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NEWS FOR IMMEDIATE RELEASE

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Wisconsin DOJ Joins FTC, Other AGs in Standing Up for Farmers

MADISON, Wis. – Wisconsin Department of Justice has joined 9 other states and the Federal Trade Commission in filing a lawsuit against pesticide makers Syngenta and Corteva, alleging anti-competitive practices that have harmed farmers.

The complaint, filed yesterday in U.S. District Court in the Middle District of North Carolina, accuses the defendants of using “loyalty programs” with pesticide distributors to exclude generic competitors from the market. The programs reward distributors for selling Syngenta and Corteva products long after their patent and other protections have expired, thus inflating prices. “These unlawful business practices have cost farmers many millions of dollars a year,” the complaint alleges.

“Hard-working Wisconsin farmers shouldn’t have to pay improperly inflated prices for crop-protection products,” said Attorney General Kaul. “I am proud to join the FTC and nine other states in working to hold Syngenta and Corteva accountable for their alleged anti-competitive practices.”

The lawsuit accuses Syngenta and Corteva of violating state and federal laws, including the FTC Act and the Clayton Act. The FTC and state attorneys general ask the court to end the loyalty programs, and grant equitable monetary relief, among other remedies.

Syngenta -- based in Basel, Switzerland, and a subsidiary of Sinochem Holdings Corp. of China -- and Corteva, based in Indianapolis, are among the largest makers of crop-protection products in the United States. The companies' products are used on a wide

range of grains, vegetables, fruits, and other crops, helping improve yields and food security.

To encourage innovation, companies such as Syngenta and Corteva can initially develop, patent, and register active ingredients in their products and exploit their commercial potential for several years. After those protections expire, generic manufacturers may enter the market with products with the same active ingredients and relying on the same toxicology and environmental impact studies. This competition ordinarily leads to dramatic price reductions, benefiting farmers and consumers.

The complaint accuses Syngenta and Corteva of undermining this system by paying incentive payments, or “rebates,” to distributors on one condition: The distributor must keep its purchases of comparable generic products below a low threshold. Corteva and Syngenta have entered into loyalty-program agreements with substantially all leading distributors in the United States. In turn, the distributors sell the products containing the branded ingredients to retail outlets.

These loyalty programs enable the defendants to maintain high prices and dominant market positions years after exclusivity for an active ingredient has expired. They also have forced generic manufacturers out of the market, the lawsuit alleges.

The FTC commissioners voted yesterday to pursue the lawsuit. In addition to Wisconsin, the lawsuit was joined by the attorneys general of California, Colorado, Illinois, Indiana, Iowa, Minnesota, Nebraska, Oregon, and Texas.