

WEEKLY NEWS ARTICLE UPDATE



Prepared by John C. Baize and Associates | 7319 Brad Street | Falls Church, VA 22042
TEL: 703-698-5908 | FAX: 703-698-7109 | E-mail: jbaize@attglobal.net

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U.S. Soy Export Sales Highlights

This summary is based on reports from exporters for the period July 4-10, 2014.

Soybeans: Net sales of 37,700 MT for 2013/2014 were down 33 percent from the previous week and 71 percent from the prior 4-week average. Increases were reported for Taiwan (44,000 MT), China (6,400 MT), Thailand (5,600 MT), Indonesia (5,500 MT), and Vietnam (5,500 MT). Decreases were reported for unknown destinations (28,500 MT) and Mexico (5,200 MT). Net sales of 561,000 MT for 2014/2015 were primarily for China (365,000 MT) and unknown destinations (149,500 MT). Decreases were reported for Japan (16,800 MT). Exports of 94,800 MT were up 6 percent from the previous week, but down 25 percent from the prior 4-week average. The primary destinations were Mexico (42,000 MT), Japan (28,000 MT), Indonesia (19,500 MT), and Taiwan (2,100 MT).

Optional Origin Sales: For 2013/2014, outstanding optional origin sales total 110,500 MT, all China. For 2014/2015, outstanding optional origin sales total 716,000 MT, and are for China (551,000 MT), Egypt (120,000 MT), and Mexico (45,000 MT).

Soybean Cake and Meal: Net sales of 83,800 MT for 2013/2014 were up 72 percent from the previous week and 33 percent from the prior 4-week average. Increases were reported for Morocco (20,000 MT), Mexico (19,900 MT), Canada (17,500 MT), Guatemala (13,500 MT, including 13,400 MT switched from unknown destinations), El Salvador (9,600 MT, including 8,900 MT switched from unknown destinations and decreases of 200 MT), and Venezuela (9,000 MT, including 10,000 MT switched from unknown destinations and decreases of 1,000 MT). Decreases were reported for

unknown destinations (35,400 MT). Net sales of 89,600 MT for 2014/2015 were reported primarily for unknown destinations (55,700 MT), Egypt (27,000 MT), and Canada (4,600 MT). Exports of 169,900 MT were up 88 percent from the previous week and 52 percent from the prior 4-week average. The primary destinations were the Philippines (47,500 MT), Mexico (32,700 MT), Venezuela (24,000 MT), Canada (23,100 MT), and Guatemala (13,400 MT).

Soybean Oil: Net sales of 8,300 MT for 2013/2014 were down 35 percent from the previous week and 25 percent from the prior 4-week average. Increases were reported for Mexico (5,400 MT), Nicaragua (1,600 MT), Trinidad (800 MT), Canada (300 MT), and Singapore (100 MT). Exports of 16,800 MT were up noticeably from the previous week and from the prior 4-week average. The primary destinations were the Dominican Republic (12,600 MT), Mexico (2,200 MT), Nicaragua (1,600 MT), Trinidad (200 MT), and Canada (200 MT).

Wheat: Net sales of 320,700 MT for delivery in the 2014/2015 marketing year were primarily for Japan (115,100 MT, including 26,000 MT switched from unknown destinations), China (60,000 MT), Thailand (55,900 MT), Nigeria (49,400 MT, including 56,000 MT switched from unknown destinations and decreases of 12,300 MT), the Dominican Republic (27,200 MT), and Trinidad (20,500 MT). Decreases were reported for unknown destinations (38,100 MT) Indonesia (8,000 MT), and Peru (4,300 MT). Exports of 417,400 MT were primarily to Nigeria (84,400 MT), Mexico (64,100 MT), Brazil (59,200 MT), Japan (58,200 MT), Thailand (54,100 MT), and Peru (36,700 MT).

Optional Origin Sales: For 2014/2015, outstanding optional origin sales total 40,000 MT, all Algeria.

Exports for Own Account: Exports for own account to Italy totaling 200 MT were applied to new or outstanding sales. Decreases totaling 2,000 MT were reported in exports for own account to Italy. The current exports for own account balance is 20,000 MT, all Italy.

