	Attached as NFPMI Annexure to Question 4 is a list of products for Vegetable Seeds and CPP.
5	Provide the most recent audited annual financial statements (AFS) for the South African operations of BAYER. If the AFS cover a number of businesses, then provide the management accounts for the South African business alone.	The Bayer financial year starts from 1 January and ends on 31 December of each year. As such, financial information covers this period. Note further that the AFS of Bayer covers Pharmaceuticals, Consumer Health and the full scope of Crop Science (the latter's products are not all in scope for the NFPMI). Attached a summary for the Bayer Crop Science business which is inclusive for Vegetable Seeds and CPP (specified product applications) as NFPMI Annexure to Question 5
6	To the extent that it is not contained in the AFS, provide a detailed financial breakdown of both revenue sources and operational costs of the firm for the most recent financial year (April-March Basis, if not, indicate).	For Vegetable Seeds refer to NFPMI Annexure to Question 6 iro VS Attached a summary of the CPP statement as NFPMI Annexure to Question 6 iro CPP

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7	Provide illustrative examples of any monthly management reports on key metrics used to track the performance of BAYER's business. If no such reports exist, then provide a list of the key performance metrics that management uses to track the performance of the business.	Vegetable Seeds receive daily sales reports where KPI are historical sales, per distributor/grower, per variety, per month, per day, per quarter, per year, per UoM, per EUR, per ZAR Crop protection receives daily sales reports where total sales are measured compared to the forecast. We also review sales by distributor on a monthly basis.
8	Provide investor or any other presentations that describe BAYER's current business and business model. If no investor presentations exist, provide internal documents describing the business model.	All Vegetable Seeds are imported from Europe and then on sold to growers/distributors. Similarly, almost all CPP sold by Bayer (Pty) Ltd are imported from Germany and repackaged according to South African requirements and regulations. Some of these products are repackaged locally at our formulation plant in Nigel, and then sold to agrochemical distributors, who then directly market and sell to growers.
9	Provide all internally and externally commissioned research and/or studies conducted in the past three years on the consumer side of the business, and the market position of your business relative to competitors.	We do not have commissioned research on the consumer side of the business, since our market information only goes up to the level of growers/distributors and agrochemical distributors.
10	Provide copies of BAYER 's latest marketing materials and presentations used in engagements with different types of potential customers.	With reference to Vegetable Seeds refer to the website https://www.vegetables.bayer.com/za/en-za/products.html For CPP refer to NFPMI Annexure to Question 10 iro CPP
11	Provide copies of BAYER 's latest marketing materials targeted at consumers.	We do not directly target consumers as the majority of our sales go through growers/ distributors or agrochemical Distributors
12	Provide the historic prices for your top 10 relevant products sold within the fresh produce industry from January 2019 till March 2022.	With reference to Vegetable Seeds refer to NFPMI Annexure to Question 12 iro VS We are still looking for the CPP historical price lists

