

U.S. Regulator Signs Off on ChemChina-Syngenta Deal

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The state-owned China National Chemical Corporation said on Monday that it had received clearance from a regulator in the United States for its \$43 billion acquisition of Syngenta, a giant in farm chemicals and seeds.

The approval by the regulator, the Committee on Foreign Investment in the United States, removed one of the biggest potential challenges to the deal, as the interagency body had previously proved to be an obstacle for cross-border agreements involving Chinese companies.

The China National Chemical Corporation, known as ChemChina, has been an active buyer in recent years, acquiring more than a half-dozen companies in Europe, the Middle East and Australia. But if it is completed, the Syngenta purchase would be China's biggest foreign deal ever.

ChemChina agreed to acquire Syngenta in February, about six months after the Swiss company rejected a \$47 billion takeover bid by Monsanto. Syngenta said at the time that the American company's offer undervalued it, and that it might be difficult to execute because of regulatory concerns. Monsanto abandoned its pursuit in August.

But Dow Chemical and DuPont agreed to combine in December, further consolidating the pesticide industry and limiting Syngenta's opportunities for a merger of its own. Analysts said after that deal that Monsanto or ChemChina were Syngenta's most likely merger partners.

Syngenta, based in Basel, Switzerland, is one of the world's largest producers of agricultural chemicals, including insecticides, fungicides, herbicides and seeds. It was formed in November 2000 by the merger of the agribusinesses of Novartis and AstraZeneca.

Syngenta reported sales of \$13.4 billion in 2015, of which 27 percent came from North America. The company employs more than 28,000 people in over 90 countries.

When they announced the deal, Syngenta and ChemChina emphasized that the Swiss company's headquarters and management would remain in place, and they noted that there was limited overlap in their products to give cause regulators pause.

The transaction is still subject to antitrust review in several countries, ChemChina and Syngenta said. "Both companies are working closely with the regulatory agencies involved and discussions remain constructive," they said in a news release.

The companies said they expected the deal to close by the end of this year.

The approval by the Committee on Foreign Investment in the United States, which reviews deals for potential national security issues, removes a major roadblock.

Last year, the committee raised “unforeseen concerns” about a similar deal in which Philips, the Dutch electronics giant, would sell a controlling stake in its automotive and LED components business to GO Scale Capital, an investment fund sponsored by GSR Ventures of China and Oak Investment Partners.

The ChemChina-Syngenta deal is the latest in a series of recent moves by the Chinese company.

In January, it took a minority stake in Mercuria, a Swiss energy and commodities company, to diversify its portfolio and expand into the energy sector. That same month, it sealed a deal for KraussMaffei, a German manufacturer of plastic- and rubber-processing machinery, for about \$1 billion.

And last year, ChemChina bought Pirelli, the Italian tire maker, for 7.1 billion euros, or about \$8 billion at current exchange rates.