Corn: Net sales of 573,700 MT for 2013/2014 were up 58 percent from the previous week and up noticeably from the prior 4-week average. Increases were reported for Japan (246,900 MT, including 90,300 MT switched from unknown destinations and decreases of 26,700 MT), Colombia (94,300 MT, including 40,000 MT switched from unknown destinations), Taiwan (42,900 MT), the Philippines (39,900 MT), Mexico (37,700 MT), and Morocco (30,000 MT). Decreases were reported for unknown destinations (51,400 MT). Net sales of 495,000 MT for 2014/2015 were reported primarily for unknown destinations (198,900 MT), Japan (150,400 MT), and Mexico (108,200 MT). Exports of 907,900 MT were down 25 percent from the previous week and 16 percent from the prior 4-week average. The primary destinations were Japan (276,300 MT), Mexico (231,200 MT), South Korea (116,400 MT), Spain (64,900 MT), Colombia (43,700 MT), Peru (32,400 MT), and Guatemala (29,300 MT).

Optional Origin Sales: For 2013/2014, outstanding optional origin sales total 55,000 MT, all South Korea.

China May Reject New Types of GMO Corn This Year: China Times

By Huang Zhe

July 11 (Bloomberg) -- China may withhold approval of new types of genetically modified corn this year on grain safety concerns, China Times reports, citing an unidentified person familiar with the matter. Syngenta's MIR162 corn strain didn't get approval at a review meeting in June.

U.S. and Argentina agricultural departments talked to China's agricultural ministry several times to seek solutions after China rejected some GMO corn

Core Truths: 10 Common GMO Claims Debunked

Popular Science by Brooke Borel

Later this year, the U.S. Department of Agriculture may approve the Arctic Granny and Arctic Golden, the first genetically modified apples to hit the market. Although it will probably be another two years before the non-browning fruits appears in stores, at least one producer is already scrambling to label its apples GMO-free.

The looming apple campaign is just the latest salvo in the ongoing war over genetically modified organisms (GMOs)—one that's grown increasingly contentious. Over the past decade, the controversy surrounding GMOs has sparked worldwide riots and the vandalism of crops in Oregon, the United Kingdom, Australia, and the Philippines. In May, the governor of Vermont signed a law that will likely make it the first U.S. state to require labels for genetically engineered ingredients; more than 50 nations already mandate them. Vermont State Senator David Zuckerman told Democracy Now!, "As consumers, we are guinea pigs, because we really don't understand the ramifications."

But the truth is, GMOs have been studied intensively, and they look a lot more prosaic than the hype contends. To make Arctic apples, biologists took genes from Granny Smith and Golden Delicious varieties, modified them to suppress the enzyme that causes browning, and reinserted them in the leaf tissue. It's a lot more accurate than traditional methods, which involve breeders hand-pollinating blossoms in hopes of producing fruit with the desired trait. Biologists also introduce genes to make plants pest- and herbicide-resistant; those traits dominate the more than 430 million acres of GMO crops that have already been planted globally. Scientists are working on varieties that survive disease, drought, and flood.

So what, exactly, do consumers have to fear? To find out, Popular Science chose 10 of the most common claims about GMOs and interviewed nearly a dozen scientists. Their collective answer: not much at all.

1) Claim: Genetic engineering is a radical technology.

Humans have been manipulating the genes of crops for millennia by selectively breeding plants with desirable traits. (A perfect example: the thousands of apple varieties.) Virtually all of our food crops have been genetically modified in some way. In that sense, GMOs are not radical at all. But the technique does differ dramatically from traditional plant breeding.

Here's how it works: Scientists extract a bit of DNA from an organism, modify or make copies of it, and incorporate it into the genome of the same species or a second one. They do this by either using bacteria to deliver the new genetic material, or by shooting tiny DNA-coated metal pellets into plant cells with a gene gun. While scientists can't control exactly where the foreign DNA will land, they can repeat the experiment until they get a genome with the right information in the right place.

That process allows for greater precision. "With GMOs, we know the genetic information we are using, we know where it goes in the genome, and we can see if it is near an allergen or a toxin or if it is going to turn [another gene] off," says Peggy G. Lemaux, a plant biologist at the University of California, Berkeley. "That is not true when you cross widely different varieties in traditional breeding."