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	12.1. Provide the most recent price lists issued by BAYER for each of these products.	With reference to Vegetable Seeds refer to NFPMI Annexure to Question 12.1 iro VS Current CPP price list is attached per NFPMI Annexure to Question 12.1 iro CPP
13	Kindly provide the names and contact details of the following customers within the fresh produce industry:	
	13.1. The 10 largest customers by sales in the last financial year.	In respect of Vegetable Seeds Sakata Seeds South Africa (Pty) Ltd 0115482800 Nuvance (Pty) Ltd 0124930358 Stark Ayres (Pty) Ltd 0117483550 Bertie Van Zyl (Pty) Ltd 0153952040 Hygrotech SA (Pty) Ltd [redacted] Rennies Farm Pty) Ltd 0218632077 Hishtil SA (Pty) Ltd 0153954043 LA Visagie en Seuns (Pty) Ltd 0137472800 Winkelhaak Boere Pty) Ltd [redacted] Inyoni Boerdery Pty) Ltd 0137937534 In respect of CPP : NexusAG (Pty) Ltd [redacted] Laeveld Agrochem (Pty) Ltd [redacted] AECI Plant Health (Pty) Ltd [redacted] Farmers Agri-Care (Pty) Ltd [redacted] Wenkem S.A. (Pty) Ltd [redacted] Noordkaap Oesbeskerming (Pty) Ltd [redacted] Inteligro (Pty) Ltd [redacted] Viking Marketing (Pty) Ltd [redacted] Destrimix (Pty) Ltd [redacted] Novon Protecta (Pty) Ltd [redacted]
	13.2. The 10 smallest customers by sales in the last financial year.	In respect of Vegetable Seeds : Kelnik CC [redacted] AJ Schuster t/a Forries Farm [redacted] Kleinensorgen (Pty) Ltd 0217039541 Limberlost (Pty) Ltd 0218813855 Vioolsdrift Boerdery (Pty) Ltd 0218633313 Prospect Tomatoes (Pty) Ltd [redacted] Mollshoop (Pty) Ltd [redacted] Tamahope Boerdery (Pty) Ltd 0218633313 Roodehoogte Boerdery Partnership 0236264059 Remo Lenisa Family Trust [redacted] In respect of CPP :

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		Oosvaal Landbou (Pty) Ltd [redacted] N W K Limited [redacted] Agronet CC [redacted] Thohoyandou Farm City (Pty) Ltd [redacted] Agri City (Pty) Ltd [redacted] Hoëveld Chemicals (Pty) Ltd [redacted] Sanki Khulu Concepts Solutions [redacted] Siba Farming House (Pty) Ltd [redacted] Agro-Centre (Pty) Ltd [redacted] Stanvaal Chemicals (Pty) Ltd [redacted]
	13.3. The 10 most recent potential customers who engaged with BAYER but did not end up using BAYER (either because they did not meet the BAYER ’s requirements or on their own accord).	We refer any and all new potential customer to our Distributor / agrochemical Distributor according to what they are looking for
	MARKET DYNAMICS OF KEY INPUTS AND THEIR IMPACT ON PRODUCERS	
14	Explain your understanding of the value chain for agricultural inputs (all levels and players), the various activities of key role players at the different levels and indicate where BAYER fits within the value chain.	Bayer is the importer of vegetable seeds to the Distributors which in turn process, package and distribute to the growers except where Bayer sells direct to large growers in big quantities. In the case of CPP, most active ingredients are sourced from Europe or the Far East, where it is formulated at formulation plants in various parts of the world (including South Africa). These formulated products are then packaged and labelled, and then sold to agrochemical distributors. The agrochemical distributors will then market and sell these CPP to growers through their own agents.
15	Identify and estimate the sizes of the manufacturers of agricultural inputs (seeds, fertilizers, agrochemicals (herbicides, fungicides and pesticides) for the past 5 years up to and including 2022. The estimated market size should be based on value of sales, volumes, and revenues. This information should be based on all	The manufacturers/suppliers of onion, cabbage, tomato and carrot seeds are : • Bayer (Pty) Ltd; • *Sakata Seeds Southern Africa (Pty) Ltd; • *Starke Ayres (Pty) Ltd; • Hazera Seeds South Africa (Pty) Ltd; • Alliance Seeds (Pty) Ltd • *Nuvance (Pty) Ltd; • *Hygrotech (Pty) Ltd; and

