FTC Requires Global Suppliers of Animal Health Products Elanco Animal Health, Inc. and Bayer Animal Health GmbH to Divest Assets in Three Product Markets, as a Condition of Merger

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The Federal Trade Commission will require global suppliers of animal products, Elanco Animal Health, Inc. and Bayer Animal Health GmbH, to divest three animal health products to settle charges that Elanco's proposed $7.6 billion acquisition of Bayer would likely be anticompetitive in those markets.

The Commission's complaint alleges that the proposed acquisition would harm U.S. competition in three markets: low-dose prescription treatments for canine otitis externa, an inflammation of the outer ear in dogs; fast-acting oral treatments that kill adult fleas on dogs; and brand-name cattle pour-on insecticides

- Elanco's Osurnia and Bayer's Claro are the only products that treat canine otitis externa with one or two doses. The proposed acquisition would create a monopoly by combining the only two low-dose prescription products that treat this condition, according to the complaint.
- Elanco's Capstar and Bayer's Advantus are the only fast-acting oral treatments that kill adult fleas on dogs, which means the proposed acquisition would create a monopoly in this market as well, the complaint alleges.
- The market for brand name cattle pour-on insecticides is already highly concentrated. According to the complaint, the proposed acquisition would allow the third largest competitor, Elanco, which makes StandGuard, to acquire the market leader, Bayer.

The terms of the proposed settlement require Elanco to divest Osurnia to Dechra; Capstar to PetIQ; and StandGuard to Neogen Corp. Each divestiture requires Elanco to transfer all intellectual property and other related assets to the respective buyers. The Commission will appoint an interim monitor to oversee the divestitures.

Commission staff and the staff of antitrust agencies in Australia, New Zealand, the United Kingdom, Canada, and the European Commission worked cooperatively to analyze the proposed transaction and potential remedies.

The Commission vote to issue the complaint and accept the proposed consent order for public comment was 4-0-1, with Commissioner Rebecca Kelly Slaughter not participating. The FTC will publish the consent agreement package in the Federal Register shortly. Instructions for filing comments appear in the published notice. Comments must be received 30 days after publication in the Federal Register. Once processed, comments will be posted on Regulations.gov.

NOTE: The Commission issues an administrative complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of up to $43,280.

The Federal Trade Commission works to promote competition, and protect and educate consumers. You can learn more about how competition benefits consumers or file an antitrust complaint. Like the FTC on Facebook, follow us on Twitter, read our blogs, and subscribe to press releases for the latest FTC news and resources.

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