

Bunge and Viterra: What Should the Remedy Package Protect?

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A strategy case for MBA students and working professionals

Decision date: 23 April 2024, after the Competition Bureau of Canada publicly released its report on Bunge's proposed acquisition of Viterra. All facts and market conditions in this case are limited to information available by that date. The decision and proposed alternatives are hypothetical.

A deal at a turning point

On 13 June 2023, Bunge and Viterra announced an agreement to combine their global agribusiness operations. Bunge described the businesses as complementary across crops, regions and seasons. It forecast approximately US\$250 million in annual gross, pre-tax operational synergies within three years after completion, with additional network benefits from commercial excellence, vertical integration, logistics optimization and trading optionality. Those were management projections; the public announcement did not assign the projected benefits to particular Canadian assets or quantify how a remedy could affect them. ([Bunge transaction announcement](#), “The combination is expected”)

The transaction still required regulatory and other approvals. The Competition Bureau had examined it as part of the Canada Transportation Act public-interest process. Its report, dated 22 April 2024 and released the next day, identified substantial competition concerns in several Canadian markets. Under the process described in the report, the parties could propose measures for consideration after the report. Bunge now had to decide what response to put forward and how to explain the trade-off between addressing the identified concerns and retaining the deal's claimed supply-chain value. ([Bureau report, executive summary and Part 2, ss. 53.2\(5\)-\(7\)](#))

Three concerns, three mechanisms

The Bureau's findings did not describe one national market problem. They concerned local competition for farmers' canola, Bunge's relationship with G3, and supply of refined canola oil to a particular group of Eastern Canadian customers. The Bureau's conclusions relied in part on confidential transaction information and expert analyses that are not fully reproducible from the public report.

Issue in the Bureau report	What the Bureau said by 23 April 2024	Scope and qualification
Local canola purchasing	The Bureau estimated that the parties' combined canola-purchase shares exceeded 45% around	These are Bureau-reported expert estimates, not observed losses or Bunge forecasts. Farmer alternatives

Issue in the Bureau report	What the Bureau said by 23 April 2024	Scope and qualification
	Nipawin, Saskatchewan, and 60% around Altona, Manitoba. Its merger simulation estimated annual farm-revenue losses of C\$8-10 million around Nipawin and C\$7-9 million around Altona.	depend on local delivery choices, crop and contract terms, timing and transport. (Bureau report §§9.1-9.2, 9.5.)
G3 governance and information	Bunge held a 25% interest in G3, with SALIC holding 75%. The Bureau found that Bunge did not legally “control” G3 under the Competition Act, but did have material influence. Separately, it found that Bunge directors, committee members and some employees had access to competitively sensitive information; it said existing policies and agreements did not mitigate that concern. The Bureau was concerned that Bunge would own Viterra, a G3 rival.	The Bureau did not conclude that the transaction would likely cause substantial effects in local markets where G3 and Viterra overlapped. It did identify a potential longer-term incentive to weaken G3's Canadian origination, entry or expansion. (§§8.1-8.3, 9.4-9.5.)
Eastern refined canola oil	The Bureau identified concern about supply to Eastern Canadian customers unable to receive refined canola oil by rail, including distributors and further-processors it considered potential downstream competitors.	The concern was specific to refined canola oil and truck-only customers. It was a predicted foreclosure theory, not a finding of actual refusal or discrimination. (§10.4.)

The report also contained counterweights. The Bureau concluded the transaction was unlikely to substantially lessen competition in terminal-elevator capacity in any Canadian area, citing limited third-party capacity sales, remaining competitors and excess capacity (§11.5). It said announced Western Canadian crush expansion was likely to increase production but did not identify anticipated Eastern Canadian entry that would answer the Eastern oil concern (§10.3).

A University of Saskatchewan preliminary assessment by Gray, Nolan and Slade reached a different conclusion about Vancouver export services. In a calibrated Cournot-Nash scenario, it modeled export-service margins rising from C\$50 to C\$57.56 per tonne and estimated C\$567 million in annual Western Canadian producer-revenue loss; the authors proposed divestiture of Bunge's G3 port interest. The report was supported by producer organizations, described as preliminary, and acknowledged sparse data and uncertain behavioral assumptions. Its market definition and method differed from the Bureau's terminal-capacity analysis, so the estimates are not directly comparable. (Gray, Nolan and Slade, Table 5 and §2.3, printed pp. 10-11)

What would a remedy have to do?

The concerns point to different levers. A structural measure might change ownership of an asset or business in a specific geography. A behavioral measure might set terms for purchasing, customer supply or access. A governance measure might restrict information flows and influence around G3. Each could have different effects on competition, operating flexibility, implementation time and the deal's claimed benefits. The public materials provide no asset-level valuation, remedy cost, implementation timetable or estimate of remedy-specific synergy effects.

The evidence also leaves room for disagreement about what would work. Farmers may have outside options beyond the nearest facility, but their value varies with transport and capacity. A formal G3 information firewall may limit new disclosures while doing less about information already learned or incentives created by common ownership. A supply commitment for Eastern customers may be verifiable, but it needs clear product, customer, delivery and pricing terms. A divestiture could create an independent competitor, yet the public record does not establish which assets could be sold, to whom, or with what effect on network operations.

By the cutoff, amendments had eliminated the Competition Act section 96 efficiencies exception. The Bureau's Canada Transportation Act report did not assess the claimed efficiencies under that framework. Bunge's projected synergies therefore remain a commercial value-preservation argument, not a statutory section 96 defense. The strategic question is whether Bunge can offer a package that is credible against the distinct concerns while preserving enough coordination and scale to support the deal's stated rationale.

The assignment

Assume you advise Bunge's transaction leadership immediately after the report becomes public. Recommend what package, if any, Bunge should present for consideration. Your proposal may combine targeted structural measures, behavioral commitments, G3 governance safeguards, or a limited-remedy commercial argument focused on preserving transaction value. Do not assume any particular asset, commitment or cost is feasible unless you identify it as an assumption to test.

Prepare a short decision memorandum that:

1. Maps each proposed measure to a specific theory of harm and market scope.
2. Explains how the package would be monitored, for how long, and what would count as compliance or failure.
3. Identifies what operational coordination could continue and what information or decisions should be separated.
4. Addresses the competing Vancouver analyses and distinguishes them from the local procurement, G3 and Eastern oil concerns.
5. States the key data Bunge should provide or seek before accepting a remedy, including how it would test value preservation and execution risk.

There is no public estimate that can determine the optimal package numerically. Make your assumptions explicit, identify the most consequential uncertainty, and explain what evidence would change your recommendation.

Source notes

- Competition Bureau of Canada, *Report to the Minister of Transport and the Parties to the Transaction Pursuant to Subsection 53.2(2) of the Canada Transportation Act* (22 April 2024; released 23 April 2024), cited by section above. [Official report](#)
- Bunge, "Bunge and Viterra to Combine to Create a Premier Diversified Global Agribusiness Solutions Company" (13 June 2023), paragraphs "Under the terms" and "The combination is expected." [Company announcement](#)

- Gray, Nolan and Slade, *The Economic Impact of the Proposed Bunge-Viterra Merger on the Grain Sector in Western Canada: A Preliminary Assessment* (27 March 2024), PDF pp. i-iii, 7-11. [Report PDF](#)

This case is a strategy exercise, not legal advice. It does not disclose later regulatory decisions, remedies, transaction outcomes or operating results.