2) Claim: GMOs are too new for us to know if they are dangerous.

It depends on how you define new. Genetically engineered plants first appeared in the lab about 30 years ago and became a commercial product in 1994. Since then, more than 1,700 peer-reviewed safety studies have been published, including five lengthy reports from the National Research Council, that focus on human health and the environment. The scientific consensus is that existing GMOs are no more or less risky than conventional crops.

3) Claim: Farmers can't replant genetically modified seeds.

So-called terminator genes, which can make seeds sterile, never made it out of the patent office in the 1990s. Seed companies do require farmers to sign agreements that prohibit replanting in order to ensure annual sales, but Kent Bradford, a plant scientist at the University of California, Davis, says large-scale commercial growers typically don't save seeds anyway. Corn is a hybrid of two lines from the same species, so its seeds won't pass on the right traits to the next generation. Cotton and soy seeds could be saved, but most farmers don't bother. "The quality deteriorates—they get weeds and so on—and it's not a profitable practice," Bradford says.

4) Claim: We don't need GMOs—there are other ways to feed the world.

GMOs alone probably won't solve the planet's food problems. But with climate change and population growth threatening food supplies, genetically modified crops could significantly boost crop output. "GMOs are just one tool to make sure the world is food-secure when we add two billion more people by 2050," says Pedro Sanchez, director of the Agriculture and Food Security Center at

Columbia University's Earth Institute. "It's not the only answer, and it is not essential, but it is certainly one good thing in our arsenal."

5) Claim: GMOs cause allergies, cancer, and other health problems.

Many people worry that genetic engineering introduces hazardous proteins, particularly allergens and toxins, into the food chain. It's a reasonable concern: Theoretically, it's possible for a new gene to express a protein that provokes an immune response. That's why biotech companies consult with the Food and Drug Administration about potential GMO foods and perform extensive allergy and toxicity testing. Those tests are voluntary but commonplace; if they're not done, the FDA can block the products.

One frequently cited study, published in 2012 by researchers from the University of Caen in France, claimed that one of Monsanto's corn GMOs caused tumors in lab rats. But the study was widely discredited because of faulty test methods, and the journal retracted it in 2013. More recently, researchers from the University of Perugia in Italy published a review of 1,783 GMO safety tests; 770 examined the health impact on humans or animals. They found no evidence that the foods are dangerous.

6) Claim: All research on GMOs has been funded by Big Ag.

This simply isn't true. Over the past decade, hundreds of independent researchers have published peer-reviewed safety studies. At least a dozen medical and scientific groups worldwide, including the World Health Organization and the American Association for the Advancement of Science, have stated that the GMOs currently approved for market are safe.

7) Claim: Genetically modified crops cause farmers to overuse pesticides and herbicides.

This claim requires a little parsing. Two relevant GMOs dominate the market. The first enables crops to express a protein from the bacterium *Bacillus thuringiensis* (Bt), which is toxic to certain insects. It's also the active ingredient in pesticides used by organic farmers. Bt crops have dramatically reduced reliance on chemical insecticides in some regions, says Bruce Tabashnik, a University of Arizona entomologist.

The second allows crops to tolerate the herbicide glyphosate so that farmers can spray entire fields more liberally yet kill only weeds. Glyphosate use has skyrocketed in the U.S. since these GMOs were introduced in 1996. But glyphosate is among the mildest herbicides available, with a toxicity 25 times less than caffeine. Its use has decreased reliance on more toxic alternatives, such as atrazine.

8) Claim: GMOs create super-insects and super-weeds.

If farmers rely too heavily on Bt or glyphosate, then pesticide resistance is inevitable, says Tabashnik. That's evolution at work, and it's analogous to antibiotics creating harder bacteria. It is an increasing problem and could lead to the return of harsher chemicals. The solution, he says, is to practice integrated pest management, which includes rotating crops. The same goes for any type of farming.

9) Claim: GMOs harm beneficial insect species.

This has been partly debunked. Bt insecticides attach to proteins found in some insects' guts, killing select species. For most insects, a field of Bt crops is safer than one sprayed with an insecticide that kills indiscriminately. But monarch butterflies produce the same proteins as one of Bt's target pests, and a 1999 Cornell University lab experiment showed that feeding the larvae milkweed coated in Bt corn pollen could kill them. Five studies published in 2001, however, found that monarchs aren't exposed to toxic levels of Bt pollen in the wild.

