Testimony of John Latham
President, Latham Quality, Inc.

Hearing on the U.S. Senate Judiciary Committee:
Pressure Cooker: Competition Issues in the Seed & Fertilizer Industries

Tuesday, October 28, 2025
Dirksen Senate Office Building

Thank you, Chairman Grassley, Senator Durbin, and the Members of the Committee for holding this bipartisan hearing and giving me the opportunity to speak with you today. My name is John Latham, and I'm a third-generation seedsman from Alexander in North Central Iowa. My grandfather Willard Latham started our business in 1947.

Today I own Latham Quality, Inc. with my wife, Shannon, and my brother, Chris Latham. Our independent seed company sells corn, soybeans, and alfalfa seed under the Latham® brand in Iowa, Minnesota, North and South Dakota, Wisconsin, Nebraska, and Illinois. We also operate a soybean production plant and have a corn breeding program.

Independent companies like ours are the lifeblood of rural America because we are connected to the farmer-customers we serve. Independent companies like ours have also been able to offer products better suited for specific geographies than the multinational companies can. Unfortunately, many *independent* companies are going out of business as these *multinational* companies have become more powerful and predatory.

The seed corn industry is 90% controlled by two companies, including their own brands and licensing. Due to this massive consolidation, the price of seed technology has risen sharply since 2021. These higher seed royalty prices are contributing to higher input costs for farmers and forcing many family farms to close.

Prices aren't just increasing for the newest and latest seed technology—they're also rising on older ones that are off-patent or soon will be. One example is NK603, a glyphosate-resistant corn product, which went off patent in 2022. Farmers are being charged the highest royalties ever for this off-patent technology. More than 90% of biotech-traited corn in the United States is glyphosate resistant, so farmers are paying billions of dollars for seed royalties on a trait that has been off patent for three years.

Why? Big-Tech seed companies are manipulating the system that is supposed to allow post-patent competition. Corn breeding companies like ours get post-patent genetics from the

American Type Culture Collection (ATCC) seed library. Although big-tech companies are required to deposit seed samples in the ATCC, they register many corn genetic samples with scrambled codes. This means seed producers cannot use them to produce seed that could be sold at much lower cost. It has become increasingly more difficult – sometimes even impossible – for corn breeding companies like ours to find what we want or need in the ATCC.

For demonstration purposes, let's imagine that patients must pay the highest price from a popular 20-year-old drug that comes off patent. Rather than purchasing it over the counter, patients must buy it exclusively from the original manufacturer – under the original brand name – because the formula or materials were unknown. Fortunately, we can purchase many off-patent pills today for much less than the brand name prescription drugs.

In the seed world, when a corn trait patent expires, big-tech companies prevent the rest of the industry from producing low-cost generic versions. Off-patent traits remain locked up, so farmers keep paying high "brand" royalties on older technology. This is what happens when a few companies hold the market power, so they're effectively writing all the rules of engagement for an industry. These companies can monopolize a technology well beyond the 20-year patent by using restrictive licensing agreements and stacking components on products to prevent competition.

Independent companies suffer. Farmers suffer. Consumers suffer.

As difficult as it has been for independent seed companies across America, I believe we have been hit harder than most. Latham started corn breeding in 2020 with the belief that we could create niche corn products to help our customers fight corn diseases like Tar Spot. Tar Spot in corn is a very prevalent disease in Illinois, Iowa, Wisconsin and Minnesota. We have had great success in finding Tar Spot-resistant products and have two of these products in our lineup today.

That seems pretty innocent, right? We focused on creating products that weren't available from our suppliers, but our modest corn breeding program was met with anger from our leading big ag provider. After a heated discussion about our corn breeding program in April 2022, our supplier told us that Latham's corn products would have the largest price increase in our company history. Every technology—even older technologies that had gone off patent or would soon go off patent—was increased.

Almost 80% of Latham's sales in 2022 were in one older but viable, double-stacked technology. Our price for this technology was increased more than any other. That fall we were forced to raise our prices drastically for the second consecutive year, and then that same company from whom we licensed that technology, attacked us at the farmgate.

That attack made it financially impossible for us to continue investing in corn breeding, which I believe is exactly the result they were seeking. If a small breeding program like Latham's is met with this type of predatory behavior from a company with such market power, how can new corn breeding programs enter the marketplace? The biggest losers from this behavior are U.S. farmers who don't have choices to fight corn diseases or find less expensive options in areas that don't need expensive trait technologies.

To make it even more challenging for independent seed companies to compete, we must disclose our trade secrets to our competitors.

Imagine having to license most of your technology from the same company that is your largest competitor. Our largest competitor drives up our prices, but we are required to give this competitor all our customer information, including the products our customers plant. We also are required to give them all our financial information, as well as get all our customers to sign technology stewardship agreements that make sure that the farmer doesn't sue that technology provider.

And then there's the financial penalties for selling seeds from vendors other than the dominant companies.

We are subject to restrictive rebates that require us to stay loyal to that technology provider. The penalties are so steep that some years we could save money by buying seed and destroying it. If that isn't bad enough, the vendors dangle "discretionary" funds (off the record, of course) that can be taken away at any time. Many times this funding can mean the difference between profit and loss for an independent company.

Time is also on the multinational trait providers' side. Independent companies are forced to pay technology providers before most of their farmer-customers order seed and before the seed is delivered. Independent companies aren't given final pricing until after their production is in the ground for the year. Our 2026 products are planted before we know our costs from our suppliers, making independent companies even more captive in this market.

Can you imagine a business where a company produces a product without knowing the price you'll have to sell it for? Or being in a business where leftover inventory rises in cost year after year? These terms are so one-sided because of this massive consolidation. So few companies control the industry that the monopolists write the rules.

From 2021 to 2025, our technology royalties have risen by 40% to 80% even on off-patent technologies. Remember, when these trait royalties rise, costs to farmers rise too – not just for the new products – but also for the unsold seed from prior years. So, a product produced in 2021 (even with 15-year old genetics and a 20-year old trait patent) is increasing in price over $50 per unit. Farmers are often not getting innovation or new value for their money. Independent companies that produced the seed are forced to sell it to farmers at much higher prices than when it was first produced. It's like trying to sell an iPhone 8 for the same price as a new iPhone 17. Can you imagine if this happened in the cellular industry? I can't either, but this is the reality in a consolidated seed industry – and it has led to warehouses filled with unsellable corn seed inventory for independent companies and higher prices for farmers.

Input prices for farmers have risen so much that they can't be profitable on $4 corn and $10 soybeans. These are the same commodity prices as in 2007—but production costs for farmers were much less—allowing them to be profitable. Small- and medium-sized farmers are paying the highest price in a consolidated industry and are the most vulnerable. They also tend to be younger and minority farmers—the next generation we need to feed the world.

Finally, I want to emphasize that the lack of competition and diversity in the seed industry poses a national security threat. With two companies controlling 90% of corn genetics and traits, we lose the genetic diversity needed to withstand diseases or even potential bioterror attacks. Genetic diversity is food security.

I appreciate the opportunity to tell our story and the story of other independent seed companies. I do so at great personal risk, but I believe our family's story – and the story of independent, family-owned seed companies – must be told. I look forward to taking your questions.

###