

June 6th, 2024

The Honourable Pablo Rodriguez
Minister of Transport
330 Sparks Street
Ottawa, Ontario
K1A 0N5

Re: Acquisition of Viterra Limited by Bunge Limited

Dear Minister Rodriguez,

Grain farmers across Canada are concerned about the proposed acquisition of Viterra Limited by Bunge Limited and the impacts the acquisition will have on the livelihoods of their family farms. As the national voice for Canada's grain farmers, Grain Growers of Canada (GGC) represents over 65,000 cereal, pulse, and oilseed producers through our 14 grower groups.

We are concerned with the findings from the Competition Bureau report¹ as well as research conducted by the University of Saskatchewan², both of which suggest that an acquisition approved by the federal government will weaken competition in certain geographic regions across the country, notably in Manitoba and Saskatchewan canola crushing markets. In particular, the Bureau's report found that the acquisition is "likely to result in a substantial lessening of competition in certain relevant markets, such as decreased prices paid to farmers and reduced choice through the elimination of rivalry." The University of Saskatchewan report quantifies these losses and explains that the acquisition is estimated to result in a \$7.56/tonne increase in costs for grain export services, and a \$8.07/tonne loss for canola prices, leading to a \$770 million loss in revenues for producers annually. To put these numbers into perspective, this would account for an approximate \$10,000 loss in revenue for the average Manitoba grain farm per year. These reports underscore the drastic effects the acquisition may have on our grain producers' profitability and competitiveness, especially in our current economic environment with record inflation, high input costs, and depressed commodity prices.

In addition to the effect on producers' revenues, we continue to be concerned about Bunge's 25% stake in G3. The Bureau's report found that, "the interest Bunge holds in G3 is a significant interest that provides Bunge with the ability to materially influence the economic behaviour of G3." However, any proposed divestitures and eventual buyers need to be carefully analyzed to ensure they do not further concentrate market shares within the grain handling industry. The University of Saskatchewan researchers note that "we believe that divestiture of G3 terminal operations to another major player like Richardson International or Cargill Limited would not likely mitigate the price effects associated with the proposed merger."

¹ Government of Canada (Apr 22, 2024). Report to the Minister of Transport and the Parties to the Transaction Pursuant to Subsection 53.2(2) of the Canada Transportation Act. *Proposed Acquisition by Bunge Limited of Viterra Limited*

² Gray, R., Nolan, J., Slade, P. (Mar 27, 2024). *The Economic Impact of the Proposed Bunge-Viterra (BV) Merger on the Grain Sector in Western Canada: A Preliminary Assessment*. University of Saskatchewan



Lastly, there continues to be concerns regarding the announced future investment in a canola crushing facility in Regina due to Bunge's significant share of canola crushing capacity. Equally concerning is the possible market concentration for grain terminals at ports in Quebec, another area that must be considered during this proposed acquisition.

As you review the proposed acquisition of Viterra Limited by Bunge Limited, we would ask that you consider the impacts on the profitability and long-term economic sustainability of grain farmers across Canada. With limited competition in the grain sector, further consolidation will cause sizable economic losses for both producers and the Canadian economy, hindering innovation and productivity.

We thank you for your consideration of these matters. To discuss these matters further, I would like to request to meet with you and your staff at your earliest convenience. To coordinate a meeting, I can be reached at kyle@graingrowers.ca.

Sincerely,

Kyle Larkin
Executive Director
Grain Growers of Canada