	areas where BAYER is active either as a manufacturer or distributor and ignore areas where BAYER is not active as either manufacturer or distributor.	• Enza Zaden South Africa; but we are unable to comment on their relative sizes based on value of sales, volumes and revenues. Bayer makes use of the companies marked with an asterisk above as distributors. The manufacturers of CPP agricultural inputs (herbicides, fungicides and pesticides) are: • Villa Crop Protection (Pty) Ltd • Corteva Agriscience • Bayer (Pty) Ltd • Philagro South Africa (Pty) Ltd • Syngenta South Africa (Pty) Ltd • River Bioscience (Pty) Ltd • UPL South Africa (Pty) Ltd • Adama South Africa (Pty) Ltd • Basf South Africa (Pty) Ltd • AECI Limited and attached is the historic comparison as NFPMI Annexure to Question 15. We are unable to comment on their relative sizes based on value of sales, volumes and revenues
16	Explain the price setting mechanisms which pertain to agricultural inputs (seeds, fertilizers, agrochemicals (herbicides, fungicides and pesticides)). In your response refer to:	
	16.1. The methodology and factors considered when determining price;	We determine price based on a Value-Added Calculation for Vegetable Seeds. For CPP we do a value base price setting, considering other products in the market and the value proposition we deliver via our agrochemical Distributors to the grower.
	16.2. The use of international bases for price including the use of import and export parity pricing in the determination of local pricing; and	Pricing is set centrally based on COGS/potential /inflation adjustments and market prices, and subsequently processed on EMEA (regional) level. No speculation on Exchange rates All pricing is done locally. Pricing and increases / decreases take into consideration changes in COGS, exchange rates as well as global supply availability. Product value as delivered to the grower via our agrochemical Distributors remains the starting point of any price setting.
	16.3. The main drivers of cost; and	For Vegetable Seeds the main drivers of cost are:

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		• FOREX • Inflation • Freight/Transportation • Clearance Costs For CPP the main drivers of cost are: • Cost of raw material cost • Energy costs • Transport costs • Exchange rate
	16.4. Certification costs in relation to seeds.	This question only applies to Vegetable Seeds and as such the costs can be summarised as: • application fee for variety Listing R1757.00/Variety • Category A: agronomic-, vegetables-, pasture crops and sweet corn R2048.00/Variety • Examination of sample to determine conformity with variety description Cat A: R 2048.00/Variety
17	Provide the following information about agricultural inputs that you sell and/or distribute (seeds, fertilizers, agrochemicals – herbicides, fungicides, and pesticides) for the past 5 years up to and including 2022. This information should be provided in Microsoft Excel:	For questions 17.1 to 17.5, please refer to NFPMI Annexure to Question 17 iro CCP
	17.1. Total volume sold,	For VS customers, please refer to the combined list NFPMI Annexure to Questions 17.1 iro VS
	17.2. Average selling prices,	For VS customers, the markup used for recharging cost (R&D + testing) is usually 10% on cost to recharge to The Netherlands
	17.3. Rand and percentage markups,	For VS customers, the markup used for recharging cost (R&D + testing) is usually 10% on cost to recharge to The Netherlands
	17.4. Rand and percentage gross profit margins, and	For VS customers, please refer to the combined list NFPMI Annexure to Question 17.4 iro VS
	17.5. Rand and percentage net profit margins.	For VS customers, please refer to the combined list NFPMI Annexure to Question 17.5 iro VS

