

# D&PL purchase raises questions

## Key Points

- Monsanto's purchase of Delta and Pine Land concerns some growers.
- Many producers feel they must grow transgenic cottons nowadays.
- Some industry leaders are optimistic merger will be positive.

By **FARM PROGRESS COTTON TEAM**

**M**ONSANTO Co.'s acquisition of Delta and Pine Land Co. for \$1.5 billion in cash has created considerable uneasiness in some, and a "wait and see" attitude in others.

The purchase by the St. Louis-based Monsanto of the longest-running private seed company in the world — based in Scott, Miss. — has been the talk of the Cotton Belt from east to west and all points in between.

"Delta and Pine Land represents an excellent fit for our company as we look to bring value-added traits and high-quality seed to cotton growers around the world," notes Hugh Grant, Monsanto chairman and CEO. "Delta and Pine Land has strong cotton genetics, and we believe Monsanto's leadership in providing the best cotton traits can improve on this already strong base."

But growers say it must be a "good fit" for them, too.

"I won't say Monsanto is doing anything favorable in getting a good relation back with the cotton farmer — I just don't see it," says Jeff Posey, who farms 4,500 acres of cotton with his family at T&J Posey Farms in Roby, Texas.

Posey says they've already been stretched to the limit with energy costs. They buy the highest-quality cottonseed, but he says there are limits on what a grower can pay for transgenic varieties.

Matt Muehler, 33, a progressive Stamford, Texas, grower, farms 3,800 acres of cotton in transgenic varieties.

The acquisition leaves him concerned.

"Fully one-third of my expense this year was for the cottonseed and technology fee," Muehler says. "So we're stretched. As dryland growers, we can't stand any more fee increases."

In fairness, he acknowledges the transgenics, along with the success of the Boll Weevil Eradication Program, have helped him make a string of outstanding cotton crops in recent years.

But Mueller still doesn't like thinking Monsanto has a stronger monopoly on the seed market.

"They already had a pretty good hold on the market," he laments. "I guess it's their game now."

Posey agrees: "They can now say, 'We've got the transgenics — take it or leave it.'"

Charles Matthews grows cotton



**KEEPING FOCUS:** Charles Matthews, a cotton producer in Hertford, N.C., says he hopes that as Monsanto continues to grow, the company will keep the focus on the farmers' interests rather than on profits alone.

in cooperation with his son, Chad, in Hertford, N.C. He's been watching the merger with interest.

"I'm sure it has some advantages for them, but sometimes I think companies can get too big," he says. "It's the same with farmers when we get into so many things that we maybe don't do any of them as well as they should be done. If we rent too much land, we get to the point where we can't do as good a job as we should working it."

"I hope they keep the farmer's best interests up front, too," he says, "and don't focus just on making money."

Like the Muehlers, he questions the high cost of tech fees. "I've wondered why the tech fees haven't come down over the years," he says. "They've had that technology out long enough that they should have recouped their money for creating it by now. Why haven't they started reducing the price of the tech fees?"

### Anderson is optimistic

Legendary cotton economics and marketing expert Carl Anderson of Texas A&M is taking a positive outlook.

"On the positive side, it will allow Monsanto and Delta and Pine Land to really pool their resources to maintain and improve the yield and quality of cotton," Anderson says. "Of course, that comes with a price — the technology fee plus the seed cost."

But an upside is farmers using far

fewer chemicals to help balance that out, he notes.

"There are two basics: increase yields/quality, and also produce cotton efficiently," the veteran cotton specialist reflects.

The Boll Weevil Eradication Program was one reason Texas made back-to-back record cotton crops in the 2004 and 2005 crop years, but — without a doubt — transgenic varieties were another reason, he notes.

Anderson says growers must have high yields and top quality to compete in the world cotton market. That means having top varieties as well as good land to grow cotton.

"As more farmland is devoted to biofuels in the future, this will be very important [for the remaining land]," Anderson assures. "Especially in our ability to compete with foreign growers."

### Cotton breeder says wait and see

John Gannaway, longtime Texas A&M cotton breeder in Lubbock, notes it would be self-defeating in the long run for Monsanto if they didn't build a good relation with cotton growers. He feels Monsanto is a smart-enough company to know it.

"I'd be surprised if they got seed so stinking high it wasn't affordable," he allows. "I don't think they'd do that."

He adds, "I hope they will keep some conventional varieties — not just be all transgenics. I'd think they would keep some. Time will tell."

### Could speed up things

Darrell Cross of Cross Farms at Ovalo, Texas, says he feels the purchase could maybe get improved traits into seed and new varieties on the market one or two years sooner.

"Also, a drought-tolerant gene," he adds. "We certainly need that."

He doesn't fear Monsanto will have much more control than the company already has, anyway.

Cross grew transgenic cotton with stacked genes of Bollgard or Bollgard II traits for worms and Roundup Ready for weeds in 2005 and 2006. He grows both D&PL varieties, as well as FiberMax cottons.

"The bottom line: I think it will advance cotton technology more quickly," he concludes.

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