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**Common Market for Eastern  
and Southern Africa**

**Staff Paper No. 2016/09/JB/10**

**Decision<sup>1</sup> of the Twenty Sixth Meeting of the Committee Responsible for  
Initial Determination Regarding the Proposed Merger between Syngenta  
AG and China National Agrochemical Corporation**

**ECONOMIC SECTOR: Agro-Chemicals**

**30<sup>th</sup> September 2016 – Johannesburg, South Africa**

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<sup>1</sup> In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible the information omitted has been replaced by ranges of figures or a general description.

## **Information and Relevant Background**

1. On 4th August 2016, the COMESA Competition Commission (hereinafter referred to as "the Commission") received a notification for approval of a merger from China National Agrochemical Corporation (hereinafter referred to as "CNAC") and Syngenta AG (hereinafter referred to as "Syngenta").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations (hereinafter referred to as "the Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction is likely to have the effect of substantially preventing or lessening competition; or would be contrary to public interest in the Common Market.
3. The Committee responsible for Initial Determination (hereinafter referred to as "the CID") established that the parties operate in two or more COMESA Member States. This therefore, means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction of the Commission to assess the transaction.

## **The Parties**

### **CNAC**

4. CNAC is a state-owned company incorporated in accordance with the laws of the People's Republic of China. The proposed transaction will be implemented through public tender Offer by BidCo which is to be directly or indirectly controlled by CNAC after the merger. CNAC is the Agrochemical division of the ChemChina which manufactures and sells active ingredients and formulated products used for crop protection and non-agrochemical crop products for home and garden and pest control operations.

### **Syngenta**

5. Syngenta, a limited liability company incorporated under Swiss law, and listed on both the SIX Swiss and New York Stock Exchanges. Syngenta directly or indirectly controls a number of subsidiaries globally. Syngenta controls the following firms in COMESA: Syngenta Agro S.A.E. ("Syngenta Agro"), in Egypt, Ethiopia Cuttings PLC ("Ethiopia Cuttings"), Syngenta East Africa Limited ("Syngenta East Africa"), in Kenya, Pollen Limited in Kenya, Kenya Cuttings Ltd ("Kenya Cuttings"), MRI AGRO Zambia Limited ("MRI Zambia"), MRI Seed Zambia Limited ("MRI Seed Zambia").

## **Nature of the Transaction**

6. CNAC intends to acquire control of Syngenta by way of acquisition of the entire issued share capital of Syngenta. On completion of the transaction, it is intended that Syngenta will be wholly controlled by CNAC.

### Competition Analysis

7. The CID defined the relevant markets as the provision of fungicides, herbicides and insecticides in the Common Market. The CID established that the market is highly fragmented and shall remain unchanged post-merger. In view of this, the CID concluded that the transaction is unlikely to substantially prevent and lessen competition in the Common Market or negatively affect trade between Member States.

### Determination

8. The CID determined that the merger is compatible with the Treaty establishing the Common Market for Eastern and Southern Africa. The CID approved the transaction.
9. This decision is adopted in accordance with Article 26 of the COMESA Competition Regulations.

Dated this 30<sup>th</sup> day of September, 2016.



Commissioner Matthews Chikankheni (Chairperson)



Commissioner Thabisile Langa (Member)



Commissioner Chilufya Sampa (Member)