18	Provide a list of the top 10 customers (per product) of BAYER-MONSANTO in terms of revenue for the past 5 years up to and including 2022. In your response, please include the average selling prices, discounts and/or rebates applicable per product per customer, and their HDP status.	For VS customers, please refer to the combined list NFPMI Annexure to Question 18 + 19 iro VS For CPP, please refer to the combined list for each product NFPMI Annexure to Question 18 + 19 iro CPP
19	Provide a list of the bottom 10 customers (per product) of BAYER in terms of revenue for the past 5 years up to and including 2022. In your response, please include the average selling prices, discounts and/or rebates applicable per product per customer, and HDP status.	For VS customers, please refer to the combined list NFPMI Annexure to Question 18 + 19 iro VS For CPP, please refer to the combined list for each product NFPMI Annexure to Question 18 + 19 iro CPP
20	Where there are appointed distributors of your products, kindly provide a list of (i) top 10 distributors and (ii) bottom 10 distributors and indicate the products that these distributors have been appointed to distribute. In your submissions, also provide information about revenue, average prices, discounts/rebates where applicable and HDP status.	For Vegetable Seeds (there are 4 distributors only) - please refer to NFPMI Annexure to Question 20 iro VS For CPP, the top 10 distributors are: NexusAG (Pty) Ltd [redacted] Laeveld Agrochem (Pty) Ltd [redacted] AECI Plant Health (Pty) Ltd [redacted] Farmers Agri-Care (Pty) Ltd [redacted] Wenkem S.A. (Pty) Ltd [redacted] Noordkaap Oesbeskerming (Pty) Ltd [redacted] Inteligro (Pty) Ltd [redacted] Viking Marketing (Pty) Ltd [redacted] Destrimix (Pty) Ltd [redacted] Novon Protecta (Pty) Ltd [redacted] For CPP, the bottom 10 distributors are: Oosvaal Landbou (Pty) Ltd [redacted] N W K Limited [redacted] Agronet CC [redacted] Thohoyandou Farm City (Pty) Ltd [redacted] Agri City (Pty) Ltd [redacted] Hoëveld Chemicals (Pty) Ltd [redacted] Sanki Khulu Concepts Solutions [redacted] Siba Farming House (Pty) Ltd [redacted] Agro-Centre (Pty) Ltd [redacted] Stanvaal Chemicals (Pty) Ltd [redacted]
21	Provide distribution Agreements that BAYER has entered into with (i) top 10	Vegetable Seeds await newly signed Distribution Agreements ("DAs") but attached are two historic

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	distributors and (ii) bottom 10 distributors.	agreements in NFPMI Annexure to Question 21 iro VS Considering the changes in business models following the Monsanto integration, only two DAs have been signed and even these are subject to change considering the change of terms and conditions of trade. Attached are copies of the agreements as NFPMI Annexure to Question 21 iro CPP
22	Provide the volume of sales of agricultural inputs which are generated through the "Khula! Inputs App" or any similar or competing online sales platform(s), in the past 5 years. In your response, please include the volume of these sales expressed as a percentage of total sales for agricultural inputs, average selling prices, discounts and/or rebates applicable per product per customer, and HDP and SMME status of these customers.	Vegetable Seeds does not use the "Khula! Inputs App" in which AECI, a Bayer CPP agrochemical distributor, owns a stake. CPP does not sell any product directly on the "Khula! Inputs App", but we sell CPP to AECI and they can sell the product through their agent network or through the "Khula! Inputs App". We do not have any information on the products sold through the app as it is AECI's confidential information
23	What are the barriers to entry for input manufacturers and suppliers? In your response refer to:	
	23.1. Capital and infrastructure costs;	Bayer products are imported, and this is in itself a barrier to entry, considering costs and the supply thereof from a manufacturer
	23.2. Time required to recoup the costs of investment;	Not applicable under the circumstances
	23.3. Other sunk costs; and	Not applicable under the circumstances
	23.4. Scale economy advantages.	Not applicable under the circumstances
24	Kindly identify and list any new entrant that has entered the market for the manufacturing of any of the agricultural inputs that you manufacture in the past 3 - 5 years in competition with BAYER.	We do not produce seed in South Africa From a CPP perspective, there were however many consolidations that took place in the form of mergers and acquisitions in the agrochemical industry in the last few years; one such example is Winfield United (Land O'Lakes which bought out Villa Crop Protection (Pty) Ltd). As Bayer, we do not really interact with competitors on a horizontal level and there are continuously new generic companies or companies that register generic versions of Bayer molecules in SA which we do not keep track of.