A 2012 paper from Iowa State University and the University of Minnesota suggested glyphosate-tolerant GMOs are responsible for monarchs' recent population decline. The herbicide kills milkweed (the larvae's only food source) in and near crops where it's applied.

10) Claim: Modified genes spread to other crops and wild plants, upending the ecosystem.

The first part could certainly be true: Plants swap genetic material all the time by way of pollen, which carries plant DNA—including any genetically engineered snippets.

According to Wayne Parrott, a crop geneticist at the University of Georgia, the risk for neighboring farms is relatively low. For starters, it's possible to reduce the chance of cross-pollination by staggering planting schedules, so that fields pollinate during different windows of time. (Farmers with adjacent GMO and organic fields already do this.) And if some GMO pollen does blow into an organic field, it won't necessarily nullify organic status. Even foods that bear the Non-GMO Project label can be 0.5 percent GMO by dry weight.

As for a GMO infiltrating wild plants, the offspring's survival partly depends on whether the trait provides an adaptive edge. Genes that help wild plants survive might spread, whereas those that, say, boost vitamin A content might remain at low levels or fizzle out entirely.

The Rise of GMO Crops

In the U.S., farmers have been planting increasing amounts GMO crops since the seeds became commercially available in 1996. Corn, cotton, and soy—which together occupy about 40 percent of U.S. cropland—are the three crops with the highest GMO fraction by area, each more than 90 percent in 2013.

Soybean Slide Prompts Top Grower to Scale Back: Corporate Brazil

By Gerson Freitas Jr.

July 15 (Bloomberg) -- SLC Agricola SA, Brazil's biggest publicly traded cotton and soybean grower, is scaling back plans to double its growing areas after commodity prices plunged.

SLC, which has tripled its land since going public in 2007, is scrapping a plan announced in 2011 to expand to 700,000 hectares (1.7 million acres) by 2020 from about 344,000 now, Chief Executive Officer Aurelio Pavinato said in an interview. Instead, the Porto Alegre-based company wants to boost cash flow by making current farms more efficient, he said.

Soybeans and corn are trading at four-year lows and cotton is posting the second-biggest slide among agricultural

commodities worldwide this year, making farmland purchases in parts of Brazil that are far from ports less desirable. SLC is now focusing on areas that need fewer investments through leasing and joint ventures as well as on cutting costs.

"We want to grow more selectively from now on," Pavinato said at Bloomberg's office in Sao Paulo. While demand for grain will remain strong, it won't rise as quickly as in previous years, he said. "That's causing us to worry more about efficiency."

Shares Underperform

The company's shift in strategy comes as its shares trade below what Pavinato considers to be fair value. SLC has declined 11 percent this year before today, compared with an 8.2 percent gain for the Ibovespa index. Smaller rivals Vanguarda Agro SA and BrasilAgro have also underperformed the benchmark, posting a 24 percent drop and 1.6 percent rise in the period, respectively.

"We're not satisfied with this performance," Pavinato said. The company's farmland portfolio implies a share price of 35 reais (\$16) apiece. "The market seems to be paying more attention to profitability and cash-flow levels."

SLC fell 0.4 percent in Sao Paulo trading yesterday to close at 18.17 reais. The company posted net income of 96.6 million reais and negative cash flow of 306 million reais in 2013, according to data compiled by Bloomberg.

A major boom to SLC's plans to earn more per hectare will be logistics improvements in coming years, he said. Traders from Bunge Ltd. to Cargill Inc. are spending about \$2.5 billion on docks, barge fleets and terminals to take advantage of a new shipping route along the Amazon River.

Most of Brazil's soybean and corn production is now trucked more than 2,000 kilometers (1,200 miles) to ports in the nation's southeast. The cost of moving soybeans from Mato Grosso, in western Brazil, should fall by 25 percent, or about \$1 a bushel, as exports along the Amazon route ramp up, Pavinato said.

Changing Logistics

"We've never seen a change in logistics as great as what we'll see in the next five years," he said, and the improvement will bolster land prices in Brazil. "We're going to be more competitive."

