

BASF and Monsanto in output drive

**By Doug Cameron in Chicago
and Gerrit Wiesmann in Berlin**

Monsanto of the US and Germany's BASF are to collaborate in a venture designed to boost farm productivity by 20 per cent and alleviate the growing strains on global food production caused by the expansion of biofuels.

Monsanto, the world's largest supplier of genetically modified seeds, plans to leverage the German chemicals group's technology to accelerate its research.

"The real dilemma in the next decade is how do you grow more with less," said Hugh Grant, Monsanto's chairman and chief executive. "It's going to be the focus for the planet."

Population growth is colliding with shrinking arable land, water shortages and climate change to create concerns about global food supplies, exacerbated by the growth of biofuels derived from corn and other crops.

Jiirgen Hambrecht, BASF's chief executive, said: "There is this conflict of nutrition on one side, and renewable resources protecting the climate of the earth, and the only solution is biotechnology."

However, while the joint venture announced by the

companies pledged to tackle the "holy grail" of improving yield, efforts to add to the 1bn acres of worldwide GM crops still face stiff resistance in some countries because of environmental concerns.

Moreover, the promise of accelerated yield improvements in corn - one of four crops targeted by the joint venture - will not alleviate the short-term price and supply pressures created by the surge in production of corn-derived ethanol.

Monsanto said a new drought-resistant corn variety - allowing the planting area in the US to expand - could not be developed any faster. Most analysts do not expect it to arrive until 2012 or 2013, when more than a quarter of the corn crop is expected to be devoted towards ethanol production to meet federal fuel targets.

The US group said the BASF deal would double its existing pipeline, with research into new types of corn, soybean, cotton and canola seeds which it hoped would accelerate their introduction to farmers by about two years.

The deal fitted well into the strategy of working with partners, such as Russia's Gazprom and China's Sinopec, Mr Hambrecht told the Financial Times.