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25	Kindly identify and list any firm that has exited the market for the manufacturing of any of the agricultural inputs that you manufacture in the past 3 - 5 years.	We do not produce Vegetable Seed in South Africa None that we are aware of. Given the many mergers and acquisitions in the past few years, there are various agrochemical distributors who now trade under different names. As Bayer, we do not really interact with competitors on a horizontal level.
26	In relation to producers/growers as customers of agricultural inputs, provide a breakdown of the costs of agricultural inputs (disaggregated please) expressed as a percentage of your total costs. In your response indicate:	
	26.1. Whether any increase in these costs is absorbed by the growers or if they are capable of being passed down the value chain.	Cost increases are generally absorbed by all parts of the fresh produce value chains. Some costs are absorbed by distribution, but most of it is passed onto growers as distribution companies will not remain viable if price increases are not absorbed accordingly.
	26.2. To what extent BAYER is able to procure from local suppliers or manufacturers and the price and quality of locally produced agricultural inputs compared to imports?	We are a global company and produce internationally only, based on efficiency. Bayer does procure from local suppliers and manufacturers to an extent which is viable for our business. However, there are many components within CPP that are imported from countries with specialized production sites, including CPP already formulated abroad that are fully imported and labelled according to South African requirements.
	26.3. The extent to which volume purchases have on the pricing of agricultural inputs.	Not applicable to Vegetable Seeds. Depending on the CPP, we do offer volume discounts. These discounts are provided at a distributor level and not at farmer level. These discounts are only given on certain products and in certain seasons based on our pricing and marketing strategies.
	26.4. The role (or lack thereof) of cooperatives and public sector agricultural support in the provision of competing inputs.	Not applicable
27	Provide a broad overview of the role cooperatives play in markets for fresh	

	produce. In your response kindly refer to:	
	27.1. The ability of cooperatives to lower costs for producers/ growers (especially in the small-scale/emerging producers/growers segment);	Not applicable. Bayer does not deal with cooperatives.
	27.2. The ability of cooperatives to create access to input markets for growers/produces (small-scale/emerging segment);	Not applicable. Bayer does not deal with cooperatives.
	27.3. The ability of cooperatives to ensure better pricing and service outcomes for growers/producers.	Not applicable. Bayer does not deal with cooperatives.
	27.4. Provide a list of the top 10 producer/grower cooperatives that have bought agricultural inputs from BAYER for the past 10 years up to and including the year 2022. In your response, please include the value of sales, volume of sales, and discount rate/rebates whichever applicable. Provide this information in Microsoft Excel format.	Not applicable. Bayer does not deal with cooperatives.
	27.5. Provide a list of the bottom 10 producer/grower cooperatives that have bought agricultural inputs from BAYER for the past 5 years up to and including 2022. In your response, please include the value of sales, volume of sales, and discount rate/rebates whichever applicable. Provide this information in Microsoft Excel format.	Not applicable. Bayer does not deal with cooperatives.
28	In relation to growers as customers of agricultural inputs, to what extent has changes in climatic conditions or any other changing dynamics impacted:	
	28.1. The need to source more complex agricultural inputs;	Regarding vegetable seed, growers are constantly looking for varieties with higher yield and greater disease packages to bring down any other input costs. With reference to CPP, agrochemical use is closely linked to pest, disease and weed pressures, which are closely correlated to weather patterns. This would then cause an increase or decrease in fungicide, insecticide and herbicide use,