The company plans to raise the share of leased land to half of its portfolio from about one-third now, Pavinato said. The shift will help boost cash flow and lower capital expenditures as borrowing costs rise. SLC is also seeking joint ventures such as the one formed last year with Mitsui & Co. for the production of soybeans and cotton in Brazil's northeast.

That strategy will help shares gain in the medium- and long-term, Nataniel Cezimbra and Marcio Montes, analysts for Banco do Brasil SA, said in an e-mailed response to questions.

Banco do Brasil rates the stock the equivalent of a buy, alongside 10 other buy ratings. Three analysts say hold and none recommend selling, according to data compiled by Bloomberg.

"SLC is one of world's most productive farming companies," the analysts said.

Morgan Stanley Says Soybeans May Reach \$9.30/Bu on Yield Outlook

By Whitney McFerron

July 15 (Bloomberg) -- Improving prospects for U.S. yields are "skewing the price outlook closer to our bear case" for soybeans at \$9.30/bu, corn at \$3.80/bu, bank says in e-mailed report today.

- Soybean yields seen at 45.1 bu/acre, corn at 165.6 bu/acre
- * Yield estimates. would leave corn and soybeans stocks-use ratio at 12% and 14% respectively, bank says
- NOTE: USDA pegged U.S. corn yields at 165.3 bu/acre, soybeans at 45.2 bu/acre in July 11 report
- Bank "would hesitate to add new corn shorts here" as prices already near bear-case scenario, August weather still uncertain
- For corn "to reach market yield estimates in the high 160s bu/acre, August weather will need to be nearly as ideal as July. As 2013 showed, that is often easier said than done"

[Soy Market Has More Work to Do to Reignite Demand: Maguire](#)

By Gavin Maguire

CHICAGO, July 15 (Reuters) - With new crop soybean futures having already slumped more than \$1.50 a bushel from their 2014 highs to trade under the \$11.00 level for this first time in close to a year, some traders view the soybean market as being close to a bottom.

But as cheap as U.S. soybean futures prices may seem following their roughly 15 percent drop in less than two months, they remain at an unusually large premium to the futures price of rapeseed – the second most produced and consumed oilseed in the world – and so may have further work to do to secure more widespread oilseed consumer appeal.

In addition, cash soybean prices in the top U.S. growing state of Iowa are still more than 20 percent above those on offer in Brazil's top growing state of Mato Grosso, which should ensure that large physical soybean purchasers continue to favor South, rather than North, American suppliers.

So while soybean bulls may still be licking their wounds following the recent rout, prices may drop further before any meaningful uptick in demand is seen.

OUTSIZED OUTPUT GROWTH

Soybeans are far and away the most produced, consumed and traded oilseed on the planet, but there has been strong growth lately in the production of alternative oilseeds such as rapeseed, cottonseed, peanuts and palm kernel seeds.

Indeed, world output of rapeseeds, peanuts, sunflower seeds and palm kernel seeds all posted record highs in the 2013/14 crop year just as global soybean output also hit a record.

The end result in 2013/14 was a combined oilseed output figure that topped 500 million tonnes for the first time, and marked a nearly 30 percent increase on decade-earlier levels. Production projections for 2014/15 are for a 520 million tonne haul, with soybeans making up roughly 60 percent of that total, rapeseed accounting for roughly 14 percent, and all other oilseeds contributing to the remainder.

Total oilseed consumption has also grown by around 30 percent over the past 10 years, but has yet to top the 500 million tonne mark, peaking at 485 million tonnes last year and projected to hit 499 million tonnes in 2014/15.

Again, soybeans represent the majority share, accounting for around 56 percent of overall oilseed demand, compared with about 14 percent for rapeseed and around 30 percent for the remainder.

STOCKS SWELL

The somewhat constrained growth in use relative to output has led to a string of widening oilseed surpluses in recent years, growing from roughly 7.2 million tonnes in 2012/13 to 18.6 million tonnes in 2013/14 and a projected 22.9 million tonnes in 2014/15.

These surpluses have in turn been reflected in the large growth in oilseed ending stocks, which swelled from 65 million tonnes in 2012/13 to 78 million tonnes last year and are set to climb to more than 95 million tonnes in 2014/15.

