

## MCGA Member Survey: Bunge-Viterra Merger - What we heard

Manitoba Canola Growers Association (MCGA) surveyed members from October 5-25, 2023 about the potential Bunge-Viterra merger. We collected 184 responses from the following regions: 36% Central, 13.7% Eastern, 6.6% Interlake, 17% Northwest and 26.4% Southwest. Below is a summary of what we heard.

### Key findings:

- 61% of respondents travel up 100km to sell their grain to primary elevators, crushers or ports
  - The maximum travel distance specified in written comments was 350km
- Bunge, Viterra, G3, Richardson/Pioneer Grain and Parrish & Heimbecker were the companies indicated most frequently as options for selling canola
  - Viterra (88%) and Bunge (81%) were the top two considerations followed by Richardson/Pioneer Grain (74%)
  - Note respondents were asked to select all that apply
- Below is a breakdown of who respondents view as the biggest players in canola purchasing in Manitoba (note respondents were asked to select all that apply):

Company	Percent
Bunge	86.10%
Viterra	57.80%
G3	22.80%
Richardson/Pioneer Grain	46.70%
Cargill	26.10%
Louis Dreyfus	16.70%
Parrish & Heimbecker	15.00%
Paterson Grain	11.10%
CHS	8.90%
ADM	8.30%
Other	1.10%

- The majority of respondents have sold canola to Bunge (74%), Viterra (79%) and G3 (38%) (note respondents were asked to select all that apply)
- Bunge owns a minority share in G3. We asked if these companies could be considered to be competitors, and:



- 28% of respondents said yes, with the most common occurring comment being the price difference
- 24% of respondents said no, with the most common occurring comment being the location (more specifically, G3 is too far away)
- 47% were unsure
- Respondents in each region listed towns/regions where there are few options for farmers to sell their oilseeds (either to grain elevators or canola crushing facilities)
- When asked if there is any area in Manitoba where a loss of the competition between Viterra and Bunge, or Viterra and G3 would pose problems for canola producers, the vast majority of respondents in each region said yes, and the most common comment was that it would affect the whole province
- 91% of respondents are familiar with the Altona and St. Agathe crushing plants, and 82% have sold to one or both of these crushing plants
- 75% agreed that crushing facilities compete with each other or offer different services between crushing facilities and/or grain elevators in their region, while 10% disagreed and 15% were unsure
- Below is a breakdown of what farmers use to make selling decisions:

Value	Percent
Price	48.70%
Contract options	6.80%
Delivery options	16.20%
Quality of seed accepted	6.80%
Variety of seed accepted	10.30%
Other	11.10%

- Price competitiveness, dockage percentage and delivery options were all common comments
- Below is a breakdown of the frequency when farmers compare prices between potential buyers for canola and other grains:

Value	Percent
On every transaction	80.70%
Occasionally	17.70%
Rarely	0.60%
Never	0.60%
Other	0.60%



- Below is a breakdown of how often farmers change buyers for their canola or other grains:

Value	Percent
At any time if the services/price differs	78.30%
Occasionally	18.30%
Rarely	2.20%
Other	1.10%

- Price and proximity factors were common comments

In conclusion, 66% of respondents agreed that a merger between Bunge and Viterra would affect their business, while 10% said no and 24% were unsure.

- Less competition and lower grain prices were the most common examples listed as to how the merger could affect farm businesses

Additional comments of note:

- “Competition creates better opportunities for producers to get the best value for their grain. With the high production costs as well as machinery costs, producers are striving for the best possible price.”
- “We need to keep competition in order for elevators to offer better pricing opportunities. Mergers seem like a good business decision to keep their costs down but these savings don't always get passed on.”
- “Bunge and Viterra are the closest options for delivery for me. Generally, Bunge has better pricing opportunities to meet their continual needs versus Viterra is less price competitive unless they need canola for a shipment.”
- “Consolidation of the grain handling and crushing business has gone far enough. The merger of two of the biggest buyers is more significant that if it were smaller companies involved. The percentage of business affected is key to maintaining a competitive marketplace.”

MCGA representatives are actively involved in the review of this potential merger, raising farmers’ concerns that specifically impact Manitoba. Survey results have been provided to the organizations conducting the formal review. The MCGA Board has also met with Bunge and Viterra representatives to discuss these concerns directly. We will continue to monitor and work with all parties to ensure farmers’ concerns are heard.