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		depending on the crop and seasonal conditions. In the case of more complex agricultural inputs, the most important aspect is consistency of efficacy throughout seasons that vary in terms of temperatures, rainfall and extreme weather events.
	28.2. The increase in costs of agricultural inputs, particularly for smallholder farmers;	Bayer distributes through the engagement of distributors / agrochemical distributors, we do not see the impact of our prices to grower level, and do not differentiate based on the size of growers.
	28.3. The extent to which access to improved seeds and intellectual property around seed varieties has created market barriers and high input costs for smaller farmers and growers; and	Growers of all sizes have access to a variety of vegetable seed varieties. This question relates to Seeds, and we cannot respond thereto under the CPP heading.
	28.4. The extent to which access to more advanced fertilizers, agrochemicals (herbicides, fungicides and pesticides), and farming equipment has created market barriers and high input costs for smaller farmers and growers.	Not applicable on Vegetable Seeds. In general, CPP have become more and more specialized in their target spectrum. This has led to an increase in the number of different products available in the market, but has had the very positive outcome of decreasing the number of highly hazardous (to humans, animals and the environment) products. That being said, growers of all sizes have access to a very wide range of CPP that vary greatly in their cost: from highly priced new innovations, to low-cost generic products.
	DISCRIMINATION ON INPUTS	
29	Explain the factors that are considered in determining the pricing of the major key inputs.	Considering that both vegetable seeds and CPP are imported, pricing is affected by international cost prices of commodities as applicable, inflationary factors, forex, freight/transportation etcetera.
30	Do small-scale/ emerging producers/growers have access to similar trading terms (e.g., quality, price, discount, rebates etc.) as those of large-scale farmers? In your	Vegetable seed varieties intended for small scale farmers get sold through a distributor. Trading terms with growers are determined by the agrochemical distributors.

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	explanation, provide supporting documents.	
31	What are commercial terms offered by BAYER to large-scale farmers that may not be accessible to small-scale farmers?	Vegetable seed varieties intended for small scale farmers get sold through a distributor. Commercial terms with growers are determined by the agrochemical distributors agrochemical distributors.
32	Provide the factors that are considered when determining the retail prices for the key input (seeds, seedlings, fertilizer, pesticides, herbicides).	Retail/distributor pricing is determined by the distributors and the agrochemical distributors. Bayer is prohibited from being prescriptive as to pricing.
33	What are the main factors that are considered when determining discounts, rebates, and pricing policies for key inputs? Provide documentary evidence and also indicate the extent to which you may offer a discount for each key input product sold, where applicable.	Market funding programs and discounts are aimed at distributors, not growers. As such we do not believe that the question is applicable to the Bayer business models.
34	What are the local and international pricing dynamics that affect growers and how these can be managed best?	We do not believe that the question is applicable to the Bayer business models.
35	Are there any barriers that emanate from the pricing dynamics across the input level of the fresh produce markets?	We do not believe that the question is applicable to the Bayer business models.
	ACCESS TO FINANCIAL SUPPORT	
36	Does BAYER have policies/support mechanisms to assist SMEs and/or firms owned and controlled by historically disadvantaged persons? If yes, provide documentation which details the support provided. If no such documentation exists, please describe the nature of the support provided.	No.
37	If your company operates internationally, does BAYER have policies/support mechanisms to develop South African businesses? If yes, provide documents which detail any policies/mechanisms to support South African businesses. If no such	It is in the interest of Bayer's global business to develop the business in South Africa. Bayer sees significant business growth opportunities in South Africa, and thus has invested in personnel development, infrastructure, business expansion, etc. All businesses linked to Bayer's product value chain also benefit from this, since it means

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	documents exist, please describe mechanisms used by your company to support and/ or develop South African businesses.	innovative agrochemical solutions which address the ultimate grower needs.
	INQUIRY SCOPE AND ISSUES	
38	Are there any additional areas of inquiry into the market for fresh produce not contained in the Terms of Reference that you believe are important for the Inquiry to cover as part of its work? If so, identify the specific area of inquiry or issue and the reasons why the Inquiry should include in the scope.	Bayer believes that the Terms of Reference and framework of the inquiry were suitably defined as published in the Government Gazette, and accordingly, we have no further comments.
39	Are there any other features of the market for fresh produce and the participation therein in South Africa of relevance to the Inquiry and which has not been traversed in the questions above? If so, please provide details as to the feature and the relevance for the Inquiry.	Bayer believes that the Terms of Reference and framework of the inquiry were suitably defined as published in the Government Gazette, and accordingly, we have no further comments.
40	Are there any other submissions BAYER would like to make of a general nature?	We have no further comments, and Bayer thanks the Competition Commission for the opportunity granted to us to comment.