As with the production and consumption breakdowns, soybeans capture the lion's share of inventories, but in a far more pronounced manner.

Indeed, more than 88 percent of all oilseed stocks are soybeans, with rapeseeds accounting for less than 8 percent and all other oilseeds accounting for the remaining 4 percent.

This dominant proportion of soybeans in the pile of global oilseed inventories reflects recent strong soybean production in North and South America, as well as the promise of another record crop in 2014/15.

But the fact that soybean inventories globally are more than 11 times larger than rapeseed stocks does bring up the question of why soybean prices are holding a more than \$2 per bushel premium to rapeseed futures on a like-for-like basis.

Certainly soybean demand and trade are both greater than their rapeseed equivalents, with soybeans enjoying a 4:1 advantage over rapeseed in terms of total use and a 8:1 advantage in exports.

But total use of rapeseed has increased at a faster pace than soy demand over the past decade, which reflects a global push among consumers to diversify oilseed purchases.

And considering that rapeseeds are currently cheaper than soybeans, that growth trend seems likely to persist for the near term even if soybeans are theoretically more readily available.

This trend is in turn likely to undermine soybean demand-growth potential unless soybean prices weaken relative to rapeseeds and effectively force soybeans into consumer pipelines at the expense of all other oilseed substitutes.

This means that although global soybean prices may already appear to be cheap by historical standards, there could well be downside erosion over the coming weeks as the market attempts to displace oilseed alternatives and win back broad consumer demand.

And this extends beyond the futures realm to the cash arena as well as U.S. cash soybean prices remain relatively elevated compared with those in other major growing regions, which will act as a constraint on overall U.S. demand potential until global prices come more closely into alignment.

[Trading Firms' Dispute with Monsanto Threatens Soy Sales in Brazil](#)

SAO PAULO, July 17 (Reuters) - An impasse between U.S.-based Monsanto Co and soybean buyers in Brazil over royalty payments on a new seed technology may complicate the country's sales of the upcoming oilseed crop.

Monsanto has fought farmers over royalty payments for its seed technology in courts around the world. In Brazil, it now wants commodity trading firms to ensure farmers pay the proper fees for its new South American seed, Intacta RR 2 Pro.

But trading firms are afraid to get caught in the crossfire.

Brazil's Vegetable Oils Association (Abiove), which represents international soybean traders such as ADM,, Bunge, Cargill and Louis Dreyfus, said members have been negotiating with Monsanto for six months.

"We can serve as monitors in this process, as Monsanto requests ... but we cannot assume legal responsibility for the collection of royalties," said Abiove President Carlo Lovatelli.

Monsanto said in a statement on Thursday that it was confident the best solution would be found in favor of Brazilian soybean growers.

The main concern for the soy industry in Brazil, which exports more than half of its annual harvest, is what would happen if questions arise over a royalty payment on a soy cargo that has already been shipped, Lovatelli said in an interview.

"It would be like selling a complete car and then having the tire manufacturer come and complain about something to do with the rubber," he said.

If the impasse continues, buyers may not be able to purchase soy from Brazilian farmers who planted their fields with Intacta. Brazil, the world's No. 1 soy exporter, is Monsanto's second-largest market after the United States.

Herbicide-resistant Intacta will likely make up 25 percent of the soybean crop to be planted in September, compared with 4 percent in the inaugural 2013/14 season. Farmers have said the seed is resistant to a devastating Asian caterpillar, *helicoverpa armigera*, that first appeared in Brazil in 2012.

Farmers are already buying seeds for next year's crop. The U.S. Agriculture Department expects Brazil to produce a record 91 million tonnes of soybeans but has said the United States may replace Brazil as the top soybean exporter next season.

"Producers want certainty, in this time of seed buying, that they are not going to have problems when they deliver their soy six months from now," Lovatelli said.

Brazilian farmers dropped a long-running legal battle against Monsanto last year, accepting the company's offer to lower the price of Intacta seeds in exchange for ending the case over its old Roundup Ready seed technology.

Earlier this year the U.S. Supreme Court upheld Monsanto's biotech seed patents, dealing a blow to a group attempting to ward off the company's lawsuits against farmers.